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Public Money Finds Back Door to Private Schools

By **STEPHANIE SAUL**

When the Georgia legislature passed a private school scholarship program in 2008, lawmakers promoted it as a way to give poor children the same education choices as the wealthy.

The program would be supported by donations to nonprofit scholarship groups, and Georgians who contributed would receive dollar-for-dollar tax credits, up to \$2,500 a couple. The intent was that money otherwise due to the Georgia treasury — about \$50 million a year — would be used instead to help needy students escape struggling public schools.

That was the idea, at least. But parents meeting at Gwinnett Christian Academy got a completely different story last year.

“A very small percentage of that money will be set aside for a needs-based scholarship fund,” Wyatt Bozeman, an administrator at the school near Atlanta, said during an informational session. “The rest of the money will be channeled to the family that raised it.”

A handout circulated at the meeting instructed families to donate, qualify for a tax credit and then apply for a scholarship for their own children, many of whom were already attending the school.

“If a student has friends, relatives or even corporations that pay Georgia income tax, all of those people can make a donation to that child’s school,” added an official with a scholarship group working with the school.

The exchange at Gwinnett Christian Academy, a recording of which was obtained by The New York Times, is just one example of how scholarship programs have been twisted to benefit private schools at the expense of the neediest children.

Spreading at a time of deep cutbacks in public schools, the programs are operating in eight states and represent one of the fastest-growing components of the school choice movement.

This school year alone, the programs redirected nearly \$350 million that would have gone into public budgets to pay for private school scholarships for 129,000 students, according to the Alliance for School Choice, an advocacy organization. Legislators in at least nine other states are considering the programs.

While the scholarship programs have helped many children whose parents would have to scrimp or work several jobs to send them to private schools, **the money has also been used to attract star football players, expand the payrolls of the nonprofit scholarship groups and spread the theology of creationism, interviews and documents show.** Even some private school parents and administrators have questioned whether the programs are a charade.

Most of the private schools are religious. Nearly a quarter of the participating schools in Georgia require families to make a profession of religious faith, according to their Web sites. Many of those schools adhere to a fundamentalist brand of Christianity. A commonly used sixth-grade science text retells the creation story contained in Genesis, omitting any other explanation. An economics book used in some high schools holds that the Antichrist — a world ruler predicted in the New Testament — will one day control what is bought and sold.

The programs are insulated from provisions requiring church-state separation because the donations are collected and distributed by the nonprofit scholarship groups.

A cottage industry of these groups has sprung up, in some cases collecting hundreds of thousands of dollars in administrative fees, according to tax filings. The groups often work in concert with private schools like Gwinnett Christian Academy to solicit donations and determine who will get the scholarships — in effect limiting school choice for the students themselves. In most states, students who withdraw from the schools cannot take the scholarship money with them.

Public school officials view the tax credits as poorly disguised state subsidies, part of an expanding agenda to shift tax dollars away from traditional public schools. “Our position is that this is a shell game,” said Chris Thomas, general counsel for the Arizona School Boards Association.

Some of the programs have also become enmeshed in politics, including in Pennsylvania, where more than 200 organizations distribute more than \$40 million a year donated by corporations. Two of the state’s largest scholarship organizations are controlled by lobbyists, and they frequently ask lawmakers to help decide which schools get the money, according to interviews. The arrangement provides a potential opportunity for corporate donors seeking to influence legislators and also gives the lobbying firms access to both lawmakers and potential new clients.

The programs differ from state to state, with varying tax benefits for donors and varying rules on who may receive the scholarships. Arizona's largest program permits donors to recommend students who already attend private schools. Pennsylvania's program lets them get scholarships and also lets scholarship organizations retain up to 20 percent in administrative fees.

Some states have moved to tighten restrictions after receiving complaints. In Florida, where the scholarships are strictly controlled to make sure they go to poor families, only corporations are eligible for the tax credits, eliminating the chance of parents donating for their own benefit. Also, all scholarships are handled by one nonprofit organization, and its fees are limited to 3 percent of donations. Florida also permits the scholarships to move with the students if they elect to change schools.

David Figlio, a professor at Northwestern University who has [studied](#) Florida's program, said it was an important alternative to public schools for some families. "They're doing it because they're feeling stuck," Dr. Figlio said. "Their kids are doing poorly in the classroom, and they don't know why."

In Georgia, the scholarship program was criticized for widespread abuses in a [report](#) last year by the Southern Education Foundation, a nonprofit group based in Atlanta that works to improve education.

State Representative Earl Ehrhart, a Republican who helped write the Georgia law, called that report "sophistry" and said that any abuses in the program were anomalies. "I can't tell you about the difference it makes in the lives of these kids," Mr. Ehrhart said.

The report found that from 2007, the year before the program was enacted, through 2009, private school enrollment increased by only one-third of one percent in the metropolitan counties that included most of the private schools in the scholarship program.

The logical conclusion was that most of the students receiving the scholarships had not come from public schools.

"The law was passed under a certain promise," said Steve Suitts, vice president of the foundation. "There is no evidence it's going to those purposes. The kids who were supposed to benefit are not benefiting."

'Fiendishly Clever'

The scholarship programs represent the expansion of a mission that began more than 10 years ago, when the school choice movement ran into headwinds over the use of vouchers.

Vouchers, which directly use public money to finance private school educations, were unpopular among many voters and legislators, and several state courts had found them unconstitutional.

Proponents decided to reposition themselves, and in 1997, Arizona's Legislature adopted the first tax-credit scholarship program.

For school choice advocates, the genius of the program was that the money would never go into public accounts, making it less susceptible to court challenges. Representative Trent Franks, an Arizona Republican and former state lawmaker, is credited with the idea of routing the donations through nonprofit organizations. "The teachers' union called it fiendishly clever," Mr. Franks said during a recent interview.

"The difficulty of getting at this thing from a constitutional point of view is that there are private dollars coming from a private individual and going to a private foundation. It drives the N.E.A. completely off the wall because they can't say this is government funding," Mr. Franks said, referring to the National Education Association.

Kevin Welner, a professor of education at the University of Colorado, Boulder, who wrote a book on the tax-credit programs, dubbed them "neovouchers."

As predicted, tax credits have thus far withstood legal challenges, most recently when the Supreme Court [upheld](#) Arizona's program last year. It had been challenged on the grounds that it violated the Establishment Clause of the First Amendment, which prohibits government endorsement of religion.

A national network of school choice advocates has been promoting the programs with financing from conservative activists and foundations. The advocacy groups do everything from financing political advertising to lobbying state legislatures. One group, the American Federation for Children in Washington, D.C., has not shied from the rough-and-tumble of state politics.

In Florida's 2010 election, the federation supplied \$255,000 to finance an organization that paid for advertising against Dan Gelber, who was running for attorney general and had opposed state financing for private schools.

The ads, mailed to Jewish neighborhoods, called Mr. Gelber "toxic to Jewish education." His staff found out about them from his 11-year-old daughter, who called the office in tears after finding an ad in their mailbox.

One big proponent of the tax-credit programs is the American Legislative Exchange Council, a coalition of conservative lawmakers and corporations that strongly influences many state legislatures. The council became a flash point in the Trayvon Martin case because it had championed the controversial Stand Your Ground gun laws.

“ALEC is a huge player in pushing forward a conservative agenda based on the premise that the free market and private sectors address social problems better than the government,” said Julie Underwood, dean of the school of education at the University of Wisconsin, Madison, who has been critical of ALEC’s education agenda.

Scholarship legislation was approved in Virginia this year and is gaining traction in other states, including New Hampshire and New Jersey, according to Malcom Glenn, a spokesman for the American Federation for Children. Schools participating in the programs range from elite private academies to small, inexpensive programs operating in church education wings. The New Jersey proposal would establish a five-year pilot program in several school districts, including Lakewood, a community with a number of Yeshivas.

“It’s spreading,” said Mr. Ehrhart, the Georgia lawmaker. “It’s clearly a reaction to parents’ concern about the educational experiences of their kids.”

Enrolling for Dollars

After Georgia’s scholarship program was adopted, parents of children in private schools began flooding public school offices to officially “enroll” their children.

Their plan was to fill out the paperwork even though they had no intention of ever sending their children to public schools. According to the way the law was interpreted, the enrollments would make them eligible for scholarships. Some public schools balked.

“I recently contacted you about having some trouble enrolling/registering my child in a public school while he is going to a private school,” one parent wrote to a scholarship organization last year in an e-mail obtained by The Times. “A principal told us he cannot attend two schools at the same time, which is simply not true because public and private schools have nothing to do with each other. But we need to have my child enrolled in a public school in order to qualify for the student scholarship program.”

The idea, based on a technical interpretation of the word “enroll,” was promoted by State Representative David Casas, a Republican and co-sponsor of the scholarship legislation in Georgia. In meetings with parents, he had explained that the bill’s wording was intentional

— using the word “enrolled” rather than “attending” — to enable the scholarships’ use by students already in private schools.

Parents questioned the idea. “Aren’t people going to say that’s a scam?” asked one father during a [presentation](#) by Mr. Casas that was posted on YouTube. “ ‘You’ve been going here for nine years. Now you’re enrolling in public school? You’re enrolled in two schools?’ ”

Mr. Casas, the president of a seminary, assured him it was not a scam. “Feel fine about it,” Mr. Casas said.

“Some people felt a little weird about that, felt it was dishonest that they would take their child, enroll them in a public school and not have them actually attend, but all of a sudden they actually qualified for a scholarship,” Mr. Casas said at another meeting, where he called the program “too good to be true.” A transcript of the comments was contained in the Southern Education Foundation report. Mr. Casas did not respond to inquiries seeking comment.

The Georgia Department of Education endorsed the interpretation.

Some scholarship programs rejected the idea, including one whose focus is on low-income students. “We actually checked that out and called the Department of Education,” said Derek Monjure, who runs a scholarship organization called Arete Scholars Fund. “They agreed with it, but we didn’t feel right with it and didn’t do it. It was confusing to be told by the state organization that it’s right.”

Georgia’s largest scholarship organization, the Georgia Goal Scholarship Program, said it interpreted the law to require that students must have attended public school for one semester, unless they are beginning school. The program has also established income guidelines for its recipients.

Some states collect little information on the scholarship organizations. When asked how many students switched from public to private schools, Linda Dunn, policy analyst for the Georgia Department of Education, said: “We don’t collect that data. We don’t regulate them in any fashion.”

The fact that children already attending private schools can receive scholarships from some organizations means that Georgia’s private schools have a ready source of donations — parents and families of existing students. While the law was advertised as a way to help needy students, it contained no income limits for eligible recipients. And although it

prohibits donations designated for a specific student, some students are benefiting from the donations of relatives and friends.

Hanaiya Hassan, whose daughter attends Hamzah Academy in Alpharetta, Ga., said she had saved \$5,000 by asking four friends to donate to a scholarship organization with money earmarked for her daughter's school. "If you collect four people for \$2,500, then one of your children is free," she said.

The friends were awarded a tax credit. Depending on their tax bracket, some donors could actually come out ahead by filing for a federal charitable deduction as well as the state credit.

The Christian Heritage School in Dalton, Ga., circulated a flier for the 2011-12 school year titled "TUITION BREAKS FOR CURRENT FAMILIES!" It stated, "The scholarship tax credit is so vital to CHS that the school is encouraging all parents to participate in the program and enlist at least two others to do the same." Participating families would get a 10 percent tuition rebate and a \$250 bonus. The rebates would be doubled or tripled depending on overall participation.

The school has discontinued the rebate program, its controller said.

At Gwinnett Christian Academy, Mr. Bozeman, who was recorded saying that donations would be funneled to the family that raised them, did not respond to requests for comment. He has been promoted to headmaster.

Similar deals, some nicknamed "swaps," in which parents donated for each other's children, have cropped up in Arizona as well, according to Mr. Thomas, the school board association general counsel there.

After news reports in 2009 about scholarships in Arizona being awarded based on the recommendations of donors, the state enacted a series of changes, including a prohibition on "swaps." Mr. Thomas, however, said he believed they were continuing.

Johnathan Arnold, headmaster of Covenant Christian Academy in Cumming, Ga., said he viewed using the program to discount tuition for existing students as unethical.

"We, as a Christian school, felt that wasn't the right approach," he said. "You're giving money out of the goodness of your heart with the intent to receive nothing in return. When you give it for the purpose of getting it back or actually make money on that, to me that doesn't qualify for the spirit of the law."

Getting In On the Act

When the gas drilling company XTO Energy made generous donations for private school scholarships in Pennsylvania, the corporate largess was hailed in ceremonies across the state. As the cameras flashed at one event in Punxsutawney, Sam Smith, the speaker of the Pennsylvania House and a local native, stood with an oversize cardboard check for area private schools.

The media events began in 2010 and have generated a burst of good will for XTO at a time when the controversy over the hydraulic fracturing drilling method has been growing in Pennsylvania. One state official remarked that the company, which donated \$650,000 over the past three years, had gone “above and beyond” its duty. In reality, as much as 90 percent of XTO’s donation was underwritten by taxpayers.

Also in attendance in Punxsutawney was Peter Gleason, chairman of the Bridge Educational Foundation, the middleman organization that arranged XTO’s donations. Mr. Gleason congratulated the voters of Punxsutawney for having the wisdom to send Mr. Smith to Harrisburg. In addition to serving as chairman of Bridge, Mr. Gleason is a lobbyist in Harrisburg. Two other lobbyists, who have represented XTO, serve on Bridge’s advisory board, as does the chief of staff to Mr. Smith. XTO was acquired in 2010 by Exxon Mobil.

While a spokesman for XTO said the company donated to provide additional educational opportunities to Pennsylvania schoolchildren, such arrangements appear to benefit all involved — donors with business before the legislature, lawmakers and lobbyists.

The Rev. Theodore Clater, a Pennsylvania advocate for school choice, said that Bridge and a similar Pennsylvania organization, Bravo Foundation, frequently asked lawmakers for advice when deciding where the money should go. Mr. Clater said he was not aware of any illegality, but nevertheless questioned that practice.

“You could get into all kinds of political games, favoritism,” he said, emphasizing that his own scholarship organization tried to distribute its money without influence.

Mr. Smith said he saw no evidence that the program was politicized. Instead, he said, companies “have a certain amount of money they’re going to put in charitable contributions anyway, and they now see ‘I can get a tax credit and give back to education.’ ”

Bridge’s director, Natalie Nutt, whose husband ran the campaign of Gov. Tom Corbett, a Republican, said all of the group’s board members were selected for their devotion to school choice.

Between them, Bridge and Bravo control about \$3 million in scholarship funds a year, putting them in the top 10 of more than 200 scholarship organizations in the state.

Among Bridge's founders in 2005 was John O'Connell, a lobbyist who had been a partner at Bravo.

In 2006, Mr. O'Connell pleaded guilty to federal charges of embezzling more than \$200,000 from another nonprofit organization, Pennsylvania Law Watch, whose mission was to promote tort reform. Mr. O'Connell argued for a reduced sentence, citing his charitable work through Bridge and Bravo.

The federal government disagreed. "As a lobbyist, O'Connell's involvement in the Bravo Education Foundation and later in the Bridge Foundation was very beneficial to him in a business sense in that it afforded him excellent opportunities to cultivate new corporate clients and relationships with legislative leaders," prosecutors wrote.

Even some lawmakers have started their own scholarship organizations. Mr. Ehrhart, the legislative sponsor of the Georgia scholarship program, is also the unpaid chief executive of a scholarship organization, the Georgia Christian Schools Scholarship Fund.

In Arizona, one of the largest of more than 50 scholarship organizations, the Arizona Christian School Tuition Organization, is controlled by State Senator Steve Yarbrough, a Republican and chairman of the Senate Finance Committee. In an interview, Mr. Yarbrough pointed out that he was running the organization before he was elected to the Legislature. The organization paid Mr. Yarbrough \$48,000 in 2010 and disbursed \$313,000 to a company he partly owns to process scholarship applications.

Uneven Playing Fields

In Georgia, where the world revolves around high school football, the scholarships have driven a wedge between public and private schools.

Over the past few years, coaches at public high schools have complained about the defections of a number of players from large public schools who have left for small private academies. At Savannah Christian Preparatory School alone, four starting players migrated from nearby public schools and helped the team become last fall's Class A champions.

Coaches at the public schools have suspected that scholarships were given to their players by Savannah Christian and other private schools to build athletic programs. Athletic scholarships are banned in the state's high schools.

The coaches have not been able to prove their suspicions, but the growing dominance of private schools in Class A prompted the public schools last year to threaten to withdraw from the Georgia High School Association.

“This money just makes the playing field completely unlevel,” said Larry Campbell, a coach in Lincoln County, Ga., who is known for his winning record. “The private schools are thriving, and they’ve got the money to go out and recruit the great athlete.”

One star athlete, Keyante Green, went to Eagle’s Landing Christian Academy in McDonough, Ga., in the ninth grade after his stunning performance in an annual championship game sponsored by an Atlanta radio personality. Keyante, then 14 and an eighth grader at a public school, was named most valuable player. His youth coach at the time, Dan Curl, predicted that Keyante would one day be heading to the N.F.L.

Within months, Mr. Curl had enrolled his son in high school at Eagle’s Landing, he said, and had agreed to become a part-time middle school coach. He said he also told the school about Keyante.

“I told them I had a kid who is a good athlete, a stud athlete,” Mr. Curl recalled recently. “They had already seen the highlight video. They said, ‘Man, bring him over.’ ”

Mr. Curl said Keyante’s family could not afford the approximately \$10,000-a-year tuition at Eagle’s Landing. He said he had helped fill out an application to the GOAL scholarship program for Keyante that first year and in the two subsequent years. The scholarship paid only part of his expenses, so Eagle’s Landing’s coaches sought donations to pay Keyante’s remaining expenses, said Mr. Curl, who is no longer employed at the school. As a **freshman** in 2009, Keyante stole the show at a state playoff game with four touchdowns and 292 yards. The head coach at another school compared him to the Georgia legend Herschel Walker.

Neither Keyante, who will graduate in 2013, nor his family responded to requests for comment. Questioned about the scholarships, the Eagle’s Landing assistant head of school, Chuck Gilliam, said in an e-mail that two of the school’s 29 scholarship recipients played football. But he said the scholarships had “not been used to enhance the football program.”

GOAL’s director, Lisa Kelly, said in an e-mail that the organization adopted a written policy in 2009 prohibiting the use of scholarships to “recruit and provide aid to students for athletic purposes.”

At Savannah Christian, Coach Donald Chumley, whose Raiders includes four recipients of GOAL scholarships, said: “I’m not going to say to you that some didn’t say ‘I want to go to

college, and I want to play football.' But we don't select them on athletic ability. We select them on need."

Under a compromise, the public schools did not withdraw from the high school association. Instead, for the first time, the public and private schools in Class A will hold separate playoffs next fall.

A Boon for Creationists

The scholarships have amounted to a lifeline for many religious schools. One Catholic grade school in Berwick, Pa., regained its health through \$87,000 in scholarship donations, according to the Rev. Edward Quinlan, the education secretary for the Diocese of Harrisburg, where nearly 20 percent of students receive scholarships. In Fort Lauderdale, Fla., 100 of the 160 students enrolled in Mount Bethel Christian Academy receive tax-credit scholarships, according to the school's headmaster.

In the Arizona case that went before the Supreme Court, the National School Boards Association joined local school officials and teachers in arguing that the program was skewed toward religious schools, openly selecting students for scholarships based on their religion.

Many religiously affiliated schools across the country are known for turning out well-educated students and teaching core subjects without a sectarian bias. But some schools financed by the tax-credit programs teach a fundamentalist dogma holding that the world was literally created in six days. Some of the schools use [textbooks](#) produced by Bob Jones University Press and A Beka Book, a Christian publisher in Pensacola, Fla.

The books became an issue in 2005 when the University of California system said it would not honor some credits of students who attended schools that use them.

In an ensuing lawsuit filed against the university by Christian schools, Donald Kennedy, a biologist who is a former president of Stanford, said in court papers that the science texts made statements that were "flatly wrong" and "plainly contrary to the scientific facts" when hewing to creationist theory. The case was ultimately decided in favor of the university.

"It's a Christian curriculum, and some parts of it are controversial," said Jon East, vice president for policy at Step Up For Students, the organization that runs the Florida scholarship program. The books are also used in some schools in Georgia and Pennsylvania.

An A Beka high school science text concluded that "much variety within the human race has developed from the eight people who left the Ark." Another text, used in sixth grade, makes

repeated references to Noah and the flood, which it calls the reason for both the world's petroleum reserves and the development of fossils.

History and economics texts are also infused with fundamentalist theology and an unabashedly conservative viewpoint. [The Great Depression](#), one says, was exaggerated to move the country toward socialism, and it described "The Grapes of Wrath" as propaganda.

Frances Paterson, a professor at Valdosta State University in Georgia who has studied the books, said they "frequently resemble partisan, political literature more than they do the traditional textbooks used in public schools."

Mr. Arnold, the headmaster of the Covenant Christian Academy in Cumming, Ga., confirmed that his school used those texts but said they were part of a larger curriculum.

"You have to keep in mind that the curriculum goes beyond the textbook," Mr. Arnold said. "Not only do we teach the students that creation is the way the world was created and that God is in control and he made all things, we also teach them what the false theories of the world are, such as the Big Bang theory and Darwinism. We teach those as fallacies."