



THE NETWORK FOR PUBLIC EDUCATION

We are many. There is power in our numbers. Together we will save our schools.

CHARTERS AND CONSEQUENCES:

An Investigative Series
by the Network for Public Education





TABLE OF CONTENTS

Introduction by Carol Burris, Executive Director, NPE	1
California Charter Schools: California Charters Gone Wild	3
California Charter Schools: The False Promise of Storefront Charters	7
California Charter Schools: For-Profit Chains Cash in Behind Not-For-Profit Fronts	11
California Charter Schools: Fighting Back Expansion and Abuse	13
Charter High Schools and the Best High Schools List: Reality or Marketing Hype?	17
The Charter Chains: Risk, High-Costs and Consequences	21
Draining the Coffers: The Fiscal Impact of Charters on Public Schools	25
Public Funding with Private-School Advantage: How Some Charters Try to Have It Both Ways	29
Ignoring Community Voice: The Demise of a Philadelphia Elementary School ...	33
Testing the Claim: Are Charter Schools Public Schools?	37
Have the Concerns of the NAACP Been Addressed?	41
Charters and Consequences: NPE Statement on Charter Schools	47



THE NETWORK FOR PUBLIC EDUCATION

We are many. There is power in our numbers. Together we will save our schools.

In 1988, American Federation of Teachers President, Al Shanker, voiced his support for charter schools. His hope was that a new school model, judiciously used, could be an incubator of innovation. Freed from district rules and red tape, charters would be a place where teachers could try new approaches with hard to reach kids, and then share what worked (or did not) with their neighborhood public school.

However, as Network for Public Education President, Diane Ravitch, reminds us, by 1993 Al Shanker became disillusioned. He turned against the schools whose name he coined. Shanker saw what charters had become—a privatized system run not by teachers, but rather by both non-profit and for-profit corporations who believed that schooling was a business rather than a community responsibility. Instead of supporting and sharing practices with neighborhood schools, most charters were rivals that sought to attract the most motivated families and the most compliant children.

How charter schools have exponentially expanded since Al Shanker's passing in 1997 is astounding. It is estimated that more than three million American children are now educated in charter schools, which exist in 44 states and the District of Columbia.

There are national chains that are corporately managed and "mom and pop" charters. There is instability as charters open and close. About 1 in 5 are for-profit. Some have a real estate arm that buys buildings then rents them to their own schools at exorbitant rates. Still others are not-for-profit fronts that are managed by for-profit corporations.

Some charters are brick and mortar, others are located in storefronts and still others are cyber or virtual schools. Charter holders include teachers, economists, rap stars and retired tennis players. Many boards are populated by billionaires who enjoy isolated lives of wealth far from the poor, urban communities their "no-excuses" charters serve.

And nearly every day brings a story, often reported only in local newspapers, about charter mismanagement, failure, nepotism or outright theft and fraud.

Despite the waste of millions of taxpayer dollars that has resulted from lack of regulation, America's billionaires—from Betsy DeVos to Eli Broad and Bill Gates—have spurred charter growth. Sometimes they flood pro-charter ballot initiatives or political campaigns with their cash. They fund state and national charter and choice lobbying

(continued on page 2)



(continued from page 1)

organizations they help create. Politicians from both parties, eager to receive their contributions, are more than willing to comply with both legislation and funding. Three consecutive presidential administrations—those of Bush, Obama and Trump--have pushed federal funding to states to support charter school growth, with millions going to schools that never open or shortly close.

This report, *Charters and Consequences*, is the result of a year-long exploration of the effects of charter schools and the issues that surround them. Each of its eleven issues-based stories tells what we learned not only from research, but also from talking with parents, community members, teachers, and school leaders around the nation who have observed the effects of charters on their communities and neighborhood schools.

While stories of individual charter successes are well covered by the media, substantive issues surrounding the explosion of charter school growth are too often brushed aside. The purpose of this report is to bring those issues to light.

The Network for Public Education is deeply grateful to Valerie Strauss of *The Washington Post* who published the individual stories on her daily blog, *The Answer Sheet*. Her publication of the stories contained in this report increased national awareness and spurred substantive change and pushback at the local level.

Thank you to Justine Rogoff, who served as a research assistant on this project, and to Michelle Gamache for the design on this report. Thank you also to Donna Roof for editing this report.

We are also appreciative of all the parents, community members and educators who were willing to talk with me about the issues with their community's charter schools, and provide information about the laws and regulations of their state. Some wished to be known and their names are mentioned in this report, while others preferred to remain anonymous. To all, the Network for Public Education is deeply grateful.

Special thanks to the Board of Directors of the Network for Public Education, especially to President Diane Ravitch, and to all who financially support our efforts.

This report is not the end of the story, but just the beginning. Consider it Volume I.

Carol Burris
Executive Director of the Network for Public Education



CALIFORNIA CHARTER SCHOOLS: CALIFORNIA CHARTERS GONE WILD

When we began our report on charter schools, we expected to find serious problems with mismanagement, fraud and bad educational practices in states that are notorious for their lack of charter regulation.

We were shocked, therefore, when we discovered similar problems in the blue state of California, where charters, like flowers, grow wild.

California has the most charter schools and charter school students in the nation. In 2000, there were 299 charter schools in the Golden State. By 2016 there were 1230. 20% of the students in San Diego County attend its 120 charter schools—a percentage exceeded in Los Angeles and Oakland.

While most are brick and mortar schools, 20% of California's charters are either online schools or schools where students drop by to pick up work. Such schools are often fronts for for-profit corporations. In general, their results are dismal. They do a poor job serving students who are at risk, and yet they are rapidly expanding in the state.

What follows are four stories that together highlight the problems with charter schools and charter school policy in California.

You can find a [charter in a mall](#), near a Burger King, where students as young as 12 meet their “teacher on demand.” Or, you can make a cyber visit to the “blended learning” Epic Charter School, whose students are required to meet a teacher (at a convenient, to be determined location) only once every 20 days. There is an added bonus upon joining Epic—[students receive \\$1500](#) for a personal “learning fund,” along with a laptop computer. The enrollment site even advertised that students could boost that fund by referring others to the charter chain.

A superintendent can expand his tiny rural district of [300 students to 4000](#) by running “independent study” charters in storefronts in cities miles away, netting millions in revenue for his district, while draining the sometimes unsuspecting

host district of students and funds. If he is clever, he might arrange a [“bounty” for each one opened](#), while having a side business selling services to the charters. Charters can even provide lucrative investment opportunities for tennis stars and their friends. And then there is the opportunity [“to cash in” on international students](#) at a jaw dropping \$31,300 per student.

Exclusivity can be a magnet that draws families to charters. In districts with poverty, charters with a [conservative and patriotic milieu](#), attract far fewer undocumented kids and students who need free lunch. For the “diverse adverse” there are charters like Old Town Academy, whose students are 65% white and 6% poor, in a district where only 23% of the public school students are white and 61% receive subsidized lunch.

(continued on page 4)



CALIFORNIA CHARTER SCHOOLS:

CALIFORNIA CHARTERS GONE WILD

(continued from page 3)

If dog whistles do not work, you can [blatantly break the law](#) and spell out the kind of student you would like to attend. These examples (and there are many more like them) are not happening in Ohio or Pennsylvania, infamous for their "loosey goosey" charter laws. They are examples from the beautiful and blue State of California, where flowers and charters grow wild.

California has the most charter schools and charter school students in the nation. In 2000, there were 299 charter schools in the Golden State. Last year, 2016, there were 1230. [20% of the students](#) in San Diego County attend its 120 charter schools.

Of the San Diego charter schools, over one-third promote independent learning, which means the student rarely, if ever, has to interact face to face with a teacher or fellow students. One of the largest independent learning charters, The Charter High School of San Diego, had [756 students due to graduate in 2015](#). Only 32% actually made it. The Diego Valley Charter School, part of the mysterious [Learn4Life chain](#), [tells prospective students](#) that they "are only required to be at their resource center for one appointment per week (from 1-3 hours), so it's not like having a daily commute!" The Diego Valley [cohort graduation rate](#) in 2015 was 10.8%, with a dropout rate of 45%. The San Diego School District's [graduation rate was 89%](#).

Over 25% of all students in Oakland attend charters, in which African American students are dramatically under-represented. 24% of the students in Los Angeles attend charters, which have cost the district half a billion dollars in the last ten years. Los Angeles County is home to 26 "independent study centers," including the California Virtual

Academy (CAVA), run by the for-profit K-12, which [enrolls 3,634 students](#) in Los Angeles County alone. CAVA agreed to a \$168.5 [million dollar settlement](#) with the state for false advertising and "cooking the books" with attendance.

How many are enough when it comes to charters, given the scandals, problems, and little, if any evidence, of overall success? It appears as if there are more charters than California needs, but there are certainly not as many as charter advocates want.

Eli Broad, who made his fortune [building tract housing and selling insurance](#), is a Los Angeles multi-billionaire who has given a fortune to "charterize" the city and the state. His involvement drew national attention when his foundation's [plan for charter school expansion](#) in Los Angeles was leaked to *The Los Angeles Times*. It proposed the following goals "(1) to create 260 new high-quality charter schools, (2) to generate 130,000 high-quality charter seats, and (3) to reach 50% charter market share."

The term, "market share," refers to children.

The Broad plan is to be actualized by a non-profit called Great Public Schools Now, which [keeps its funders hidden](#) on its website; however, the leaked report included a list of billionaires both within and outside of the state from whom it would solicit funds. Despite public outcry when it was leaked, Great Public Schools Now is raising money and pushing its agenda.

No organization, however, better exemplifies the aggressive push to charterize the state of California than the California Charter Schools Association (CCSA). The theme for their 2016

(continued on page 5)



CALIFORNIA CHARTER SCHOOLS:

CALIFORNIA CHARTERS GONE WILD

(continued from page 4)

California Charter School Conference was [March to One Million by 2022](#). Their conference goal was to “unify the charter community, whatever role they play.” Every kind of charter, regardless of effectiveness, can join the parade.

And that parade is well funded indeed. In 2014, CCSA reported its income to be \$22,120,466. Although it is a membership organization, only \$1.6 million dollars came from charter school dues. That year, CCSA received nearly \$17 million dollars in gifts, grants and contributions. CCSA also has another name, the California Charter School Consortium, and under that name it received a \$5.8 million dollar grant from the [multi-billion dollar Silicon Valley Community Foundation](#) in 2014.

CCSA does not disclose its funders on its website nor on its 990 form, but given its Board of Directors, who makes the list of big donors is not difficult to guess.

The 2017 Board of Directors include New York’s DFER founder, Joe Williams, a director of the Walton Education Coalition; Gregory McGinty, the Executive Director of Policy for the Broad Foundation; Neerav Kingsland, the CEO of the Hastings Fund; and Christopher Nelson, the Managing Director of the Doris & Donald Fisher Fund. Prior Board members include Reed Hastings of Netflix and Carrie Walton Penner, heir to the Walmart fortune.

The real power, however, sits in CCSA’s related organization, [CCSA Advocates](#), a not-for-profit 501(c)(4) whose mission is to increase the political clout of charter schools on local school boards, on county boards, and in Sacramento. It is at all three levels that charters can be authorized in the state. Both CCSA and CCSA Advocates work together to thwart legislative

efforts that would increase charter oversight, such as AB 709 that would make charter board meetings public, allow the public to inspect charter school records, and prohibit charter school officials from having a financial interest in contracts that they enter into in their official capacity. All of the above are expected of public schools.

The California Charter Schools Association also fought SB322, which would give charter school students the same reasonable, due process rights afforded students who attend public schools, and SB 739 which would put some restrictions on the ability of a district to open up “resource center” charters in other counties, which led to the abuses described earlier in this report.

The efforts of the California Charter School Association Advocates do not end with the opposition to bills such as those described above. CCSAA is a conduit for hundreds of millions of dollars that influence California elections, both big and small.

The primary function of a not-for-profit 501(c)(4), according to the tax code, is to promote the social welfare. Although a 501(c)(4) may participate in some political activities, such expenditures cannot exceed 50% of the organization’s budget.

Does CCSAA promote the social welfare as its primary mission? Although its website has general information promoting charters, its donate button deposits donations directly into two political action committees (PACs).

In addition to those PACs, CCSAA also runs a super PAC, known as the California Charter Schools Association Advocates Independent Expenditure Committee, which

(continued on page 6)



CALIFORNIA CHARTER SCHOOLS:

CALIFORNIA CHARTERS GONE WILD

(continued from page 5)

[has raised nearly \\$169 million](#) since it began in the summer of 2011.

The list of big donors to CCSA Advocates' super Pac will not surprise those who follow the California charter world—Doris Fisher: \$3,400,000; Eli Broad: \$1,205,000; Reed Hastings: \$3,684,500; members of the Walton family: \$2,092,500; John and Regina Scully \$1,529,500; and Barbara Grimm, \$1,236,400. Grimm, whose family fortune [was made in agriculture](#), stepped up her donations after her blended learning (computer based instruction) [charter](#) with its “edible education program” won an award from CCSA.

Then there are the PACs that donate to the Super Pac, as well as the individual donors outside the state like John and Laura Arnold of Houston (\$1,000,000), Michael Bloomberg of New York (\$425,000) and Stacy Schusterman of Tulsa (\$75,000), the chairman of Sansone Energy, who also sits on the board of The Charter Growth Fund.

Does this massive spending make a difference?

Carl J. Petersen was a candidate in the 2017 LAUSD District 2 board election. He became a public education activist while fighting for his two daughters who are on the autism spectrum. Petersen had this to say about the influence of CCSA in Los Angeles:

The California Charter School Association (CCSA) and their allies poured nearly \$2.3 million into last year's LAUSD election, helping to make them the nation's most expensive school board election. Given this influence, is it any surprise that the LAUSD Charter School Division, which is responsible for overseeing the largest charter system in the country, is headed by a former staff member of the CCSA or that the District has only revoked one charter in the past three years?

The spending by CCSA Advocates and its PACs, one of which deceptively goes by the acronym PTA (Parent Teacher Alliance), has affected [primary races](#) across the state. No doubt upcoming elections will bring another influx of cash and spending.

And so the citizens of California stand at the crossroads. Do they follow the Broad Plan and trust in billionaires to shepherd the education of their children in loosely regulated charters, or do they slow down, and create responsible policies and rules that serve both the taxpayers and children of the state well?

Another state-funded \$28 million dollar [grant cycle](#) to start new charter schools has begun. No doubt the school entrepreneurs will be lining up to grab the \$575,000 in start-up cash, generously provided by the taxpayers of the Golden State. ■



CALIFORNIA CHARTER SCHOOLS: THE FALSE PROMISE OF STOREFRONT CHARTERS

Bryan Juan was falling behind in high school credits. Desperate to graduate on time, he left his public high school and enrolled in [Desert Sands Charter High School](#). “I started off ok,” he said. “But even though I went almost every day and worked hard, I could not catch up and do all the paper packets—especially on my own. I got discouraged. I left and went back to my public school.”

Bryan was not alone in his failure at Desert Sands. The 2015 four-year graduation rate of the charter was a dismal 11.5%. Even worse, over 42% of the students who should have graduated that year dropped out of school altogether.

Desert Sands Charter High School [enrolls nearly 2000 students](#); almost all are Latino. It is part of the [Antelope Valley School District](#), but you will not find it listed on Antelope’s website. Nor will you find Desert Sands at the Lancaster, California address given on its own [website](#). Bryan’s classroom was located in an office building across from a Walmart, nearly 100 miles away from both Antelope Valley Schools and the Desert Sand’s address.

Desert Sands is one of 15 independent learning center charter schools, which are defined as non-classroom based independent study sites, connected to [Learn4Life](#), a network of schools that claim to provide personalized learning. On its website, Learn4Life tells prospective families that it connects students to resource centers so that they can receive one on one instruction because “no two students are alike.”

Bryan’s classmates, Mayra and Edith, who also returned to the public school from Desert Sands, found their experience at the charter to be anything but “personalized.” They described

education at Desert Sands as no more than a continuous cycle of paper packets, optional tutor appointments and tests that students continue to take until they pass. Three calls to three different Learn4Life charter schools confirmed that the instructional program was driven by paper-packets that students pick up and complete. After packet completion, students take a test to earn credit. Although students can make an appointment for help with the packet, they are required to come by only once a week.

Of the 15 charters authorized to Learn4Life operated corporations, 13 are required to operate high-school grade levels. Each school has its own name, principal and sponsoring district, but uniqueness ends there. The schools are in reality a web of resource centers sprinkled in office buildings, strip malls and even former liquor stores. They advertise themselves with nearly identical websites with the same pictures, quotes, descriptions of program, principal letters and a common phone number and address. The homepage of the Desert Sands High School is indistinguishable from the homepage of [Diego Valley](#), as well as the homepages of 11 other high schools that are part of the chain. All that differs is the name of the school.

Diego Plus is one of the many corporations operated by Learn4Life. Diego Plus and its three Learn4 Life charter schools (Diego Valley, Diego Hills and Diego Springs), are defendants in a lawsuit filed by Grossmont Union High School District, San Diego Unified School District, and Sweetwater Union High School District. The three charters opened their resource centers in the three complaining districts without notifying them. They were authorized by and are the responsibility of the Julian, Dehesa and Borrego

(continued on page 8)



CALIFORNIA CHARTER SCHOOLS:

THE FALSE PROMISE OF STOREFRONT CHARTERS

(continued from page 7)

Springs school districts, each of which receives considerable income for supervising these charters located far beyond their boundaries.

In total, the three Learn4Life Diego Plus charters enroll almost 2000 students. Their respective four-year 2015 graduation rates are [10.8%](#), 19.3%, and 0%. 45% of the students in that Diego Valley cohort dropped out of the charter school. It does not appear that long distance supervision of storefront schools is working out well for kids.

Transparency and accountability, as well as legal efforts to force legal compliance, have been stymied and complicated by the continual changes in Learn4Life corporate names and addresses. A recent petition to the court on behalf of the Grossmont Union High School District lists 13 corporate names located at the same Learn4Life address. In 2014, there were no less than eight not-for-profit corporations listed at that Lancaster address that filed tax returns.

Each of those eight corporations received funding from the state of California. During the 2013-14 school year, the sum of all government grants given to those eight related corporations was a whopping \$61,476,306. About 11,000 students are enrolled in the 15 Learn4Life schools.

Officers of the Learn4Life corporations play musical chairs with titles, often receiving compensation from several different corporations. For example, Steve Gocke is listed as the [Superintendent of Desert Sands Charter](#). In 2014, Gocke received \$139,750 for serving as the secretary for the two different Learn4Life charter schools. Dante Simi served as the CEO of six different Learn4Life related corporations, and the CFO of two others. According to the organizations' 990s, his

2014 compensation was \$270,200. Dante's son-in-law, Skip Hansen, serves as a Senior Vice President, and received a six-figure salary for his services. Simi's wife Linda is also listed as a key employee of one of the corporations.

Perhaps all of the above attempts at obfuscation might be forgiven if the schools were actually getting the job done. But they are not. The average 2015 graduation rate for the schools was 13.73%. Two of the schools had graduation rates of 0%. Dropout rates for cohorts ranged from 27.6% to 53.9%.

Are these alarming rates solely a result of serving at-risk students? Although Learn4Life advertises that its mission is to serve students who dropped out or are at risk of dropping out, its schools take students as early as ninth-grade, including those who simply want a quick and easy way to graduate early. There is no requirement for prior failure before entering the schools.

Learn4Life schools are not an anomaly. There are 225 independent learning charter schools comprising nearly 20% of all charters in California. In San Diego County alone there are 35, including three associated with Learn4Life. The 2014 graduation rate for all of the students enrolled in San Diego's independent center charters, including the more successful home-school programs, was only 44%.

Given the results, why are so many Independent Learning charter corporations springing up across the state? Unlike brick and mortar charters, independent learning centers are relatively easy to set up and run. They appeal to disadvantaged students who want to work and finish high school, dropouts who want to return to school, students who have emotional or physical health issues, homeschoolers,

(continued on page 9)



CALIFORNIA CHARTER SCHOOLS:

THE FALSE PROMISE OF STOREFRONT CHARTERS

(continued from page 8)

and teenagers who would prefer to not have to get up in the morning and go to school.

In addition, running independent learning centers can be very lucrative. One of San Diego County's largest networks of independent learning centers is the Altus Institute. It advertises on billboards and runs ads in movie theaters and on television. Altus operates Audeo Charter, Audeo Charter II, the Charter School of San Diego and Laurel Academy. It has a total K-12 enrollment of about 3,000 students [and takes in tens of millions of dollars in state and federal revenue](#). Like Learn4Life, its learning centers are located in malls and office buildings. Its younger students are home-schooled.

In 2014 compensation for Altus Institute president Mary Bixby was \$371,160—exceeding the total pay plus benefits of the Superintendent of the San Diego Unified School District that serves nearly 130,000 students. Bixby, a board member of the charters and a full-time employee of one of the schools, also receives compensation for being “on-loan” to two other Altus schools. Such obvious conflicts of interest would be illegal in a public school.

Financial benefits extend beyond those who run the independent learning charter schools. They are also cash cows for the far-flung districts that authorize them.

Julian, [a tiny elementary district](#), has fewer than 300 students that attend its schools, and it has not had a contested school board election since the 1990s. Nevertheless, there are nearly 3000 students that do “independent study” at dozens of “resource” or “learning centers” operated by three corporations under charters that Julian sponsors, yet which operate outside its boundaries. A uniform complaint filed

against the district identified that Julian receives more than \$1,542,552 from charter oversight fees, creating a bloated administration whose salaries depend upon the oversight funding, thus creating conflicts of interest in regard to the fulfillment of oversight duties.

Such conflicts of interests have led to criminal behavior. In February of 2017, former Mountain Empire Superintendent, [Steve Van Zant, pleaded guilty to felony conflict of interest charges](#) after it was discovered that he was personally receiving 5% of the revenue generated from oversight fees from the 13 charter schools his district authorized beyond its boundaries. In addition, some of those charters hired the Van Zant consulting firm, EdHive, which provided services to the charters. Its website bragged that it could find authorizing districts for the those who wanted to open Independent Learning Centers that would save the charter schools money.

When the Van Zant story broke, the California Charter School Association agreed that the case raised legitimate concerns. However, legislation to address the problem of districts authorizing charters in other districts, and even other counties, was opposed by the California Charter School Association (CCSA) and vetoed by Governor Brown in 2014. A bill, which would have put a small restriction on a district's ability to open independent learning center charters in other districts by ensuring that the sponsoring district is fiscally solvent (does not have a negative certification), was vetoed by Governor Brown.

Despite the recent scandals, California Charter School Association Advocates, the political arm of CCSA, is [opposing](#) SB 739, along with [AB 709](#), which would subject charters to the conflict of interest and transparency rules that public schools follow.

(continued on page 10)



CALIFORNIA CHARTER SCHOOLS:

THE FALSE PROMISE OF STOREFRONT CHARTERS

(continued from page 9)

Although the original intent of the independent charters may well have been to scoop up at-risk kids and give them a second chance, the lack of criteria for student placement, along with inadequate regulations has led to obvious abuses. There are now far too many independent learning charter schools whose operators, some with no background or expertise in education, make substantial salaries, while cash-strapped districts grab students and revenue from other districts miles away.

Worst of all, the students who need the most support and daily guidance from adults are in charters that do not require much contact at all.

Mike Matsuda, Superintendent of the Anaheim Union High School District, is fighting what he considers to be the predatory practices of yet one more independent learning charter, Epic Charter, which has entered his district. Matsuda, who has been [recognized for his leadership](#) by *Education Week*, understands how tough it is to serve at-risk students well.

“Engaging marginalized students who often suffer from chronic depression due to poverty, family dysfunction, or exposure to emotional or physical violence in the neighborhood is a complex process that’s definitely not cheap,” Matsuda noted. His Anaheim High School Program for at-risk youth and former dropouts directed by counselor/social worker, Joe Casas, provides emotional support and ensures that students have access to enriching electives, the community, field trips and the extra-curricular life of the school. “All of this makes kids feel as if they have a home with us,” Casas said.

Meanwhile, Bryan, Edith and Mayra who came to the program from Learn4Life are now making good progress toward graduation. “Teachers are more on my case to get work done. I come every day and if I have personal problems, there are counselors to help. It’s more supportive here.” Mayra said. Edith agreed. “Here there are assemblies and field trips and people to talk to. I feel like I’m home.” ■



CALIFORNIA CHARTER SCHOOLS: FOR-PROFIT CHAINS CASH IN BEHIND NOT-FOR-PROFIT CHARTER FRONTS

The Wise Academy is tucked away on a Girl Scout camp on the Bothin Youth Center in Fairfax, California. Its students attend classes in yurts and barns. Wise, which stands for Waldorf-Inspired School of Excellence, follows the curriculum taught in Waldorf private schools—its students garden, enjoy a games class, and celebrate All Souls Day and Michalemas.

Students must apply to attend, and its preliminary application makes it clear that parents are supposed to pony up cash. The full application demands that families provide all sources of income. The school's donate button has a [default donation of \\$2,000](#).

A cash-strapped parent would quickly infer that their family "need not apply."

How many students attend Wise Academy and how well do they achieve? For the taxpaying public, that is a mystery.

You cannot find this K-6 charter school, which has been in operation for 3 years, on the state's Education Department website. Rick Bagley, the superintendent of the Ross Valley School District in which Wise is located, was never informed of its presence as required by law.

No one really seems to be wise to Wise—except perhaps California STEAM Sonoma, which claims Wise Academy as its project.

The California STEAM Sonoma charter, was authorized in March of 2016 by the Liberty Elementary School District, a tiny district that serves 216 students in its schools. Wise is not within Liberty's boundaries; it is located in the Ross Valley

School District in Marin County. Liberty approved the charter in order to receive funds as an authorizer, knowing that it would neither lose students nor revenue to the school.

But Wise did not just begin last March. The school began three years ago with a different authorizer, the Academy of Arts and Sciences, and a different authorizing district. The Academy of Arts and Sciences, like California STEAM, is an online charter school based in Thousand Oaks, California. It uses the K12 curriculum and the FUEL curriculum, both owned by the for-profit corporation K12, founded by former banker Ronald J. Packard and located in Herdon, Virginia. Wise is not an online school, nor a storefront resource center. Its website describes a classroom-based program, with regular school day classroom hours, Monday through Thursday. The former Academy of Arts and Sciences CEO, Sean McManus, described Wise as "a boutique program that people usually have to pay for, so to be part of a free charter school appeals to a lot of people in the area." Wise and the state funding it brings left the Academy of Arts and Sciences, and so did Sean McManus, who is now listed as the CEO of a new corporation—California STEAM Sonoma.

Despite its classroom schedule, Wise refers to itself as a "learning based resource center." This classification allows California STEAM Sonoma to sponsor the program, and the Liberty School District to acquire the cash cow.

California STEAM Sonoma is bigger than just Wise. There are four recently authorized STEAM charters listed on the California State Education Department website. None have a corporation name listed, and none have "not-for-profit" status checked. Eli Johnson is the lead petitioner for the

(continued on page 12)



CALIFORNIA CHARTER SCHOOLS:

FOR-PROFIT CHAINS CASH IN BEHIND NOT-FOR-PROFIT CHARTER FRONTS

(continued from page 11)

establishment of all four charters. His contact information is listed as eli.johnson@californiaprep.org.

California Preparatory Academy, which lists Johnson as an employee, is a not-for-profit charter school that runs two charter schools also associated with the for-profit K12. If you call the California Preparatory Academy phone number to get enrollment information, you will speak with a representative of K12, who will match you with any K12 charter in the state. California STEAM charters, like the Academy of Arts and Sciences, buy their curriculum, instruction and administrative services from K12 or from K12's Fuel Education. California STEAM is also associated with Summit Academy, another online home school, whose mission statement is blank, but whose vendor list is ample.

All of these academies and charters appear to be non-profit shells for the for-profit K12 online school. Just type in a California zip code on the K12 site, and the non-profit schools appear.

Last spring, Jessica Calefati of the Bay area's *Mercury News* did an excellent, in-depth series on K12—explaining how the connected non-profits produce dismal results for students but big profits for K12 and the authorizers. California Virtual Academy (CAVA), the largest non-profit connected with K12, recently settled with the state of California for \$8.5 million dollars, although it admits to doing nothing wrong.

Unlike the connections between the charter schools and K12, the connection between petitioner Eli Johnson and the four STEAM charters is less clear. Johnson is listed as a staff member on the California Prep website with no picture, no title and no contact information. I asked a representative of

K12 if she knew what Johnson's position was with California Prep, and she thought he might be the principal. I asked the Liberty Elementary District who he was, and the person with whom I spoke knew him but was unsure of his role. Johnson made the pitch for the charter to their board. Finally I decided to ask Johnson himself.

Eli Johnson, whom I called, told me that he was the Executive Director of California STEAM Sonoma. I asked him for the name of the corporation he worked for. He told me he could not remember the name.

He eventually did remember, after some prodding, that he has also been the petitioner to open "blended learning" STEAM charters in Cincinnati, Columbus, Dayton and Cleveland, Ohio using the California Prep email address.

The tangled web connecting the non-transparent and elite Wise Academy to a for-profit corporation located in Virginia is one more consequence of lax and loose charter laws that divert taxpayer dollars along a pipeline that siphons dollars away from educating kids.

A bill that would have banned for-profit charters in California was vetoed by Governor Jerry Brown in 2015. An additional bill, which would have prevented financially troubled districts from authorizing charters in other districts, was vetoed by Governor Brown in 2016. The president of the California State Board of Education, Michael Kirst, worked as a K12 consultant, prior to his appointment by Governor Brown.

It is unknown how many other charter schools operate like Wise in California.



CALIFORNIA CHARTER SCHOOLS: FIGHTING BACK EXPANSION AND ABUSE

Governor Brown, who is usually progressive, has a blind spot when it comes to charters. The Governor's enthusiastic fundraising efforts on behalf of the two charters he started in Oakland came under scrutiny in the *Los Angeles Times*.

As a result, the problems with charters in the state bear an eerie resemblance to the those found in far more conservative states. As I spoke with Californians, I often felt quite depressed. The story line became clear—a state that generally holds progressive values financially abandoned its public schools with the passage of Proposition 13, thus crippling school funding. That was followed by a scramble to a charter solution to compensate for years of underfunding and neglect. That, in turn, opened the door to profit making schemes, corporate reformers hell-bent on destroying unions, and frankly, a lot of irresponsible educational models, such as storefront charters, boutique schools and “academies” linked to for-profits like K12.

There is hope, however, that California can alter its course. Despite all of the obstacles that stand in the way, there are Californians who want charter reform. They are exposing corruption, illegality, profit-making schemes and schools that are clearly not in the best interest of children. This last section on California charters will highlight their work.

The Board of Education and Superintendent Michael Matsuda of Anaheim Union High School District

Mike Matsuda is a bright, humble and dedicated superintendent who has a passion for public education. His Japanese-American mother and father were interned

in Poston, Arizona during World War II, which gives Mike a special sensitivity to the plight of immigrants and others who are marginalized in affluent Orange County.

When Matsuda saw a flier from the online charter school, Epic, he was outraged. The flyer advertises that students would receive \$1500 for a “personal learning fund,” with free laptops, Ipads and Internet services. His gut told him the promises of money and free computers were designed to attract students of poverty, who would be ill served by the charter chain. According to *Woodward News*, Epic, which has given families free concert tickets, vacations and other prizes for referrals of students to the school, has a four-year graduation rate of only 28%.

The more Matsuda and his Board learned, the more concerned they became. Epic is under investigation in Oklahoma for fraud. It is run by Community Strategies Inc., a non-profit, which contracts with a connected for-profit, Epic Youth Services. The for-profit manages the schools for a 10% cut of gross revenue, which comes nearly exclusively from tax dollars. The founder and Superintendent of Epic Charters, David Chaney, is also the CEO of Epic Youth Services. He and co-founder Ben Harris have a checkered history, [which you can read about here](#).

The elementary school district of Anaheim had denied Epic's charter application. Epic then appealed to the Orange County Board of Education, which despite the negative recommendation of its own staff, approved the on-line charter. In his testimony in protest before the Orange County Board, Matsuda said the following, “By even the

(continued on page 14)



CALIFORNIA CHARTER SCHOOLS:

FIGHTING BACK AGAINST THE EXPANSION AND ABUSE

(continued from page 13)

lowest standard no one could suggest Epic is providing an education that leads to successful college and careers. If Epic is allowed to grow without any transparency, accountability and oversight, the futures of students, families and the greater community will be at stake."

This is not the only time that the Anaheim High School District Board and Mike Matsuda have spoken out. In January of 2016, the Board issued a strong statement calling for a statewide moratorium on charter schools. On September 1, Matsuda joined with teachers, parents, civil rights groups and the state treasurer to call for charter regulation and transparency. As I traveled the state, I found many who were deeply troubled with charter practices but were hesitant to go on the record for fear of political or social retribution. When I asked Mike Matsuda about his position on charters, he did not hesitate:

We are not opposed to locally authorized charter schools that are accountable to the local community. I also believe that the role of public schools is to educate students about democratic values including modeling practices like ensuring representation, transparency and checks on the system. After all, we were founded on the notion of "no taxation without representation." Unfortunately many charters are undermining these basic tenets of our democracy, while at the same time selling out a generation of Americans.

The California Education Law Firm, Dannis Woliver Kelley

Readers who have been following this series on charters are familiar with the storefront charters and not-for profit shells of K12 that are growing in number across the state. Many of these charters have terrible graduation rates—some as low

as 0%. Students rarely check in—some, like Epic, have the requirement of going to a center only once every 20 days.

Their explosive growth has been driven by corporations courting small, rural elementary districts with promises of additional revenue with little to no impact to the school district. The corporation then operates charter "learning centers" or "resource centers" mostly or exclusively to generate revenue for themselves and their authorizer, even though the schools are not in the authorizer's district and do not serve their residents. The charter corporations often promise the sponsoring districts that they will not open learning centers in their district boundaries, so that the sponsors will not lose students and revenue.

The legislature has tried to rein in this predatory practice, but the bill they most recently passed (SB 739), was vetoed by Governor Jerry Brown.

Attorneys Sue Ann Evans, Sarah Sutherland, and Karl Widell of Dannis Woliver Kelley have successfully filed cases and legal analysis that have resulted in the shutting down of illegally operating charter schools such as the Endeavour Academy, which was located in a church basement even though its corporate headquarters was located 150 miles away. The firm also represented California School Boards Association as amicus curiae when the Court of Appeal reversed a lower court decision that found the practice of charter schools locating sites in districts in which they were not authorized is illegal—a decision that covers the entire state.

Commenting on the decision, attorney Sutherland said, "Corporations open (and close and transfer) these 'resource centers' among related and wholly controlled alter egos

(continued on page 15)



CALIFORNIA CHARTER SCHOOLS:

FIGHTING BACK AGAINST THE EXPANSION AND ABUSE

(continued from page 14)

at will without notice to anyone or approval by any elected board of education, much less the one in which it is located, and the sites then operate with little to no oversight. The “corporations” generate millions in public funds yet provide minimal and low quality independent study programs without academic results, without transparency, but with exorbitant and difficult-to-track executive and contractor salaries.”

The decision by the court of appeals was a well-earned victory for the firm, its clients and the California School Boards Association.

Alianza North Country

Alianza North Country News is a small, progressive bi-lingual newspaper that serves northern San Diego County. It has been a watchdog on abuses by charters located in the Escondido area.

The Escondido Charter High School and Classical Academy are two of the charters scrutinized by *Alianza*. The Escondido Charter High School in San Diego County is part of the American Heritage charter group, whose slogan is “Education is our Business.” In 2015 its student body was 49% white, in a high school district where only 28% of the students are white. Only 16% of Classical Academy Charter School’s students are Latino, as compared with 71% of the students of Escondido Union Elementary District.

Alianza has closely followed the charters, exposing practices that are questionable at best, and illegitimate at worst.

Last May, *Alianza* ran a story that questioned whether Classical Academy existed to cater to white, Christian families, as the [school blurs the line between separation of church and state](#). The school uses *The Story of the World: History for the Classical Child*, which is advertised by [Christianbooks.com](#) as taxpayer funded, sixth-grade history text. According to *Alianza*, “The book is laced with Bible stories, often presented as factual history. One chapter’s subtitle is ‘God Speaks to Abraham.’”

Executive Director, Cameron Curry, who is on the board of the California Charter School Association, defended his school’s practices, demographics and curriculum by stating that the school “can’t be all things to all people.”

Classical is not alone in catering to Escondido’s conservative, white community. Escondido Charter High School, which does not participate in the national free or reduced lunch program, also engages in practices geared to attract Christian conservative families of Escondido. *Alianza* reported on prayers at graduation; blessings by its school leader, Dennis Snyder, during assemblies; the bending of pension rules by the American Heritage Education Foundation; and the holding of a Republican political rally on Escondido Charter grounds during which the school mascot wore a shirt that said, “Friends don’t let friends vote Democrat.”

The *San Diego Union-Tribune* interviewed parents and students confirming several of the questionable practices that first appeared in *Alianza* stories. Not unlike Director Curry, Snyder made it clear that if families do not like the practices of his publicly funded charter, they can go to the public school. *Alianza* keeps watch.

(continued on page 16)



CALIFORNIA CHARTER SCHOOLS:

FIGHTING BACK AGAINST THE EXPANSION AND ABUSE

(continued from page 15)

Pushback in Los Angeles

The exposure of the secret plan by billionaire Eli Broad's Foundation to expand charters so that half of Los Angeles students would attend them drew outrage and national attention. It also energized a pushback movement that continues to grow.

Parent activists and bloggers, Karen Wolfe and Carl Petersen, regularly report on the problems with charter schools in the area. Wolfe provides updates through her *psconnectnow* blog and Petersen regularly blogs for *K-12 News*. Petersen's recent series on the financial scandals at El Camino High School asked hard questions about the lack of oversight provided by the Los Angeles School Board. Petersen is running for a seat on the Board in part to ensure greater oversight of charters.

The City Council of Huntington Park, a small city seven miles south of Los Angeles, said "enough is enough" when it comes to charters by voting 4-1 to put a year long ban on new charters. The city, which is only 3 square miles, now has 30 schools, 10 of which are charters. Huntington Park Mayor Graciela Ortiz argued that charters have increased traffic, congestion and are taking spaces that could be occupied by commercial businesses and parks. The California Charter School Association is considering suing the city.

Long concerned about the fiscal impact of charters on public schools, the United Teachers of Los Angeles ran a full-page ad in the *Los Angeles Times*. The ad raised important questions about the sustainability of a public school system in the city, given charter exponential growth. UTLA invited the California Charter School Association to engage in a public debate

on the impact of charters in the City of Los Angeles, where charters have increased, according to the ad, by 287%. CCSA declined the invitation.

Conclusion

As I reflect on all I learned from Californians who were willing to speak with me both on and off the record, there were common themes that emerged.

Everyone I spoke with accepted that charters have a place in state, and in many instances they acknowledged that charters serve children well. However, all had deep concerns about the lack of charter transparency, accountability, and their fiscal impact on public schools. ■



CHARTER HIGH SCHOOLS AND THE BEST HIGH SCHOOLS LIST: REALITY OR MARKETING HYPE?

Each year Jay Mathews of the Washington Post publishes his America's Most Challenging High Schools list. The list ranks high schools by counting the number of AP and IB tests taken by the school's students that year and then dividing that number by the number of graduates. The list does not distinguish between schools whose students do well on the tests and those schools whose students do poorly. It is, according to Mathews, a measure of how well high schools challenge students, regardless of success.

When the list first started, public schools in more affluent communities were in the top spots. Those schools had an index that indicated that most of the students in the school took at least one or two AP or IB tests. But then everything changed. Suddenly, small charter schools began to dominate the list. These charter schools give incredibly high numbers of AP and IB tests to students. In the top listed schools, taking high numbers of AP tests are requirements for graduation. One charter chain, BASIS, built its reputation on this concept and quickly began dominating the list.

By 2017, charter schools had taken nearly every top spot, which then became a rallying cry for the supporters of charter schools. For those supporter, the presence of a select group of charter schools at the top of the list was "proof positive" that charter schools were superior to regular public schools.

What follows is an analysis of the top schools on the 2017 list as well as a challenge to the claim of charter superiority.

We may not know the origins of the universe or who placed the boulders of Stonehenge. The identity of Jack the Ripper alludes us, and whether or not Sasquatch exists remains subject to debate.

But rest easy—the superiority of charter high schools is now a settled question. Nina Rees, the President of the National Alliance for Charter Schools, and Howard Fuller of Marquette University present the proof in their *Newsweek* opinion piece, with the brassy title, [Proof Positive that Charter Schools are Better](#).

"That's it folks; the debate is over. Charter high schools are equal to or better than their traditional peers. That's a fact." So where is the evidence to back that claim? The majority of

charter vs public studies indicate that overall achievement of charter schools is the same or worse than public schools. Like public schools, charters vary in student outcomes.

The charter high school graduation rate is 70%, far below the public high school rate of 85%. The percentage of charter high schools that are low-graduation schools is 30%, compared to 7% of public high schools.

So what is the breaking news on which Rees and Fuller base their claim? Their "proof positive" can be found in Jay Mathews' America's Most Challenging High Schools list. The evidence pops right out, according to the authors— "charter public schools filled out 9 of the top 10 spots."

(continued on page 18)



CHARTER HIGH SCHOOLS AND THE BEST OF HIGH SCHOOLS LIST:

REALITY OR MARKETING HYPE?

(continued from page 17)

When Jay Mathews first published his America's Most Challenging High Schools list in 1998, America's high schools needed a kick in the pants. High schools used test scores, recommendations and matrices to shut too many students out of higher-level courses. Advanced Placement and International Baccalaureate courses were reserved for only the elite student.

It was overdue for high schools to open the gates. Teachers and administrators needed to allow more students to challenge themselves.

And for a while, Mathew's list served that purpose—it provided recognition to schools that made Advanced Placement and International Baccalaureate classes available to more kids. Its rankings were, and still are, based on a simplistic formula—the number of tests divided by the number of members of the senior class. That sort of made sense when the list began. Most AP and IB tests were given in the senior year.

But elitism never dies an easy death. If more seniors were taking AP courses, there must be something special for the select kids who were the only ones previously allowed to take AP. So more schools began giving AP classes in the 11th Grade. And then AP moved to the 10th and 9th Grades, and even into some middle schools.

The push did not end with the creation of elite underclassmen tracks. Charter schools that required passing more than 10 AP classes in order to graduate were created to attract the academically elite. Others required students to pass an AP test to get a high school diploma, in addition to taking a large number of AP classes beginning in middle school.

The list that sought to dismantle the exclusive AP track incentivized the creation of the exclusive AP charter or magnet school. It should come as no surprise, then, that the sort and select machine, not equity, is now rewarded by Mathews' list.

Let's take a look inside this year's top three schools on Mathews' list.

#1 BASIS Charter School Phoenix:

The BASIS Phoenix graduating class of 2016 had 24 students—fewer than the average New York City kindergarten class. It began four years earlier with 43 ninth-graders. The drop from 43 to 24 represents an attrition rate of 44%. Mathews' list says that the school's enrollment is 757 students, but that is deceiving because BASIS Phoenix is both a middle and high school. The entire high school population (which is what the list is about) in 2016 was only 199.

BASIS Phoenix does not have a free or reduced-price lunch program, and it does not provide transportation. [It asks its parents for a \\$1500 donation](#) per child each year, along with hefty fees to participate in sports and extracurricular activities. In 2016, the school had so few students with disabilities, the state could not list the number without violating privacy—not even to give a total for the entire school. 33% of its students were Asian American and 57% were white. In Maricopa County, Arizona where the school is located, 3% of the students are Asian American, and 41% are white. The majority of Maricopa County students are Latino, and 47% receive free or reduced-priced lunch.

Because Mathews' formula uses the number of graduating seniors as the denominator to create the Challenge Index,

(continued on page 19)



CHARTER HIGH SCHOOLS AND THE BEST OF HIGH SCHOOLS LIST:

REALITY OR MARKETING HYPE?

(continued from page 18)

schools with high attrition rates that give AP exams to underclassmen are rewarded. This results in BASIS Phoenix's absurdly high Challenge Index of 26.250. If you used the original number of students who entered the high school as the denominator, the Index would drop to 14.65. Losing kids who can not keep up has it rewards.

I asked Mathews why he continues to uses this denominator, knowing that considerable numbers of students leave some of his top schools. His rationale for ignoring attrition is that he does not want to exclude schools with high dropout rates. But I can not find any such schools in his top 100 which is now filled with charters, magnets and private schools. Places like Escalante's Garfield High with its senior class of 559 that includes 60 students who are still struggling to learn English cannot possibly compete for a spot at the top of the list with the elite 24 grads of BASIS Phoenix.

#2 Mickey Leland High School

This school is a magnet school and the only non-charter in the top 10. Its 2016 graduating class was diverse, and the majority received free or reduced priced lunch—all 11 of them. That is right: the #2 school on the list began with a class of 17 ninth-graders and graduated 11 students in 2016. That is fewer kids than in a special education self-contained classroom. Its attrition rate was 35%.

#3 IDEA Frontier

This school had a more reasonable 2016 graduating class—99. The attrition rate was over 12%. Nearly all of its students are Latino. The school reported a free or reduced-priced lunch rate of 87%.

IDEA has a Challenge Index of 19.59. That index means that the school gave over 1900 AP tests to its roughly 400 students. And since class size is relatively stable across the four grades, an Index of 19.59 means that by the time kids graduate, the average student takes about 19.5 AP exams. That seemed awfully high to me, so I called the school and asked about the scope and sequence of the curriculum—specifically what AP courses do students take? A guidance counselor at the school was both helpful and pleasant, and walked me through the IDEA Frontier program, grade by grade. The school is transitioning to IB, but she explained the AP program for the Class of 2016.

Freshmen take one AP course—Human Geography. Sophomores take AP World History. In Grade 11 students take 4 AP courses—English, U.S. History, AP Physics and AP Spanish. In Grade 12, they take between 4 and 6 APs. The school requirement is 11 APs in all, which is what the counselor said most do.

Plugging in the numbers based on the 2016 enrollment, and assuming 5 APs in Grade 12, yields 1125 tests, not 2038. Even if every 11th and 12th grader took 8 tests—meaning every period was a distinct AP class in Grades 11 and 12, that would produce 1829 tests. That number assumes that the average student takes 18 tests over the course of four years, far above the counselor's estimate.

It is possible that students are taking tests for classes in which they are not enrolled, or re-taking AP tests; both would certainly pump the numbers for "the list." It could be human error or perhaps the counselor was not as knowledgeable as she seemed.

(continued on page 20)



CHARTER HIGH SCHOOLS AND THE BEST OF HIGH SCHOOLS LIST:

REALITY OR MARKETING HYPE?

(continued from page 19)

The above highlights another problem with “the list.”

I showed Mathews why the number was impossible and after repeated inquiries, IDEA admitted error. They provided the wrong number of tests to Mathews, and the IDEA charter index scores dropped as did their places on the list.

Mathews does not get his data and school enrollment numbers from objective sources. Rather he prefers that schools self-report. What other errors exist?

Checking the numbers with the College Board, along with checking enrollment numbers on state websites, makes sense. Schools should explain their course of studies to ensure the tests are attached to courses the student is presently taking. It is supposed to be a measure of challenging curriculum, not test taking.

Now let’s go back to where we started--Rees’s and Fuller’s [Proof Positive that Charters Schools are Better](#). The authors conclude their opinion piece by telling us to take “the lessons charters have taught us and apply them to all of our public schools, so that every kid has a chance to learn and succeed.”

What then are the lessons public schools should learn from the “top schools?”

Should our neighborhood schools follow the lead of the top charters and cater to the strivers and the gifted so those who cannot complete 11 AP courses, or pass an AP course, are forced to move out?

Should ranking lists call high schools “the best” when their program keeps teenagers with Down Syndrome and serious

learning disabilities out, or when they shed 10% or more of their students who cannot keep pace? Should we then have “default” public high schools where the students who can not keep up are segregated from more academically able peers? If we continue down the path of unfettered choice with vouchers and boutique charters, that will surely be the outcome.

If, however, we believe that the good school equitably serves all children, there must be a balance between reasonable challenge and inclusivity. Asking all students, with the exception of students with the most challenging disabilities, to take an IB or AP course or two before graduation is an idea I support. However, when we establish schools that create exclusivity by design, or by their unreasonably difficult graduation requirements, we are not furthering equity. And that results in lists more appropriate for Ripley’s Believe it or Not than “best schools” lists in major publications. ■



THE CHARTER CHAINS: RISK, HIGH-COSTS AND CONSEQUENCES

Whether the adjective “public” is in front of the word “charter” or not, charters are at the forefront of school privatization. Opening a charter is akin to opening your own business; however, the cost and risk are fully funded by the taxpayers. In most states, taxpayer dollars provide the initial “investment.” Charter schools are an odd business model in which the corporation gets income for every customer who walks through the door, regardless of their individual ability to pay. And if the business fails, “owners” are not out a dime, but the customers who are in this case children, are stranded. In Arizona if the charter closes, the charter holders get to keep all of the property, including the building.

It is remarkable that the American public has allowed such risk-free, taxpayer-funded entrepreneurship to occur. If you think that publicly-funded, largely unregulated businesses would be ripe for shady deals, over-sized compensation, and outright fraud, you would be right.

What follows is a discussion of the emerging risk posed by the fastest growing sector of charters—the charter chains.

In September of 2016, the Inspector General of the U.S. Department of Education issued its final audit report entitled a Nationwide Assessment of Charter and Education Management Organizations. The report assessed “the current and emerging risk” that is posed by charter management organizations for fraud, waste and abuse.

The audited period was less than two years—between late 2011 and the early months of 2013. Thirty-three charters in six states were selected for review. Of the thirty-three, the department found that 22 lacked the necessary internal controls, resulting in a significant risk to Department of Education funds. The report also made it clear that the U.S. Department of Education itself is not doing enough to protect taxpayers from charter management fraud. Then Secretary, John King, led one of the top five charter chains, Uncommon Charter Schools.

The Inspector General's report included specific examples

of abuse. It pointed out that the Chief Executive Officer of a Pennsylvania Charter Management Organization wrote checks to himself totaling \$11 million dollars, during the 2008-09 school year alone. The report also cited examples of criminal cases of outright fraud due to Charter and Education Management Organizations (CMOs and EMOs) having far too much control of charter schools and charter school boards.

Yet charters connected to these charter chains are taking a larger share of, as reformers would say, “the charter market.” According to the pro-charter Bellwether Education Partners, only 15% of all charter schools were connected to a CMO or EMO in 2010. By 2015, The National Alliance for Charter Schools reported the percentage to be 41%.

Why are CMOs becoming popular and what is the danger?

Supporters of CMOs claim that they enable rapid charter school growth by taking over administrative worries.

(continued on page 22)



THE CHARTER CHAINS:

RISKS, HIGH-COSTS AND CONSEQUENCES

(continued from page 21)

But efficiency of scale comes with a price, even when no “for profit” motive is apparent. When charters outsource to CMOs, the limited taxpayer funds that should be used for student instruction are siphoned away to service fees, an additional layer of administration, (often with oversized salaries), marketing, and in some cases corporate profits. A 2016 study by the Pennsylvania School Boards Association determined that charter schools allocated a greater proportion of their budgets to administrative costs than public schools (13.3% vs. 5.6%) and three times as much per student on administrative salaries.

The chain with the largest number of schools is KIPP. The KIPP Foundation claims it exists to support the work of the 200 schools in the network—all of which have their own revenue stream. The Foundation is most akin to the “central office” of a school district. Its 2014 expenses were over 72 million dollars—more than \$360,000 a school. In 2014, the KIPP Foundation spent over \$2 million dollars on fundraising alone. The Foundation’s administrative costs were nearly \$6 million dollars that year. That same year it operated at over a \$3 million dollar loss.

Those at the top of the KIPP Foundation make salaries that rival private industry, far above the compensation of Chancellors of public schools in major cities. In 2014, KIPP co-founder, David Levin received a compensation package of nearly \$475,000 from the Foundation. Co-founder Mike Feinberg received \$219,596 from KIPP Inc., which manages the Houston charters, and still another \$221,461 from the KIPP Foundation. According to the organization’s 990s, Feinberg works 50 hours a week for the Houston Schools, plus 40 hours a week for the Foundation—clearly an impossibility.

Levin’s and Feinberg’s salaries are dwarfed, however, when compared with the compensation package of Success Academy’s Eva Moskowitz, who received \$600,000 in 2014 as the CEO of 41 charter schools.

And Moskowitz’s hefty comp package is dwarfed by that of the new CEO of the for-profit online charter provider, K12, whose CEO Stuart J. Udell’s [base salary is](#) \$650,000 plus a performance-based bonus to exceed his salary, equity incentives, and a sign-on bonus of \$400,000. Online charters, overall, have a 4 year-graduation rate of 40%. K12’s Colorado charter chain, COVA, had a 2013 four-year graduation rate of 21.5%. Nevertheless, taxpayer dollars pour in.

Five Charter Management Organizations dominate the American market in terms of the number of schools governed: KIPP, Gulen-linked schools, IDEA, Aspire and Uncommon Schools.

Of the big five, none is more controversial than the Gulen-linked charter schools, which educate more than 72,000 students in 167 schools located in 26 states and the District of Columbia. While the schools are under the umbrella of different CMOs such as Harmony, Magnolia, Horizon, and Sonoran, they all share common characteristics that identify them as Gulen-linked or, as the Gulen movement likes to say—Gulen “inspired” schools.

Sharon Higgins is a long-time public school supporter who lives in Oakland, California. She has been keeping a careful watch of the Gulen charter school world for nearly seven years.

According to Higgins, Gulen-linked schools share a

(continued on page 23)



THE CHARTER CHAINS:

RISKS, HIGH-COSTS AND CONSEQUENCES

(continued from page 22)

constellation of characteristics which include: founding boards and school leadership composed of nearly all Turkish men; curriculum that includes the Turkish language and Turkish cultural instruction; extensive use of the H-1B visa program to employ Turkish and Turkic nationals, and an emphasis on teaching math and science. Another characteristic is the participation of students in numerous “competitions,” including competitions that promote Turkish culture and the philosophy of the Gulenist movement, which Higgins and others have described as “cult-like.”

“Gulen-linked schools around the world used to participate in what they called the Turkish Olympiad, featuring students who competed at regional events,” Higgins told me. “That pageant has morphed into a traveling show, the International Festival of Language and Culture.” One of the regional festival/competitions took place in Las Vegas in 2014.

Nowhere are charter chains more prevalent than they are in the state of Texas, a state whose authorization process favors charter chains. With fifty-four Gulen affiliated charters, 48 of which are associated with the CMO known as the Cosmos Foundation (d/b/a Harmony Public Schools), Texas has the greatest number of Gulen charter schools in the nation. The Harmony schools boast a “100%” college acceptance rate.

However, according to Higgins, a sizable number of Harmony graduates are accepted to North American University, recently cited for, among other things, not abiding by its own admissions standards. A complaint lodged with the Texas Education Agency also provides evidence of deep financial and governance ties between North American University,

which enrolls about 600 students, and Harmony Schools. The [North American University website](#) shows an imposing building as the University’s site. I visited the campus in the fall of 2016. There was no outside sign that indicated that the university was located in the building. Elderly patients were entering and exiting the building, which housed medical offices. The “University,” which offers three majors, occupied a small suite.

Earlier this year the law firm, Amsterdam and Partners, on behalf of the Turkish government, [filed a complaint with the Texas Education Agency \(TEA\)](#) using “facts from the public record,” that alleged that Harmony engages in illegal employment practices, violates the immigration program, violates open and competitive bidding by showing preference to Turkish vendors, and uses Texas tax dollars to guarantee the bond debt of Turkish-linked charter networks in other states.

Despite the documentation, the TEA dismissed the case in October. State Representative, Dan Flynn, however, is not letting the dismissal drop. He wants the investigation to continue with the Attorney General of Texas. Amsterdam and Partners is preparing [similar documentation](#) for the auditor of the State of Ohio.

I find it odd that American tax dollars freely flow to a charter chain that has been shown time and again to have ties to an exiled Turkish Imam, Fetullah Gulen. There have been allegations for years that Turkish teachers who work in Gulen Schools are obligated to donate substantial portions of their salaries, paid for with American tax dollars, to support the Gulen movement.

(continued on page 24)



THE CHARTER CHAINS:

RISKS, HIGH-COSTS AND CONSEQUENCES

(continued from page 23)

It is also inexplicable why Gulen charter schools would be allowed to operate on U.S. military bases, especially given the accusation that the Gulenists were involved in a recent coup designed to overthrow the present government of Turkey.

And it is outrageous that Gulen charter schools continue to open and flourish given the ongoing investigations and allegations into their practices. A reasonable response would be to at least hit the pause button.

What will the future hold under Betsy DeVos [who believes](#) that “the more of a ‘marketplace’ we have for education, the more, I think, the better?”

Will we have more charter schools with entanglements with foreign governments and their internal strife? Will we have taxpayer-funded charter schools run by white supremacists? Will vouchers go to schools run by Jihadists? Will fraud and abuse escalate? These are serious questions to ponder when the marketplace is the only regulator of school choice.

Donald Trump claims our public schools run by locally-elected board of education are government schools that fit better with the old Soviet Union. I wonder if he has thought through his alternative. Free-wheeling, government-funded schools, unaccountable to the taxpayers, sound like an awfully irresponsible alternative. ■



DRAINING THE COFFERS: THE FISCAL IMPACT OF CHARTERS ON PUBLIC SCHOOLS

Charter advocates claim that charters do not fiscally impact public schools and that they do more with less. But is that claim true? What follows is a description of the impact of charter schools and charter school profiteering on a diverse, small city district.

Bethlehem is a proud city with a tidy historic downtown that appears well-kept and well-intentioned. Income is below the national average, and unemployment is slightly higher, yet it is still in far better shape than neighboring small cities like Allentown, with its unemployment rate of 7.5%.

The Bethlehem Steel Plant that once kept the economy robust closed down about 20 years ago. Now the small city is a small tech hub with tourism, major medical networks and local universities providing work for its nearly 75,000 residents.

The public schools of the city do a fine job serving their majority minority students, of whom nearly 60% receive free or reduced-priced lunch. There are few dropouts and an outstanding music program keeps kids engaged. Bethlehem's two high schools offer AP courses, and SAT scores are consistently close to or above the national average, with most students taking the test.

It has not been easy supporting the public schools, however, given the financial challenges of the city. In addition, the district suffered a financial crisis in 2008, and then reeled under massive cuts in state aid in the 2011-12 school year. But the worst hit of all has come from the continuing and increasing siphoning of district dollars to charter schools—a whopping \$25 million this year alone.

I went on the road to Bethlehem shortly before Christmas of 2016 to understand the effect of charter schools on Pennsylvania's district public schools. I was told that Bethlehem was a good example of how public schools are victimized by the lax charter school laws of Pennsylvania, whose own [Auditor General has labeled](#), "the worst charter school laws in the nation."

All of the problems associated with charter schools, such as, siphoning of public school funding, increased segregation, scandalous recruiting practices and blatant profiteering can be found in charters in and surrounding America's Christmas City.

The Public School Fund Drain from Charters

Pennsylvania requires districts to pay the charter school a per pupil tuition fee based on how much the district spends on its own students. In Bethlehem's case, its per pupil charter tuition cost per general education student is \$10,635.77 and \$22,886.44 per special education student. In addition, the charter school students receive transportation funding from the taxpayers for attending any charter school located in the district or within 10 miles of any district boundary.

The argument that charter proponents make is that since the school is no longer educating the student, the per pupil

(continued on page 26)



DRAINING THE COFFERS:

THE FISCAL IMPACT OF CHARTERS ON PUBLIC SCHOOLS

(continued from page 25)

amount it sends to the charter represents real savings for the district. But anyone who understands school finance knows that assumption is ludicrous.

If class size is reduced from 28 to 27, or even to 25, you still must retain the teacher, and her salary remains the same. The school does not lose a principal, custodian, cafeteria server, or school nurse, even when sizable numbers leave. You can not lower the heat, or turn off the lights because some students and their funding have left for charters.

Dr. Joe Roy is the Superintendent of the Bethlehem School District. He helped put the district back on its feet after the 2008 fiscal crisis. This year, he was chosen by his peers as Pennsylvania's Superintendent of the Year.

I asked Dr. Roy just how much the district loses on charter school tuition, and how much it would cost if all of Bethlehem's 1,944 charter school students came back to the district. Dr. Roy told me that the district budgeted \$26 million dollars (about 10% of its annual budget) this year to pay for tuition and associated costs to charter schools. According to Dr. Roy, "We estimate that if all of the students in charters returned, even with hiring the additional needed staff, we would save \$20 million dollars. This is the cost of school choice."

Dr. Roy talked about all of the things he could do for district kids if only that money came back. "What we have lost is a lot of the 'equity actions' that help students who need the most help. If we weren't spending so much on charters, we would have more academic and social supports for our students living in poverty. We would have more professional development focused on equity and literacy. We would

have social workers. And, importantly - we would not have raised property taxes to the extent we have if not for the charter expenses - the local working class people of BASD are shouldering the cost of charter schools due to the state's lack of financial support and lack of desire to correct the problems."

Because the Pennsylvania charter tuition formula is based on per pupil spending, some districts are hit even worse. The New Hope-Solebury School District, for example, pays nearly \$19,000 for every general education district student that elects to go to a charter school, and almost \$40,000 for every special education student. Those costs must even be paid to cyber charters that have no facilities costs at all. In the case of special education students, the charter gets the higher rate, no matter how mild the disability, and it does not have to prove that it spent the money on special education services. Profits can become so lucrative, that Pennsylvania Cyber Charter founder, Nick Trombetta was able to siphon off \$8 million dollars of taxpayer dollars for extravagant homes and an airplane. When Trombetta was finally arrested, it was not for the exorbitant profits, which were legal, [but for tax fraud](#).

It is hard to understand why every taxpayer in Pennsylvania is not outraged at a legislature that repeatedly rejects sensible calls for reforms. When cash is flush, and regulations are thin, those who seek to profit appear, and they ensure reform is thwarted. Bethlehem Area School District experienced this first hand.

Unethical Student Recruiting and Private Profit

Last August, a [promotional flyer](#) with the return address of a new charter school, Innovative Arts Academy Charter School,

(continued on page 27)



DRAINING THE COFFERS:

THE FISCAL IMPACT OF CHARTERS ON PUBLIC SCHOOLS

(continued from page 26)

appeared in mailboxes of Bethlehem district residents. The flyer, which had a picture of a forlorn student with his head in his hands, along with information regarding a local high school drug arrest, said, "Why worry about this type of student at school? Come visit Arts Academy Charter School. Now enrolling grades 6-12."

Bethlehem residents were outraged. The new charter school's CEO, Lorraine Petrillo, immediately denied any involvement in the flyer.

By the end of the month, Petrillo had resigned. Not only was she disturbed by the flyer, which many inaccurately assumed was sent by her, but also [Petrillo's social security number](#) had been used by the charter school in an attempt to obtain a fraudulent loan. When the charter board then accepted a \$100,000 loan from the school's landlord, she had enough. In an email obtained by the press, Petrillo [had the following to say](#). "For the life of me, I don't understand why the board is still seeking the landlord or associated company's involvement in our financing after this past weekend. It might be 'legal' but certainly, in my humble opinion, unethical."

The landlord, to whom she referred, was real estate developer, Abe Atiyeh. In 2007, Atiyeh had purchased the property in which her school would reside for \$900,000. The month he bought it, he sold it for one dollar to Catty Schools, LLC, a privately held company that lists him as its principal. The first attempt to house a charter school in the building failed when [the Thomas Paine Charter School](#) could not get approval.

The [Lehigh Valley Christian High School](#) moved in instead, paying Atiyeh's LLC \$94,195 in rent in 2008. The next year, the rent jumped to \$364,636 dollars. By 2013 when the private [school left the building](#) (because the building had no "curb appeal"), it had paid \$1,736,691, total, in rent.

Prior to its departure, Lehigh Valley Christian was sharing Atiyeh's building with the Medical Academy Charter School, which was [founded by Atiyeh's friend, Dr. Craig Haytmanek](#), in 2012. In 2013, Medical Academy also paid rent-\$295,088. The next year it paid \$404,717 to Linden Land Development, LLC, another corporation at the Atiyeh address. It is unknown what the charter paid for rent in 2015, or in 2016, its final year of operation.

The Medical Academy Charter School was beset by serious problems from the start. Its [curriculum came under question](#). [Videos of student violence](#) in the school started appearing on social media, and enrollment was stagnant. In 2015 and 2016 it had the lowest ratings in the Lehigh Valley. When it closed its doors in June of 2016, [still owing its teachers money](#), it had earned [only 29.8 out of 100 points](#) on its report card.

In its place, however, would be yet another charter school, the Innovative Arts Academy Charter School, the school with the anonymous flyer to which Atiyeh loaned \$100,000. Members of the board of the failed charter, including Atiyeh's friend, Haytmanek, [were members](#) of the applicant board¹. Atiyeh, of course, receives the new charter's rent as well².

(continued on page 28)

¹ Both resigned after public outcry.

² Atiyeh leases additional properties to charter schools that he helped start, also under controversial circumstances. Instances include a [side deal](#) with the Allentown School Board and [using paid consultants](#) to recruit charter school students.



DRAINING THE COFFERS:

THE FISCAL IMPACT OF CHARTERS ON PUBLIC SCHOOLS

(continued from page 27)

On the road away from Bethlehem, I stopped by the Innovative Arts Academy. I saw a teacher and two students hanging out on steps facing a large parking lot. The school banner was torn. A dumpster was placed in front of it. The teacher told me that school enrollment was now below 300. He said that he and the students were filming—what I cannot imagine. In 2017, well over two million dollars from neighboring districts in the financially strained Lehigh Valley went to the charter school.

Secretary of Education Betsy DeVos believes that the marketplace of charters and choice is better than the stability of the public schools of Bethlehem. If poor parents buy the hype of anonymous flyers, then buyer beware. In the world of DeVos, the cream rises to the top, and the strongest will survive.

That is the founding principle of “school choice.” But what I learned in Bethlehem is both simple and clear. Pennsylvania’s politicians, like those in so many states, have neither the stomach nor the will to curb the abuses of charter schools as they drain the public school coffers. America must choose either a patchwork of online schools and charters with profiteers on the prowl, or a transparent community public school system run by citizens elected by their neighbors. A dual school system with the private taking funding from the public simply cannot survive. ■



PUBLIC FUNDING WITH PRIVATE-SCHOOL ADVANTAGE: HOW SOME CHARTERS TRY TO HAVE IT BOTH WAYS

Most charter school advocates are quick to point out that they are not part of the school privatization agenda. They place the adjective “public” in front of “charter school” to distinguish themselves from voucher schools. This branding effort has been somewhat successful—especially with politicians and the press.

But simply saying charters are public schools does not make it true. There are strong arguments to be made that they are not. Democratically elected school boards govern most public schools. Nearly all charter boards are appointed and not accountable to parents or the community. Charters control the number of students they have, and they do not have to take students mid-year. The transparency laws, especially in spending, that public schools must follow can be ignored by charter schools. Many conflict of interest laws that regulate public schools can be skirted. And in some cases, when the school shuts down, the school building and property is not returned to the public who paid for them, but is retained by the charter owners themselves. And, by the way, [charters can walk away and shut their doors](#) whenever it suits them.

One of the best illustrations of the “non-public” nature of charters is the much heralded BASIS Charter schools that began in Arizona, a state with irresponsibly lax charter laws. A close look at BASIS provides insight into how charter schools can cherry pick students, despite open enrollment laws. It also shows how through the use of management companies profits can be made—all hidden from public view.

BASIS School Inc. began in 1998. Two economists, Michael and Olga Block, believed that students in the United States were not sufficiently challenged, and so they began BASIS Tucson built upon the Advanced Placement (AP) curriculum and tests. That school was followed by BASIS Scottsdale in 2003.

BASIS Tucson and BASIS Scottsdale became top-ranked schools on *Newsweek's* America's Most Challenging High Schools list, and later flew to top spots on the Best High Schools list of *US News and World Report*.

Advocates touted the Tucson and Scottsdale schools as miracles, holding them up as examples of what high expectations, combined with the freedom afforded charter

schools, can do. BASIS exploded. There are now 18 BASIS charter schools in Arizona, 3 in Texas and 1 in Washington DC, all managed by the for profit corporation, [BASIS Educational Group, LLC](#). The same LLC also manages 5 for-profit BASIS private schools in the United States and one private international school.

There is no doubt that BASIS provides a challenging education. What is questionable is just how “public” their charter schools really are.

Critics of charter schools have long observed the differences in school populations that charters serve, and charter schools counter that that is not by design. A quick look at the demographics of the 18 Arizona BASIS charter schools

(continued on page 30)



PUBLIC FUNDING WITH PRIVATE-SCHOOL ADVANTAGE:

HOW SOME CHARTERS TRY TO HAVE IT BOTH WAYS

(continued from page 29)

compared with the demographic profile of all Arizona students in the public and charter systems, however, should give pause that such differences are not accidental. The following [enrollment figures](#) are from the 2015-2016 school year.

	Arizona	BASIS
Asian	3%	32%
American Indian/Alaska Native	5%	0%
Black	5%	3%
Latino	45%	10%
White	39%	51%
Mixed	3%	2%

The proportional over-enrollment of Asian-American students and under-enrollment of Latino students in BASIS charter schools is startling. But differences in the students served do not end with race and ethnicity.

In 2015-16, only 1.23% of the students at BASIS had a learning disability, as compared to 11.3% of students in the state. BASIS schools had no English Language Learners. And in a state in which over 47% of all students received free or reduced-price lunch, BASIS had none. Although BASIS may have some students from qualifying households, it chooses not to participate in the free or reduced-price lunch program.

The stark differences in school demographics between the 18 schools of BASIS and the state are the result of several factors—all within BASIS’s control.

Linda Lyon is the President-Elect of the Arizona School Boards Association. She has been observing the growth of BASIS schools for years. She believes that where BASIS chooses to open schools is based, in part, on the students it hopes to attract.

BASIS and other for-profit charters are really good at penetrating affluent markets where they can recruit already high performing students from district schools. According to the U.S. Census, communities in Arizona with BASIS schools have poverty rates of only about 10%, median incomes of \$69,000 and households that are mostly white.

Because BASIS provides no transportation, where it places schools along with the lack of a free lunch program discourages disadvantaged students from applying. There are also hefty “suggested” parental contributions.

BASIS requests that families [contribute at least \\$1500 a year, per child to the school to](#) fund its teacher bonus program. Enrollees must also pay a \$300 security deposit, purchase some books and pay for activities that would be free if the student attended a public school.

The barriers do not end there. The “rigorous” curriculum of BASIS prevents prospective enrollees from transferring in after middle school. Students must take 6 AP exams and pass at least 1 with a score of 3 or above, in order to graduate. However, they are required to take more AP classes than that, beginning in middle school. There are comprehensive tests that must be passed or students are retained. When I inquired as whether a tenth grader could enter BASIS, the two schools I contacted did their best to make it appear that it would be impossible. One of the reasons given

(continued on page 31)



PUBLIC FUNDING WITH PRIVATE-SCHOOL ADVANTAGE:

HOW SOME CHARTERS TRY TO HAVE IT BOTH WAYS

(continued from page 30)

was that ninth-grade students take either AB or BC AP Calculus—courses that are taken typically in grade 12 by strong, accelerated math students in most public and private schools.

Even after getting into BASIS however, there is less than a 50% chance the student will stay to graduate. During each successive year, students leave when they cannot keep up with excessive academic demands.

Like the “no-excuses” charter schools found in cities, the attrition rates at BASIS middle and high schools are extraordinarily high. Of a cohort of 85 students who began 8th grade in BASIS Flagstaff during the 2011-12 school year, only 41% (35) remained to enter 12th grade in 2015-16. In the flagship school, BASIS Tucson North, a 7th grade class of 130 became a class of 54 by senior year. The same pattern exists in every BASIS charter high school in the state.

This is not just an enrollment decline due to students leaving BASIS after middle school. Attrition occurs throughout the middle and high school years. Below is the attrition rate for the cohort of students that remained to become 12th graders at BASIS Tucson North in 2015-16.

7th Grade	130
8th Grade	100
9th Grade	82
10th Grade	69
11th Grade	61
12th Grade	54

All of the above, of course, gives advantage to BASIS charters in the “Best High Schools” ratings. For example, the America’s Most Challenging High Schools list now published by the *Washington Post*, makes its ranking determination based on the number of tests divided by the number of graduates. By requiring AP tests throughout high school, in combination with having a very small senior class, BASIS schools become a shoe-in for top spots.

Likewise, the *US News and World Report’s* final ranking is based on the number of AP tests taken and performance on those tests for graduating seniors only. The more elite the group of 12th graders, the better the rank.

BASIS schools operate on a tournament model, where only the strongest survive. Ironically, however, the prize at the tournament’s end goes to the BASIS chain. The “best high school” rankings that put BASIS near the top are the catalyst that allowed the Blocks to build an empire.

Jim Hall is a retired principal who lives in Arizona. He has written about the shenanigans of the state’s charters, including BASIS, for years. “When BASIS began, we used to be able to see Olga and Michael Block’s salary. [We knew that in 2007](#), the couple were paying themselves \$315,000 plus nearly \$39,000 in benefits for running two schools, in addition to having their daughters, son and even Olga’s sister in the Czech Republic on the payroll.”

That same year, according to the 2007 BASIS School Inc.’s 990, the couple spent over \$46,000 on travel expenses. The distance between Tucson and Scottsdale is 115 miles.

Salary and travel transparency disappeared in 2009, when

(continued on page 32)



PUBLIC FUNDING WITH PRIVATE-SCHOOL ADVANTAGE:

HOW SOME CHARTERS TRY TO HAVE IT BOTH WAYS

(continued from page 31)

the Blocks opened a private, for-profit limited liability company, [BASIS Educational Group, LLC](#). Now the couple's salary and expenses are hidden from the public. According to the 990 for 2009, BASIS School Inc. spent \$3,902,122 in total on school salaries, and \$1,728,000 on "management." BASIS Educational Group, LLC, the for-profit that contracted with BASIS Schools Inc., received \$4,711,699 for leased employee costs and \$1,766,000 for management, indicating that there were also substantial fees that went to the Block's LLC.

The latest 990 shows just shy of \$60,000,000 million dollars going from the non-profit to the for-profit corporation to provide services to BASIS schools.

According to Hall, who has carefully studied BASIS audits,

As the BASIS empire has grown, so have the management fees paid to the for-profit corporation. Between 2012 and 2015 BASIS administrative costs were some of the highest in Arizona, taking in over one third as much in management fees as in all school salaries and benefits. According to a [2015 study by the Grand Canyon Institute and Arizonans for Charter School Accountability](#), BASIS schools spent an average of \$2291/pupil on administration while the average public district spent just \$628/pupil.

BASIS General Administrative costs alone amounted to nearly \$12 million for less than 9,000 students, while the six largest public school districts serve a quarter million students for less than \$10 million in General Administrative costs.

It is important to keep in mind that BASIS Educational Group, also known as [Basis.ed](#), is also managing [for-profit private schools](#), and it intends to open more. These private schools are located in the Silicone Valley and the upscale neighborhoods of New York City. Could the taxpayers of Arizona along with all US taxpayers be indirectly subsidizing these schools and their expansion? Administrators of BASIS claim they are not.

Curt Cardine is a former east coast superintendent and a former charter administrator. Discouraged by the unethical practices he observed in Arizona charters, he left the charter world and now conducts extensive studies of charters and charter financing in Arizona. According to Cardine, "Once money goes to the BASIS Educational Group the profits now belong to the for-profit to use as they please."

The most recent audit shows that BASIS charters are now in financial difficulty—running a huge deficit of over \$13,000,000 million dollars.

"In the state of Arizona, the failure rate on charters is 42.79%. Overleveraging is a huge problem," said Cardine. "Charters fail, but somehow folks leave making money. Charters like to say they are "for the kids, not the adults." That has certainly not been my experience—especially here in Arizona." ■



IGNORING COMMUNITY VOICE: THE DEMISE OF A PHILADELPHIA ELEMENTARY SCHOOL

The popular rationale for charter schools is that they provide families with “choice.” Competition is good, claim proponents, and neighborhood schools will get better as they compete for students and resources.

Increasing numbers of parents, however, argue that the opposite is happening. They complain that charters take away the choice they want—a public school in their neighborhood in easy walking distance from their home. The playing field is not even, they argue. Charters have more money to spend, and are favored by political forces.

And when a charter chain aggressively lobbies to take over a public school, parents are pitted against each other. Surely that is no one’s choice.

What follows is just such a story—the story of Philadelphia’s John Wister Elementary, a neighborhood school replaced by a charter, and how that replacement tore a community apart.

John Wister Elementary School had 400 students, nearly all were Black and from low-income families. The school was a part of the Germantown, Philadelphia community since the 1950s. It was named for a prominent citizen from Revolutionary times whose historic home’s garden gate led to the school’s playground.

In October of 2015, Wister parents learned that their school was to become a charter school. Dr. William Hite, the Superintendent of Philadelphia Schools, announced that Wister would be one of three schools placed in the district’s Renaissance charter program. That program, [which began](#) under former Superintendent, Arlene Ackerman, relinquishes control of struggling public schools to charter operators who apply to take them over and serve neighborhood students.

An understanding of Wister’s story requires background on school governance in Philadelphia. Philadelphia’s schools are governed by the School Reform Commission (SRC),

a five-member board. Three members are appointed by the governor, and two are appointed by the mayor. The Governor, therefore, has oversized influence over school governance in the city. And the previous Governor, Tom Corbett, used that power to financially decimate the public schools.

The year after the majority of SRC members became Governor Corbett’s appointees, the SRC [voted to close 23 public schools](#). In 2014, it voted to cancel the teachers’ contract, a vote that was subsequently deemed to be illegal by the Supreme Court of Pennsylvania. Superintendent William Hite, a graduate of the controversial Broad Academy, was hired by the SRC in 2012.

Wister suffered greatly as its resources were depleted in those years. The announcement that Wister would now be given to a charter operator immediately became controversial. In prior years, parents in struggling schools

(continued on page 34)



IGNORING COMMUNITY VOICE:

THE DEMISE OF A PHILADELPHIA ELEMENTARY SCHOOL

(continued from page 33)

were allowed to vote on whether their neighborhood school would be turned over to a charter. In 2014, the parents of two schools voted “no.” For example, [Steel Elementary School](#) parents voted 121–55 to oppose the Mastery Charter chain’s takeover of their school.

Then the rules changed.

The parent vote was taken away, and the power to decide was given to Hite and the SRC.

At the time of the announcement, Kenya Nation-Holmes was the mother of a kindergartener and a second-grade student at Wister. Nation-Holmes was furious that parents were no longer the decision makers in whether their school would become a charter. She also believed that a lack of involvement by parents was at the root of Wister’s trouble. And so she decided to get involved and help turn the school around in hopes that the Superintendent would change his mind.

“I organized parents and started a parent council. We began talking regularly with the principal. Things were getting better and we were going to fight to save our school,” Nation-Holmes told me.

But even as Nation-Holmes and her fellow parents were fighting for Wister, so was the Mastery Charter chain. [By mid-November](#), Mastery Charter High School submitted its proposal to be the turnaround agent to take over the school.

The Campaign to Take Over Wister

The Mastery Charter School chain, known for its tough discipline and no-excuses philosophy, was already running more than ten schools in the city. CEO Scott Gordon’s background was in business. He founded a home health care

company and marketed cereal before starting Mastery.

According to Nation-Holmes, “Scott Gordon told the parents that Mastery would give the school money—1.5 million dollars to fix up the school. He said they would paint it and fix the playground. He called me and said, ‘I will let you pick the color of the walls’.”

Karel Kilimnik, a long-time Germantown resident, and co-founder of the Alliance for Philadelphia Public Schools, was appalled by the aggressive tactics of Mastery.

Mastery waged a marketing campaign that pitted parents against each other. They paid people to canvas and to make phone calls. I spoke with someone at a meeting at Wister who described her position with Mastery as a ‘paid volunteer.’ One parent who initially supported staying with the district, switched sides after getting a job at a Mastery school. Another told us at a meeting of Parents of Wister that, ‘Parents of Wister should be giving out gift cards like Mastery did.’ In my opinion, Mastery poisoned the community in their war to win Wister.

Germantown resident and former Wister teacher, Robin Lowry, agrees. She had previously taught in a high school that was taken over by a charter. “It was devastating to get the letter that we were a failing school slated to be closed the day after our Back to School night. There is a pattern. Starve the school of resources, it goes downhill, and then the charters swoop in. It happens in the poorest neighborhoods—they pick the people who have been picked on.”

The battle between the grassroots group, Parents of Wister, and Mastery and its advocates continued throughout the fall

(continued on page 35)



IGNORING COMMUNITY VOICE:

THE DEMISE OF A PHILADELPHIA ELEMENTARY SCHOOL

(continued from page 34)

and early winter of 2015, with pro and anti Mastery parents picketing and testifying at meetings of the SRC.

The charter chain had considerably more resources than Parents of Wister. Mastery Charter High School hired Cecilia Shickel, a media consultant, to produce videos designed to encourage parents to support the conversion of Wister to Mastery.

Mastery's actions would later catch the attention of the city's Board of Ethics. According to the Board of Ethics of the City of Philadelphia, Mastery, "retained several individuals to organize parents of students at Wister Elementary. These individuals were not employees of MCHS. The work done for MCHS by these individuals included encouraging parents to fill out "pre-enrollment" forms for a Wister Elementary charter school; staffing information sessions with parents to encourage them to support the Wister conversion; encouraging parents to contact SRC officials by email and telephone in support of the Wister conversion; and organizing parents to meet with SRC officials in support of the Wister conversion."

Members of Parents of Wister also continued to organize and provide testimony to the SRC defending Wister Elementary. And then something remarkable occurred. A community member showed that the district had been using the wrong enrollment data to make its case for why Wister should be closed. Then the school progress report came out, which showed that even though Wister scores were still very low, the school had made academic progress, achieving model growth in mathematics.

Superintendent Hite changed his recommendation. Although Wister would still require intervention, takeover by Mastery was taken off the table.

Kenya Nation-Holmes was elated. But Mastery advocates were not. They continued to lobby the SRC. The Philadelphia School Partnership, a pro-charter, multi-million dollar non-profit that gave \$1,269,000 million dollars to Mastery Charter High School for charter start-up and growth in 2014, was engaging in a behind the scenes email exchange with SRC member, Bill Green, in order to persuade him to vote to overturn the decision of the superintendent.

The pressure worked. Green joined two other SRC Board members whose votes had already been secured, and voted for a surprise "walk on resolution" that turned the school over to Mastery. Few Wister parents were present, believing that the issue had been resolved. The room was filled, however, with pro-Mastery parents who cheered.

SRC member, Sylvia Simms, who put forth the resolution immediately found herself in the middle of a controversy. Simms's sister, Quibila Divine, works for a consulting group that had Mastery as a client and has close ties with the Philadelphia School Partnership that emailed Green. Divine had also attended a parent meeting at Wister, telling parents to support the takeover.

Despite cries of conflict of interest, the lack of notice to the public, and even objections by the mayor of Philadelphia, the SRC gave its final approval to turn Wister over to Mastery Charter Schools. The reverberations over what occurred, however, continued.

(continued on page 36)



IGNORING COMMUNITY VOICE:

THE DEMISE OF A PHILADELPHIA ELEMENTARY SCHOOL

(continued from page 35)

The Aftermath

In April of 2016, City Councilwoman, Helen Gym, called for a moratorium on Renaissance Charters. Gym presented her research findings that demonstrated that significantly fewer neighborhood students were attending Renaissance charters, which were designed to serve neighborhood children. In the case of two Mastery charter schools, neighborhood children comprised only about half of the enrollees. Because funding follows the student, Gym estimated that the cost to the district of the six charter schools that were up for renewal was more than \$15 million dollars per year.

"In choosing to pursue Renaissance charters, it is clear then that the District is making a choice to choose to invest in some students at the expense of others," Gym told the SRC. Gym argued that far more study was needed to judge the effectiveness of the program before continuing it. In November of 2016, the conflict of interest complaint against Simms was dismissed at the state level due to "lack of evidence." That same month, however, Mastery Charter High School settled with the Board of Ethics, paying a fine for violating the lobbying law when it campaigned to takeover Wister.

The former flood of charter applications in the city are dramatically down, due in part because the SRC has decided to not expand its Renaissance charter program.

Robin Lowry now teaches in a district high school. From time to time she sees her former students that attend the charter school. "They tell me that Mastery is going to get them into Harvard and that everything is perfect there. Their responses seem automatic and cult-like to me. I worry for them," she told me.

Meanwhile, Kenya Nation-Holmes was able to find a district public school that would take her two children. "My son is spirited and creative. I like that about him. Mastery would have taken that away with their strict discipline. I don't hate Mastery. It's just not for my kids. I do not, however, like how everything happened."

Nation-Holmes told me that from time to time parents who stayed at Wister after Mastery took over, contact her and complain that there are problems. They say that they are afraid to speak up. "I tell them there is nothing that I can do," she said. "I tried to warn them." ■



TESTING THE CLAIM:

ARE CHARTER SCHOOLS PUBLIC SCHOOLS?

When Hillary Clinton mentioned public charter schools in her speech to the NEA during their summer, 2016 conference, she was [greeted with boos](#). Her remarks about sharing “what works” seemed innocuous enough. So why did the teachers in attendance react so strongly?

The obvious answer is the charter sector’s distaste for collective bargaining. But the antipathy directed at charters runs deeper than that. Charters, regardless of their original intent, have become a threat to democratically governed, neighborhood public schools and questions about their practices, opacity, and lack of accountability are increasing, as their numbers grow.

Are many, if any, charter schools true public schools as their supporters claim? What follows tackles that very question.

The Merriam Webster Dictionary defines the American public school as “a free tax-supported school controlled by a local governmental authority.” Charters, of course, are governed by a private board that holds the charter, which is the agreement between a granting body and an outside group. Charter schools are in reality, privately run academies funded by the taxpayer. Many are governed by larger corporations, known as CMOs. Some are for-profit; others are not-for-profit, yet still present financial “opportunities” to vendors and those who run the school.

Why is it so important to charter devotees that private boards be in charge? That is because for many, democratic school governance is viewed as an obstacle. Netflix founder, billionaire Reed Hastings, has given millions to charter schools and their supporting organizations. When addressing the California Charter School Association in March of 2015, Hastings [opined that school boards](#) were obsolete, and should be replaced with a system of large non-profit corporations.

Yet the governance of public schools is one of the purest and most responsive forms of American democracy. Sunshine laws and public meetings allow citizens to have a say in how their children are educated, and how their tax dollars are spent. Even in cities with mayoral control, there is some limited voice through the election of a mayor. Washington, D.C. mayor, Adrian Fenty, [lost re-election in 2010](#) largely because of his support for then chancellor and charter proponent, Michelle Rhee. While Hastings would view that as causing “churn,” communities view elections as a means by which to correct error and chart a better course.

Because the claim that charters schools are public schools is not consistently challenged, charters are becoming more brazen in misleading prospective parents. One charter chain, Aspire, refers to itself not as a charter school management organization (CMO), but as a [public school system](#) with schools in two states.

(continued on page 38)



TESTING THE CLAIM:

ARE CHARTER SCHOOLS PUBLIC SCHOOLS?

(continued from page 37)

The differences between public schools and charter schools go well beyond issues of governance. One of the strengths of a true public school is its ethical and legal obligation to educate all. Public school systems enroll any student who comes into the district’s attendance zone from age 5 to 21—no matter their handicapping condition, lack of prior education, first language, or even disciplinary or criminal record. Not only will empty seats be filled at any grade, but also if there is a sudden influx of students, classes must be opened.

In contrast, charter schools control enrollment—in both direct and subtle ways. In 2013, journalist, Stephanie Simon wrote a [comprehensive story](#) exposing the lengthy applications, tests, essays and other hurdles used by many charters schools to make sure they get the kind of student that they want.

Even when some charter chains, such as Aspire, Success Academy and KIPP, have simple applications and lottery entrance, student bodies are not necessarily representative of neighborhood schools.

To the right is a chart with 3 Success Academy Charter schools, in bold, from three different sections of New York City—Harlem, Brooklyn and the Bronx. Each is matched with neighborhood public schools in close proximity to the charter. They are listed below the charter school’s name. The data is from the 2014-15 school year.

The data show clear, dramatic differences between the charters and the local, neighborhood schools. The neighborhood public schools have greater proportions of students who are poor, and who need special education services. Digging deeper you will find stark differences in the handicapping conditions of students who attend charter and

public schools, with public school special education students having far greater needs.

School Name	% Economically Disadvantaged Students	% Special Education Students
Success Academy Charter – Harlem 1	76%	16%
PS 149 Sojourner Truth	90%	36%
PS 242 Young Diplomats Magnet Academy	93%	36%
PS 76 Philip Randolph	89%	21%
PS 7 Samuel Stern	83%	32%
Success Academy Charter – Bed-Stuy 2	60%	18%
PS 297 Abraham Stockton	82%	26%
PS 59 William Floyd	84%	25%
PS 23 Carter G. Woodson	86%	30%
Success Academy Charter – Bronx 2	67%	14%
PS 55 Benjamin Franklin	95%	20%
PS 110 Theodore Schoenfeld	95%	28%
PS 132 Garrett A Morgan	86%	25%

Even after initial enrollment, charters lose students through attrition, which also likely results in differences in demographics over time. Leo Casey of the Shanker Institute [analyzed the data](#) across all Success Charter Schools and the pattern was clear—after Grade 2 enrollment steadily declined for each cohort, with small variations among the schools. Perhaps the most dramatic example of attrition is Success Academy Harlem 1, the flagship Success charter founded in 2006. Because the charter continues to Grade 9, long-term attrition is apparent.

(continued on page 39)



TESTING THE CLAIM:

ARE CHARTER SCHOOLS PUBLIC SCHOOLS?

(continued from page 38)

The middle column shows the enrollment at Grade levels 7, 8 and 9 in October of 2015. The column to the right shows the number of students in that student cohort when they were in Grade 2. As students move through the Grades, attrition accelerates.

Success Academy Harlem 1 (2015)	2015 Enrollment	Enrollment when class was in Grade 2
9th Grade	26	73
8th Grade	44	79
7th Grade	75	127

Although the New York State Education Department website lists Harlem 1 as a K-9 school, curiously, the school’s website only advertises Grades K-4. After Grade 4, Success Academy follows a tournament model—you can drop out, but you cannot drop in. Eva Moskowitz [justified this practice](#) by claiming that it would be “unfair” for her students to be educated with students she considers to be lower achievers because they come from public schools.

That “sort and select” mindset is not limited to Moskowitz. Although some charters in New York City see their mission as educating children who arrive at any grade level, others do not. During the 2013-14 school year, [2,500](#) seats in charters were left unfilled because charters did not “backfill.” Considering that only 72,056 were enrolled in NYC charters that year, that number is substantial.

Of course attrition occurs in local public schools as well. Children of poverty move more often than middle-class students. The public/charter difference is that even as students leave, they are replaced throughout the school

year by new entrants, who are welcomed by their principals and teachers. Another stark difference is that public schools in New York cannot expel students prior to age 17. Charter schools can expel at any age and do.

It has long been suspected that high attrition in the “no excuses” charters results in part from codes of discipline that rely heavily on excluding students for what public schools would consider to be minor infractions. The strict code of discipline also serves as a screen—only parents who want a regimented and highly disciplined environment need apply.

Returning to the three Success Academy schools and their proximate neighbors, the differences in suspension rates, and the reporting of infractions are startling. The New York State Education Department issues two public, school by school, disciplinary reports. The first is the suspension rate, given on the School Report Card, which reports the number and percentage of individual students who have been suspended out of school for at least one day. For example, if a school has 100 students, and ten of those students were suspended at least once, the rate for the school would be 10%.

The second report is the Violent and Disruptive Incidents Report (VADIR). Despite its ominous name, the report logs the number and kinds of incidents that result in an out of school or in-school suspension, counseling referrals, or suspension from school activities. Some incidents may be quite serious like theft or weapon possession, but others may be minor, such as student pushing or a classroom disruption. Every incident must be logged.

(continued on page 40)



TESTING THE CLAIM:

ARE CHARTER SCHOOLS PUBLIC SCHOOLS?

(continued from page 39)

Below is the 2013-14 data for the three Success Academy Schools and their neighborhood counterparts.

School Name	Number Of Reported VADIR Incidents	Suspension Rate
Success Academy Charter – Harlem 1	1	14%
PS 149 Sojourner Truth	48	2%
PS 242 Young Diplomats Magnet Academy	11	1%
PS 76 Philip Randolph	25	1%
PS 7 Samuel Stern	34	3%
Success Academy Charter – Bed-Stuy 2	0	11%
PS 297 Abraham Stockton	14	0%
PS 59 William Floyd	18	1%
PS 23 Carter G. Woodson	5	1%
Success Academy Charter – Bronx 2	0	8%
PS 55 Benjamin Franklin	5	0%
PS 110 Theodore Schoenfeld	23	0%
PS 132 Garrett A Morgan	29	0%

No doubt some charters are better, and others are worse, than Success. What all share, however, is the ability to use the freedom given them for innovation to shut out democracy, attract the students they want, and hide important information from the public, even as they collect taxpayer funds.

As Diane Ravitch often asks, "If deregulation is such a great idea, why not deregulate all schools?"

I think we know the answer. And that is why charters do not deserve the word "public" in front of their name. ■

Given the parameters of both reports, there should be more VADIR incidents than suspensions. Either Success Academy is not meeting its obligation to provide information to the NYSED, taxpayers and parents, or Success is suspending students for incidents that are so trivial, they are not even listed as a category on the VADIR report.



CHARTERS AND CONSEQUENCES: HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

At the 2016 annual convention, the members of the NAACP passed a resolution asking that there be a moratorium on the expansion of charter schools until serious problems associated with charter schools were addressed. As we investigated the effects of charter schools this year, we kept the concerns of the NAACP in mind.

What follows is a reminder of the concerns that prompted the NAACP moratorium, along with an analysis that shows why those concerns are so important to address.

It also provides a summary of much of what we found during our year-long investigation of charters and their consequences.

During the summer of 2016, the members of the NAACP took a remarkable stand. At their annual convention in Cincinnati, they passed a resolution that called for a pause on new charter school funding.

This was not the first time the organization expressed its concern about charter schools. Calls for charter reforms were included in past resolutions of the NAACP as well. The new 2016 resolution, however, went further in that it called for a moratorium on the growth of charter schools until concerns were addressed.

Specifically, the NAACP [asked for a moratorium until](#):

- Charter schools are subject to the same transparency and accountability standards as public schools.
- Public funds are not diverted to charter schools at the expense of the public school system.
- Charter schools cease expelling students that public schools have a duty to educate.
- Charter schools cease to perpetuate de facto segregation

of the highest performing children from those whose aspirations may be high but whose talents are not yet as obvious.

Rather than seriously consider the concerns raised by the NAACP, pro-charter school groups and some newspaper editorial boards responded by attacking the organization. *The New York Times*, for example, called the moratorium a “misguided attack on charter schools” and ran an editorial with that title in an attempt to get the NAACP Board of Directors to overturn the vote of its members. But the Board held fast and decided to hold hearings across the nation.

The report on those hearings was released at the July 2017 meeting. While many charter supporters spoke at those hearings, equal numbers of parents came forward and presented testimony that reinforced the four concerns raised by the organization.

During this past year in the course of the ongoing Network for Public Education investigation of charter schools, I kept all

(continued on page 42)



CHARTERS AND CONSEQUENCES:

HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

(continued from page 41)

four of the NAACP's concerns in mind. Below is a summary of what I found.

Transparency and Accountability

Proponents of charter schools promised that in exchange for freedom from regulations, charters would be more accountable and held to higher standards. Twenty-five years later, however, we find that freedom from the safeguards that regulations provide has too often resulted in less transparency, theft, mismanagement and fraud.

The sector, in general, now operates more like businesses than schools. One in five are for-profit schools and still others turn over the majority of their funding to for-profit management companies. Many are run as chains.

Unlike businesses that start up with personal investment, in the case of charters, the risk is assumed by the taxpayers. If the charter fails, the taxpayers are the "investors" who are on the hook. The promised accountability is often set aside.

Covenant Academy, a charter school in Arkansas, has never achieved academic proficiency, yet it was recently allowed to keep its autonomy, despite financial weaknesses and a deficit that was bailed out by the Walton Foundation. Yet at the same time, the Arkansas State Board retains tight control of higher performing Little Rock public schools.

The State of Ohio is notorious for weak charter governance. The Ohio Charter School Accountability Project [found](#) that more than one-third of the charter schools that received federal grants between 2006-2016 either closed or never opened. There is no record that the \$4,000,000 million

dollars in grants given to the unopened schools was ever returned to the taxpayers.

In the State of Arizona, if a charter shuts down, the property of the charter becomes a parting gift to the charter operator. It is not returned to the taxpayers who paid for it.

The closing of charter schools occurs all too frequently, leaving families stranded and taxpayers footing the bill. The Taylor International Academy in Southfield, Michigan recently closed school 12 days early, after the charter's management company suddenly pulled its staff, including the principal. Taylor International, which was not going to be renewed due to terrible performance, [ran out of money](#) and abandoned its students during the last month of school.

During the fall of 2016, [500 students fled the Livermore Charter School in California](#) after it was discovered that the school illegally charged foreign exchange students tuition and transferred them to a school in Stockton against their will. The management company [is presently under investigation](#) for conflict-of-interest relationships as well as diverted, commingled and/or misappropriated public funds.

And in May of 2016, [the Tennessee Memphis Scholars Raleigh-Egypt charter middle school](#) decided to pick up and move 16 miles away, miffed that a school that shared their campus would get additional student support services.

These are not isolated instances nor are they limited to "mom and pop" charter schools. In September of 2016, the Inspector General of the U.S. Department of Education issued an audit report entitled a Nationwide Assessment of Charter and Education Management Organizations. The

(continued on page 43)



CHARTERS AND CONSEQUENCES:

HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

(continued from page 42)

report assessed “the current and emerging risk” that is posed by charter management organizations for fraud, waste and abuse.

The audited period was less than two years—between late 2011 and the early months of 2013. Thirty-three charters in six states were selected for review. Of the 33, the department found that 22 lacked the necessary internal controls, resulting in a significant risk to Department of Education funds.

When fraud and mismanagement are exposed, the charter does not quietly close. More often operators ferociously fight sanctions, causing additional risk and expense to taxpayers.

Celerity Education Group, the management company for Los Angeles Celerity charter schools, had the charter for two of their schools revoked. In January of 2017, their [offices were raided](#) by Federal agents. On July 1, 2017, however, in the very same location as the closed schools [two new Celerity Charter schools opened](#), led by the same principals of the schools that were shut down.

The Electronic Classroom of Tomorrow (ECOT), a for-profit cyber charter, is supposed to pay back \$60,000,000 million dollars to the State of Ohio because the school was unable to verify the attendance of 40% of its students. Rather than paying the fine, ECOT is filing lawsuit after lawsuit to avoid payment, thus not only delaying the inevitable, but further wasting taxpayer treasure to combat the lawsuits.

There are also attempts to block investigation. Charters will claim they are public schools, but hide behind private status to avoid disclosure. In 2015, the FBI investigated the Jumoke

Academy for “[rampant nepotism](#),” the hiring of felons, financial missteps and little or no oversight of former CEO Michael Sharpe.

Who took the lead on exposing the problems? A local newspaper, *The Hartford Courant*, [began investigations in 2014](#). As part of their investigation, the newspaper made FOIA requests for employment information and contracts. That request was denied. The rationale given by Heidi L. Hamilton, the interim co-chief executive officer of FUSE, the management organization, was: “We are not a public agency.” Preston C. Green III, Bruce Baker and Joseph Oluwole’s article [entitled *Having It Both Ways: How Charter Schools Try to Obtain Funding of Public Schools and the Autonomy of Private Schools*](#) explains how charters use “their hybrid characteristics to obtain the benefits of public funding while circumventing state and federal rights and protections for employees and students that apply to traditional public schools.” The same is true when it comes to financial and academic accountability.

Public Funds Diverted from Public Schools to Charter Schools

Each state funds charters differently. The best question to ask when examining the fiscal drain from public schools to charters is what would public school districts save if charter students returned. When a district student attends a charter, there are stranded costs—money the district must still spend when a student leaves.

Here is a simple example. In New York State the amount lost is based on a formula that depends on per pupil spending. The more generous the taxpayers are with their

(continued on page 44)



CHARTERS AND CONSEQUENCES:

HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

(continued from page 43)

own students, the more the charter gets. The Rockville Centre School District lost 4 students to a charter school in Hempstead. The district cost is \$19,000 a student, plus transportation and other related costs. What would the district save if the four students came back? Nearly every penny could go back to the taxpayers.

Pennsylvania, like New York and New Jersey, sets tuition rates based on district per pupil spending. I asked Dr. Joe Roy, Pennsylvania's Superintendent of the Year, how much he could save if all of his Bethlehem district's charter school students came back to the district. [Roy told me](#) that the district budgeted \$26 million (about 10% of its annual budget) this year to pay for tuition and associated costs to charter schools. According to Roy, "We estimate that if all of the students in charters returned, even with hiring the additional needed staff, we would save \$20 million."

A report by MGT of America, an independent research firm, revealed that LAUSD lost \$591 million dollars to charter school growth in 2016. If costs associated with charter school expansion are not mitigated, the district will eventually face financial insolvency.

Student Expulsion, Suspensions and Push-outs

The terms expulsion and suspensions are often confused. Expulsion is the permanent dismissal of a student from a school; suspension is dismissal for a period of time, with the understanding that the student will return. Every state has its own laws that govern expulsion and suspension.

In New York State, for example, students under the age of 17 cannot be expelled from a public school. They can, however,

be expelled from a charter school at any age—pushed out only to enroll in a public school.

[A 2013 investigation](#) by Emma Brown of *The Washington Post* found that Washington, D.C. charter schools expelled 676 students between 2010-13, while the city's public schools expelled only 24.

A 2016 study by UCLA Civil Rights Project found that nearly 50% of black secondary students attending a charter school were enrolled in schools where the suspension rate for black students was about 25%. That means that in those schools, 1 in every 4 black students was suspended *at least one time* during the school year.

Disproportionately high rates of suspension were found by George Joseph in his fall, 2016 piece for *The Atlantic*. Joseph found disturbingly high rates of suspensions in charters in New York City, Boston, and Washington, D.C., with charter schools making up the majority (and sometimes nearly all), of the schools with the highest rates.

For example, Joseph found that of the 50 New York City schools with the most student suspensions, 46 were charter schools in 2013 and 48 were charter schools in 2014. A review of due process rights in NYC charter discipline codes for suspended students by Advocates for Children found serious deficiencies. Half of the 164 NYC reviewed charter school discipline policies permitted suspension or expulsion as a penalty for lateness, absence, or cutting class, in violation of New York State law. Many also did not include rights to appeal and rights to notice.

(continued on page 45)



CHARTERS AND CONSEQUENCES:

HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

(continued from page 44)

Some charter parents whose children attend “no excuses” schools have complained that frequent suspensions, calls to pick up their child, and even threats to call 911 when their child misbehaves are intended to pressure them into withdrawing their student. These beliefs are not groundless. In 2015, Kate Taylor of *The New York Times* found that the principal of a [Success Academy Fort Greene Charter School](#) kept a “got to go list,” of 16 students the principal wanted out of his school. Through interviews with present and former Success teachers, Taylor determined that pushing troubled students out was a pattern across Success Academy Charter Schools.

De facto Segregation

Segregated schooling is primarily a result of segregated housing. Nevertheless, charter schools have made segregation worse. Charters have also exacerbated segregation by removing higher performing students from their neighborhood schools, while leaving students with disabilities, English-language learners and students who need support in managing their behavior behind.

Segregation by Race

The Civil Rights Project determined that charter schools continue to exacerbate segregation by both race and class. 70% of black charter school students attend schools that are intensely segregated—schools in which 90-100% of the students are Black or Latino.

In some parts of the country, charter schools have been used for “White flight.” Researchers at Duke University have determined that as North Carolina’s public school population became less White, its charter school population became

Whiter. The study concluded that its “... findings imply that the charter schools in North Carolina are increasingly serving the interests of relatively able White students in racially imbalanced schools.”

In 2014, the Community Legal Aid Society and ACLU brought a complaint to the U.S. Department of Education’s Office of Civil Rights which asserted that the charter schools of Delaware were re-segregating the state’s schools by race and by disability. None of the charters that were listed in the complaint changed their policies.

Segregation by Disability and ELL Status

[According to Gary Miron](#), professor of research at Western Michigan University, the U.S. Department of Education commissioned the largest study of discrimination by disability in charter schools. Miron said, “the study found a pattern of charter schools systematically counseling out students with disabilities rather than making accommodations and providing the required services and supports; administrators at one-fourth of the charter schools in the study reported having advised parents that the school was not a good fit for their disabled children.” Miron further states that on average, only 8-10% of charter schools students have disabilities as compared with 13% of students who attend public schools.

Although some charters provide welcoming environments to students with disabilities, allegations of discrimination in enrollment indicate that the gap between public and charter schools has not occurred by chance. [In May of 2017, a disturbing video](#) of how one Arizona charter school refused the application of kindergarten student after the disability

(continued on page 46)



CHARTERS AND CONSEQUENCES:

HAVE THE CONCERNS OF THE NAACP BEEN ADDRESSED?

(continued from page 45)

of the student surfaced appeared in the *Arizona Daily Independent*.

A gap also exists when it comes to the severity of the disability of students enrolled in charter schools. A 2013 study of Pennsylvania's schools by the Education Law Center found that students with multiple disabilities, emotional disabilities, and autism were under-enrolled, with some at nearly half the expected rates in the City of Philadelphia.

There is also ample evidence that English-language learners (ELLs) are not enrolled in charters in rates similar to public schools. In 2016, [the Boston Globe found](#) that although one-third of the students in the Boston Public School population are English-language learners, only 13% of Boston's charter school students are ELLs. And while 13% of New York City public school students are English-language learners, ELLs comprise only 6% of its charter school population.

When the disparities in enrollment are taken as a whole, it is difficult not to conclude that many charters are engaging in cherry picking. An examination of policies reinforces that conclusion. Some charters do not offer free or reduced-price lunch. Others inform parents that they do not offer intensive special education or ELL services. Others ask for donations

in either time or money. As noted in the prior section, some have such strict behavioral codes that students who have difficulties controlling their behaviors cannot fit in. Still others like the BASIS and IDEA charters have such high academic expectations many students simply cannot keep up.

All of the above exacerbates segregation by race, socio-economic status, language and ability.

In the year following the NAACP resolution the National Alliance of Charter Schools and other leaders of the charter movement could have reflected on the four areas of concern, and encouraged charters to make progress on each and every one. There is little evidence, however, that the charter sector has taken the NAACP's concerns to heart. Attacking the messenger has been the preferred response, along with calls for less regulation. The problems remain unsolved. ■



CHARTERS AND CONSEQUENCES: NPE STATEMENT ON CHARTER SCHOOLS

The Network for Public Education believes that public education is the pillar of our democracy. We believe in the common school envisioned by Horace Mann. A common school is a public institution, which nurtures and teaches all who live within its boundaries, regardless of race, ethnicity, creed, sexual orientation or learning ability. All may enroll—regardless of when they seek to enter the school or where they were educated before.

We believe that taxpayers bear the responsibility for funding those schools and that funding should be ample and equitable to address the needs of the served community. We also believe that taxpayers have the right to examine how schools use tax dollars to educate children.

Most importantly, we believe that such schools should be accountable to the community they serve, and that community residents have the right and responsibility to elect those who govern the school. Citizens also have the right to insist that schooling be done in a manner that best serves the needs of all children.

By definition, a charter school is not a public school.

Charter schools are formed when a private organization contracts with a government authorizer to open and run a school. Charters are managed by private boards, often with no connection to the community they serve. The boards of many leading charter chains are populated by billionaires who often live far away from the schools they govern.

Through lotteries, recruitment and restrictive entrance policies, charters do not serve all children. The public cannot review income and expenditures in detail. Many are for-profit entities or non-profits that farm out management to for-profit corporations that operate behind a wall of secrecy. This results in scandal, fraud, and abuse of taxpayer funds. The news is replete with stories of self-dealing, conflicts of interest, and theft occurring in charter schools.

We have learned during the 25 years in which charters have been in existence that the overall academic performance of students in charter schools is no better, and often worse, than the performance of students in public schools. And yet charter schools are seen as the remedy when public schools are closed based on unfair letter-based grading schemes.

By means of school closures and failed takeover practices like the Achievement School District, disadvantaged communities lose their public schools to charter schools. Not only do such communities lose the school, but they also lose their voice in school governance.

There is little that is innovative or new that charter schools offer. Because of their “freedom” from regulations, allegedly to promote innovation, scandals involving the finances and governance of charter schools occur on a weekly basis.

(continued on page 48)



CHARTERS AND CONSEQUENCES:

NPE STATEMENT ON CHARTER SCHOOLS

(continued from page 47)

Charter schools can and have closed at will, leaving families stranded. Profiteers with no educational expertise have seized the opportunity to open charter schools and use those schools for self-enrichment. States with weak charter laws encourage nepotism, profiteering by politicians, and worse.

For all of the reasons above and more, the Network for Public Education regards charter schools as a failed experiment that our organization cannot support. If the strength of charter schools is the freedom to innovate, then that same freedom can be offered to public schools by the district or the state.

At the same time, we recognize that many families have come to depend on charter schools and that many charter school teachers are dedicated professionals who serve their students well. It is also true that some charter schools are successful. We do not, therefore, call for the immediate closure of all charter schools, but rather we advocate for their eventual absorption into the public school system. We look forward to the day when charter schools are governed not by private boards, but by those elected by the community, at the district, city or county level.

Until that time, we support all legislation and regulation that will make charters better learning environments for students and more accountable to the taxpayers who fund them. Such legislation would include the following:

- An immediate moratorium on the creation of new charter schools, including no replication or expansion of existing charter schools
- The transformation of for-profit charters to non-profit charters
- The transformation of for-profit management organizations to non-profit management organizations

- All due process rights for charter students that are afforded public school students, in all matters of discipline
- Required certification of all school teaching and administrative staff
- Complete transparency in all expenditures and income
- Requirements that student bodies reflect the demographics of the served community
- Open meetings of the board of directors, posted at least 2 weeks prior on the charter's website
- Annual audits available to the public
- Requirements to follow bidding laws and regulations
- Requirements that all properties owned by the charter school become the property of the local public school if the charter closes
- Requirements that all charter facilities meet building codes
- Requirements that charters offer free or reduced-price lunch programs for students
- Full compensation from the state for all expenditures incurred when a student leaves the public school to attend a charter
- Authorization, oversight and renewal of charters transferred to the local district in which they are located
- A rejection of all ALEC legislation regarding charter schools that advocates for less transparency, less accountability, and the removal of requirements for teacher certification.

Until charter schools become true public schools, the Network for Public Education will continue to consider them to be private schools that take public funding.