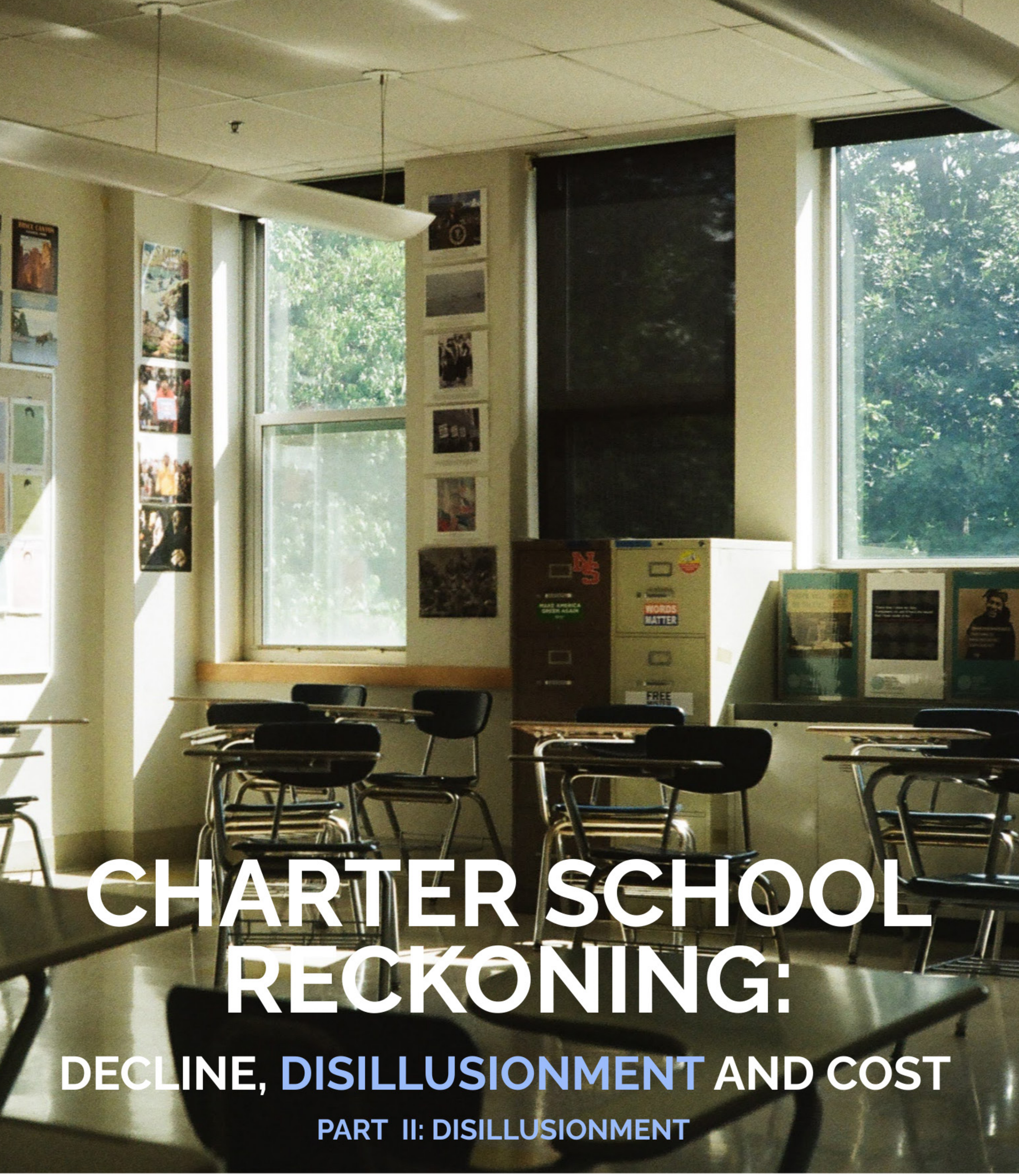

CHARTER SCHOOL RECKONING:

DECLINE, DISILLUSIONMENT AND COST

PART II: DISILLUSIONMENT

DECEMBER 2025

NCCSA

NATIONAL CENTER FOR CHARTER SCHOOL ACCOUNTABILITY

INTRODUCTION

TABLE OF CONTENTS

Thirty years ago, charter schools embodied possibility. They were envisioned as nimble, innovative, community-driven alternatives to traditional public schools — laboratories of experimentation led by teachers and grounded in equity. The grand bargain was clear: more freedom from regulations and bureaucracy in exchange for heightened accountability.

Charter schools were not meant to compete with districts, but to complement them. They would pilot new approaches, share what worked, and remain rooted in the voices of parents and teachers — the people closest to students.

In *Decline*, the first part of our three-part report, **Charter School Reckoning: Decline, Disillusionment, and Cost**, we documented how charter school growth has stalled, with openings barely keeping pace with closures. One in four charter schools closes before its fifth year of operation, a trend likely to continue as new charter schools compete with existing schools for a declining student population. We argued that it is time to strengthen the schools we already have, rather than continuing to pour increasing federal funds into creating new ones.

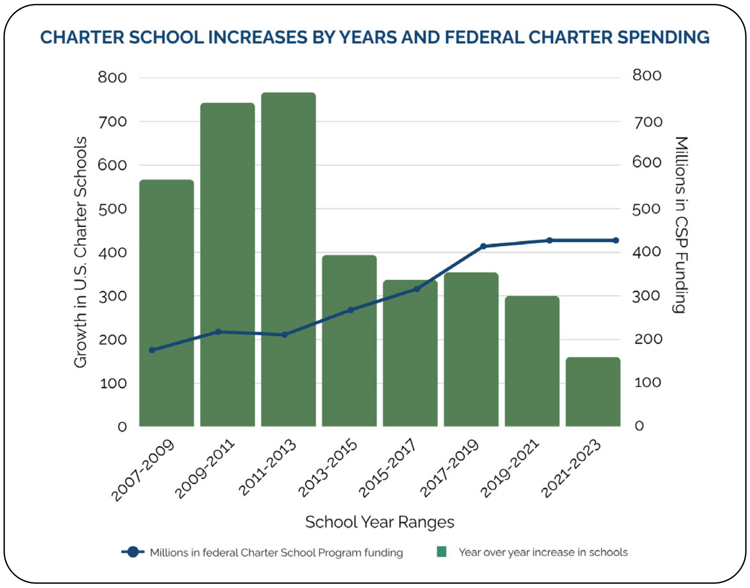

Figure 1: Charter School Increases by Years and Federal Charter Spending [1]

This second part of this comprehensive report, *Disillusionment*, explores the deeper question of why support for charter schools has declined by contrasting the movement's original aspirations with the reality of what charter schools have become today.

It delves into the recurring scandals and exposes how lax charter laws enable mismanagement, profiteering, and fraud.

Scandals and closures have tarnished the charter brand resulting in mounting public disillusionment with charter schools — even among progressive policymakers who once embraced the idea. The 2025 Kappan poll illustrates this dramatic shift: in 2013, nearly seven in ten Americans (68%) supported charter and lab schools. By 2025, support had plummeted to just 46% — a 22-point drop during a period when general support for school choice has reached record highs.

This second part of our report concludes by outlining the legislative and policy reforms necessary to bring charter schools back to the vision of accountability, equity, and public purpose that animated their creation.

The National Center for Charter School Accountability is a project of the Network for Public Education, a nonprofit advocacy organization dedicated to strengthening and improving public education.

NETWORK *for* PUBLIC EDUCATION

NCCSA
NATIONAL CENTER FOR CHARTER SCHOOL ACCOUNTABILITY

PART I: THE ORIGINAL VISION

Aspiration: Charter schools will be teacher-led schools, rooted in community needs, where parents have a real voice.

Reality: About half of all charter schools are run by charter management organizations—some are for-profit corporations; others are nonprofit. All are disconnected from families and communities.

The original vision for charter schools is a far cry from the sprawling, market-driven sector we see today. Early advocates imagined small, teacher-led schools within the public system — incubators for innovative teaching methods, fresh curricula, and flexible structures. Their purpose was not to compete with public schools, but to collaborate with them, sharing successful practices to improve the entire public schooling system. Charters would have more freedom than district schools, but if they were not effective or had outlived their usefulness as incubators of innovation, their charters could be revoked.

That vision didn't last. Within just a few years, the model began to shift — dramatically. In 1995, two years after Michigan passed its charter law, multi-millionaire businessman J.C. Huizenga, son of the founder of the for-profit garbage collection corporation, Waste Management, opened his first charter school. It would grow into a national, for-profit chain called National Heritage Academies (NHA). Educated in Christian schools and married to a Christian school teacher, Huizenga became a forceful lobbyist for charter expansion in Michigan, launching his for-profit network soon after the law's passage. Today, more than 60% of Michigan's charter schools are run by for-profit companies.

The rush was on. In 1996, the Leona Group, a for-profit charter school management corporation founded by William Coats, opened in Michigan before rapidly expanding to Arizona, where most of its 28 schools remain today. In Florida, Jon Hage founded Charter Schools USA soon after that state passed its charter law, creating a related real estate company, Red Apple Development, to build charter schools and collect rent. In 1997, Academica — now the nation's largest for-profit charter management firm — opened its first school inside a real estate development owned by the Zulueta brothers, the chain's founders and owners. The for-profit operator dictated the lease terms, and the charter school became the tenant.

Chartering had rapidly morphed into a business that supported real estate ventures. None of the founders above were educators, except Coats, who had four brief stints as a Superintendent in public schools. But for-profit chartering did not end there.

The emergence of online schools, with little overhead to inhibit profit, quickly followed. The first **online charter school chain, K12 Inc.** (now called Stride, Inc.), was founded in 2000 by entrepreneur Ronald Packard and former Secretary of Education Bill Bennett to provide full-time online learning funded by taxpayers through charter schools. Its first major online charter was the **Pennsylvania Virtual Charter School (PAVCS)**, which opened shortly after the state amended its charter law to allow online schools. Soon after, K12 Inc. expanded into multiple states, creating a network of state-based virtual academies authorized under different state charter school laws. After a series of scandals, Packard moved on to found the for-profit ACCEL charter chain.

A year after K12 Inc. began operating, another for-profit-run online charter chain opened. Connections Academy would be acquired by Pearson Corporation ten years after its opening.

Even as for-profit charter chains rapidly expanded, large nonprofit chains also grew with heavy backing from billionaire philanthropists such as Bill Gates, the Walton family, John Arnold, Michael Bloomberg, and Eli Broad. Flush with cash, these networks have repeatedly made headlines for questionable spending and outright scandal.

In many cases, billionaires, corporate executives, and hedge fund managers who would not consider sending their own children to a charter school often sit on the management organization's board. KIPP board members include Emma Bloomberg, daughter of billionaire Michael Bloomberg; Reed Hastings, the billionaire founder of Netflix; and Carrie Walton Penner, the billionaire heiress to the Walmart fortune.

When board members are wealthy, distant, and disengaged from the reality of the public school world, they fail to exercise due diligence over a school's finances, operating instead with the detached mindset of those accustomed to unchecked spending. Salaries are set at levels more in line with corporate executive pay than with public-sector norms.

- The **IDEA charter chain**, based in Texas, became notorious for a cascade of controversies—including a proposed $15 million lease for a private luxury jet, the purchase of a hotel worth over $1 million, and lavish rentals of San Antonio Spurs suites. When these scandals came to light, founder and CEO Tom Torkelson was dismissed—yet rewarded with a $900,000 buyout. His successor, Joann Gama, was soon ousted as well, walking away with nearly half a million dollars in golden parachute pay. The state education department appointed two conservators to run the chain.

- In New York City, **Eva Moskowitz**, who heads the Success Academy chain, took home $1,018,977 in compensation in 2023 — more than twice the salary of the Chancellor of the city's nearly one-million-student public school system. The charter chain is now heavily invested in the Florida legislature's plan to incentivize the conversion of public schools into charters.

- And in 2025, the **Center for Media and Democracy (CMD)** reported that the nation's largest chain, KIPP, disclosed over $52 million in unexplained spending in its 2023 IRS filings, buried in the vague category of "all other expenses."

These nonprofit charter management organizations (CMOs) may not technically operate "for profit," but with billionaire funding and taxpayer dollars fueling them, the excesses they display — luxury perks, bloated executive pay, and unaccountable spending — are far removed from the realities of public schools as well as the original vision for charter schools.

In 2019, according to a report from the National Education Policy Center, nearly 50% of all charter schools are operated by a for-profit or nonprofit corporate chain. We believe the percentage has increased in the past six years.

While a handful of schools still reflect the original vision of the charter movement — small, teacher-led schools within the public system that serve as incubators for innovative teaching, fresh curricula, and flexible structures-they are the exception rather than the rule. As this report explains, the lofty hopes of the movement's founders stand in stark contrast to the reality of today's charter sector.

PART II: THE PROMISE OF INNOVATION

Aspiration: Less regulation of charter schools will unleash innovation.

Reality: Less regulation has resulted in mismanagement, profiteering, and scams.

National charter school trade groups, eager to expand their membership, lobby for lax regulations and policies that prioritize school quantity over quality. For example, the National Alliance's model charter laws rate states highly if they put no restrictions (caps) on the number of charter schools, do not require teachers to have certification, allow for-profits to run charter schools, permit virtual charter schools, and exempt charters from bidding laws and other regulations. The Alliance encourages the practice of multiple authorizers for schools, which enables authorizer shopping, discussed later in this report.

However, despite the regulatory freedom they have successfully promoted, there is no evidence that charter schools have developed innovative practices that have led to widespread improvements. In her 2023 article in the *Journal of Legislation of the Law School* at Notre Dame, Maria Chiara Parisi argues that, despite its original promise, the charter school movement has largely failed to deliver on its goal of serving as a laboratory for educational innovation. Although charter schools were granted freedom from many regulations, Parisi argues that most chose to replicate long-standing school practices. Furthermore, she claims that when genuine innovations have occurred, they have tended to remain isolated within individual schools rather than spreading to the broader public system.

> "Notwithstanding their freedom to innovate, thousands of charter schools throughout the country chose to stick to the familiar. Instead of experimenting with new school models, many have used their regulatory freedom to recycle practices that have been around for decades — or centuries.And when a charter school does develop a successful innovation, the new practice tends to remain within the school's walls."
>
> — Maria Chiara Parisi, Journal of Legislation, Notre Dame

Christopher Lubienski is a professor of education policy at Indiana University and Director of the Center for Evaluation and Education Policy. His research focuses on school choice and charter schools. In a policy paper for the National Education Policy Center (NEPC) based on his extensive review of the research, he concluded that while charter schools were expected to drive classroom innovation due to their autonomy and competitive pressures, most of their innovations "have occurred outside the classroom"—through practices like merit pay and marketing. According to Lubienski, "relatively few innovations in charter classrooms, with most practices tending toward familiar or traditional approaches."

Classical and Montessori charter schools simply replicate the models of existing private schools. Likewise, the harsh disciplinary practices of "no-excuse" charter chains, or the placement of middle school students in college-level Advanced Placement courses, common in the BASIS network, are not innovative approaches that can be replicated in a school serving all students. These models use exclusionary practices designed to serve only the most compliant and highly motivated students. Such schools find ways to either limit who enrolls or push students out through practices such as grade retention or frequent suspensions.

Even if it can be argued that freedom from labor laws provides helpful flexibility, it is hard to see how exemptions from bidding laws, public oversight, and authorizer accountability — or the allowance of related-party transactions and for-profit management without financial transparency — are necessary ingredients for educational innovation. What we do know is that the resulting reduced oversight, particularly in financial matters, has too often led to mismanagement, fraud, poor educational outcomes, and school closures. The following is a recent example that illustrates the point.

Dohn Community High School: A Casebook Example ofCharter Profiteering and Fraud

In March of 2024, Dohn Community High School, a charter school in Ohio, closed with three days' notice. Ramone Davenport, superintendent and the owner of the for-profit corporation that ran the school, exploited every weakness in Ohio's charter law to funnel millions of charter school funds. He obtained these funds by inflating enrollment, engaging in related-party deals, and entering into unauthorized contracts. The school became insolvent.

Corruption and mismanagement in charter schools have cost taxpayers **nearly one billion dollars** in the past few years alone. Using news reports and investigations published from September 2023 to September 2025, the National Center for Charter School Accountability identified $858 million wasted due to fraud, theft, profiteering, or incompetence.

His actions led to Dohn's abrupt closure in March 2025, displacing vulnerable students and exposing the weak oversight and lack of transparency built into Ohio's charter school system. Below are the key weaknesses in Ohio's charter laws that enabled the diversion of taxpayer dollars and ultimately contributed to the school's collapse.

For-Profit Operation

Ohio, where Dohn was located, has some of the most problematic charter laws in the nation. Roughly half of its charter schools — including Dohn — are operated by for-profit corporations, which flock to states with weak oversight and generous funding for charter schools. Across the country, for-profit entities manage charter schools in thirty-six states. In some states, their presence is limited, but in others — such as Arizona, Florida, Ohio, Michigan, Nevada, West Virginia, South Carolina, and North Carolina —they operate a significant share of schools.

For-profit operators often target online schools or schools serving at-risk students and dropouts. These models are cheaper to run: many operate from storefronts, have weak attendance oversight, and assign large numbers of students to each teacher. They typically do not offer extracurricular activities, meals, or transportation, further reducing costs.

Unlike public school districts, charter schools are allowed to retain unspent funds, creating an incentive to treat public dollars like private capital. In many cases, all or most of a school's funding is transferred to the for-profit management company, effectively placing the money—and the decision-making — beyond public scrutiny. Even state education departments and charter school boards themselves are often denied access to detailed financial records, making accountability nearly impossible.

In the case of brick-and-mortar charter schools operated by for-profit entities, real estate is often the primary vehicle for profit-making. For-profit management companies can legally lease school buildings from corporations they own or control — often at inflated rates — while simultaneously setting the lease terms and charging "management fees" that can consume 10 to 25 percent of a school's total revenue. Additional profits are generated through **related-party transactions**, in which the same corporate network buys and sells goods or services among its own subsidiaries.

For a detailed analysis of how these for-profit charter operators extract public funds for private gain, see the Network for Public Education's reports Chartered for Profit and Chartered for Profit II: Pandemic Profiteering.

Related Party Transactions

A related-party transaction is a financial transaction between either individuals or corporations with a preexisting business relationship. They include contracts between a company and its subsidiary, between companies under common control, or between key management personnel and close family members or associates.

Public school districts are governmental entities bound by state procurement, ethics, and conflict-of-interest laws. Board members and administrators are public officials subject to strict ethics codes that prohibit self-dealing. All contracts, bids, and expenditures are governed by open meetings and public records laws. Violations can result in fines, criminal charges, and even removal from office.

Charter schools, by contrast, are publicly funded but privately governed. In most cases, their boards are self-appointed and exempt from many of the procurement and conflict-of-interest laws that apply to public officials. In fact, the *National Alliance for Public Charter Schools* gives higher ratings to states that impose fewer restrictions.

In most states, charter boards may lease buildings or purchase services from companies owned by their founders, key employees, or board members — as long as the transaction is deemed "arm's-length" or "reasonable." Even in states where such practices are prohibited, for-profit management companies that control all spending and contracting can easily circumvent these rules. At Dohn Community High School, Superintendent Ramone Davenport — who allegedly engaged in fraudulent practices as described above — owned the for-profit management company, the Cincinnati Charter School Collaborative, that ran the school. He hired himself as Superintendent.

In Arizona, where charter schools can be both owned and operated for profit, State Senator Eddie Farnsworth sold his network of taxpayer-funded charter schools for $56.9 million, netting $13.9 million for himself. The charter school operator also voted twelve times for state budgets that increased funding for Arizona charter schools — a flagrant conflict of interest. Even after the sale, Farnsworth retained equity in the management company and continued to work as a consultant.

Former Utah lawmaker Glenn Way established the **American Leadership Academy (ALA)** network and its for-profit management company **Charter One**, exploiting Arizona's lax charter school oversight. Investigations by The Arizona Republic's Craig Harris uncovered that Way's companies purchased land, built ALA schools, and then sold them to ALA for a $37 million profit. Meanwhile, Charter One continues to collect millions each year to operate the schools—exposing the lack of taxpayer value behind ALA's "values-based" brand.

Related party transactions for ALA in 2019 alone, reported by the Arizona Republic, include:

- $414,199 to C1 Apparel, owned by James Way, one of Glenn's sons.
- $269,951 to Way Construction Development, owned by members of the Way family.
- $37.7 million to ALA Management Services, which is owned by Way and a son.
- Paid $8.4 million to Charter One, co-owned by Way and former ALA executives Bill Guttery and Brent McArthur.

Since that time, ALA and its for-profit manager, Charter One, have expanded into North and South Carolina, which have growing for-profit-run charter sectors and loose charter laws.

> "'I find Charter One to be one of the more reckless operators in North Carolina,' Democratic state senator Michael Garrett told WBTV. Garrett sits on the senate's education committee, and believes state oversight of charter schools is inadequate... 'It's an out of state company from Arizona that has set up shop here because in my opinion our regulatory framework around charter schools is too weak,' Garrett said."
>
> — Lawsuit, state investigations find problems at chain of North Carolina charter schools. WBTV 3

Opaque Financials and Related Transactions

Because charter schools are private corporations, their vendor relationships are often shielded from public disclosure — even when the "vendor" is a corporation owned by management. For example, a for-profit management company can form a nonprofit organization that holds the charter, along with a related for-profit company that owns the building. The management company then sets the terms of the lease between the schools and the related real estate company.

The above arrangement is commonly used by large for-profit management corporations. Schools may be gathered under a nonprofit umbrella corporation that then farms out services (and the taxpayer dollars they pay for them) to a related for-profit company and its related entities—creating a highly profitable transaction that would be illegal for a public school district.

Academica describes itself as an education service provider (ESP) to 220 schools worldwide. American charter schools comprise the lion's share of that portfolio. You can find its charter school brands, operated either directly or indirectly through an intermediary nonprofit here. When we wrote our first report on for-profit corporations that run charter schools, we found more than 70 active related corporations listed at the Florida Academica's Miami headquarters at 6340 Sunset Drive. Corporations included at these addresses include related real estate corporations, holding companies, foundations, subsidiary nonprofit umbrellas such as Mater, Civica, Somerset, and Pinecrest Academies, and finance corporations. An additional 93 active related entities, predominantly holding and real estate companies, including those that service Academica schools beyond Florida, are presently located at 6547 Sunset Drive, also in Miami.

Similar models are used by the other large for-profit management companies, often referred to as education management corporations (EMOs).

Charter Schools USA (CSUSA) operates through a complex web of related nonprofit and for-profit entities, including its affiliated real estate arm, **Red Apple Development Company**, to manage its schools and extract profit. By controlling both school operations and property leases, CSUSA can set lease terms, charge inflated rents, and structure agreements that primarily benefit Red Apple and CSUSA rather than charter school students and the public.

In September 2025, the Investigative Audit Services Division of the Louisiana Legislative Auditor issued a scathing report exposing an intricate network of interrelated corporations, undisclosed related-party transactions, and self-dealing. The audit detailed missing contracts, unauthorized cash transfers, improper operation of off-site charter "learning pods," and the imposition of dubious "fees" on parents. The example on the next page illustrates how this works.

The South Louisiana Charter Foundation: a nonprofit that contracts with for-profit Charter Schools USA (CSUSA) to run its two charter schools. The Foundation's website is charterschoolsusa.com.

The Foundation entered into a lease agreement with Ryan Companies US, Inc. (Ryan Companies) for the Iberville Charter Facility 2013. Ryan describes its "longstanding relationship" with CSUSA here.

Ryan Companies sells both the real estate and the charter school building to Red Apple at Iberville. Red Apple is a related party of Charter Schools USA. The President of Red Apple at Iberville is the CEO of Charter Schools USA, therefore, the management organization is also the Foundation's landlord.

Lease payments more than double over 20 years, with the school paying all maintenance costs and taxes. The Louisiana auditor demonstrated that the rate was inflated when compared with a comparable lease.

Sum it up: Ryan Companies builds the schools, sells them to Red Apple, which is related to Charter Schools USA, Charter Schools USA sets the terms of the lease with its related corporation, Red Apple.

The chart below — taken from that audit — illustrates the complex web of related-party relationships tied to just one of the 100 campuses operated by

Table 1: Payments from ICA to CUSA's Related Parties June 26, 2019 to April 28, 2023		
Related Party Content	**Number of Payments**	**Total Payments**
Blended and Online Solutions Inc./LLC	22	$6,766,761
10Jin	45	136,954
Red Apple Services, LLC	3	34,829
Noble Education Initiative	5	13,291
Altitude Education USA, LLC	4	10,130
Total		**$6,961,965**

Charter Schools USA across four states.
Such arrangements are not unique to Academica or Charter Schools USA. Other large operators — such as **National Heritage Academies**, **ACCEL**, and the **Leona Group** — also maintain affiliated real estate companies and service providers. Smaller chains, including American Leadership Academies described above, follow similar patterns. A majority of for-profit charter management firms, or EMOs, operate only one or two schools, a practice designed to circumvent state laws that prohibit for-profit charter schools. This ensures that profit can go into the school manager's pocket and that transactions and salaries can be hidden from public view.

Self-dealing with related for-profit real estate corporations is not limited to for-profit charter management organizations. Large nonprofits also engage in the practice.

Imagine Charter Schools, a chain of 49 schools in seven states, began as a for-profit organization and later applied for and received nonprofit status. However, the chain retained a for-profit/related real estate organization, **Schoolhouse Finance LLC** (SHF). According to government investigations in both California and Ohio, SHF is a wholly owned subsidiary of Imagine Schools Non-Profit, Inc., through a holding structure.

- According to an investigative report by In the Public Interest, at one charter school managed by Imagine in California, SHF purchased property, leased it to the charter school, then later sold it to a Real Estate Investment Trust (REIT) and entered sublease arrangements — illustrating profit flow from rent/leasing to SHF/Imagine entities.

- In Ohio, a state audit found that SHF (the real-estate subsidiary) leased properties to charter schools operated by Imagine, often at above-market rates, and the arrangement involved multiple-layered ownership and lease-back structures.
- In Missouri, Imagine Schools was "ordered to pay $1 M in self-dealing scheme" tied to rent/real-estate arrangements.

BASIS Charter Schools, which operate 46 schools (referred to as campuses), are known for their rigorous, exclusionary demands on students. Located in Arizona, Texas, Louisiana, and the District of Columbia, BASIS, which also operates private schools, routes both management and staffing through their for-profit affiliate, BASIS Educational Group, LLC, a structure that limits transparency and accountability.

The nonprofit **Learn4Life** charter chain operates a vast network of "independent study" charter schools that appear separate but are, in fact, centrally controlled through a complex web of interconnected corporations. An NPE investigation in 2016 with results reported in the Answersheet of the *Washington Post* found that these low-cost California charter schools—often located in strip malls or converted storefronts—share identical websites, promotional materials, and even contact information.

> "But when charter schools have much of their business run by private entities like Lifelong Learning, much of their public money gets spent behind closed doors — calling into question how independent the schools are, how transparent the whole network's decision-making is and how taxpayer dollars are being spent."
>
> — Kristen Taketa, *San Diego Union Tribune*

An October 2025 *San Diego Union-Tribune* exposé revealed that Learn4Life has become one of California's largest and least accountable charter school chains — operating 18 schools and 70 learning centers and enrolling about 20,000 at-risk students. Reporter Kristen Taketa found a maze of more than a dozen corporations that seem to give the illusion of independence, yet all connections lead to one powerful private operator: **Lifelong Learning**. This corporation manages almost every aspect of the schools' operations—from curriculum and staffing to special education services — while collecting tens of millions of public dollars.

Each school technically has its own board, but many board members serve on multiple boards, and all are appointed and controlled by another Lifelong Learning affiliate, **Educational Advancement**. That corporation, in turn, awards Lifelong Learning lucrative, no-bid management contracts — an arrangement that would be illegal for a public school district.

Taketa also documented excessive executive salaries, millions spent on lobbying, and the network's expansion into other states. But the full extent of Learn4Life's spending remains unknown. When Taketa requested board minutes and financial documents, Lifelong Learning refused to comply, claiming it is merely "a contracted vendor."

SUM IT UP:
Public School Districts: Must operate like public agencies — open, competitive, and conflict-free.

Charter Schools and CMOs: Operate more like private contractors — allowed to transact with insiders and affiliates, often without transparency.

In short, a private corporation controls an empire of publicly funded schools — while operating beyond the reach of public oversight.

PART III: CHARTER AUTHORIZATION

Aspiration: Renewable charter contracts with supervision provided by outside authorizers will create schools accountable to families and the public.

Reality: Authorizer laws, which vary by state, have resulted in a steady stream of income for authorizers, weak oversight, and, in some states, authorizer shopping that allows failed schools to continue.

The National Association of Charter School Authorizers (NACSA) defines authorizers as "the entities that decide who can start a new charter school, set academic and operational expectations, and oversee school performance. They also decide whether a charter should remain open or close at the end of its contract." It is a serious responsibility, given the frequency of charter school failures, too often the result of mismanagement or fraud.

Who can authorize a charter school, how much they are allowed to collect in fees, and how closely they are required to monitor the schools they approve vary dramatically across the United States. The result is a patchwork system in which the gatekeepers of charter accountability often have a financial stake in the schools they oversee.

Only two states — **Virginia** and **Kansas** — grant local school districts exclusive authority to issue charters. In these states, school districts are solely responsible for approving, monitoring, and closing charters. In three other states, districts are technically the only authorizers, but their decisions to deny or revoke a charter can be appealed and overturned by a higher authority. These five states represent the exception, not the rule.

Elsewhere, states have opened the authorizing business to a wide array of players — from small nonprofits to cash-strapped colleges — that can authorize charter schools, sometimes with little expertise in school oversight. When this broad access is paired with generous authorizing fees, a lucrative market emerges. In such states, charter authorization is not simply a public service but a revenue stream.

Nowhere is this clearer than in Ohio, one of the few states where universities, nonprofits, mayors, counties, school districts, educational service centers, and state agencies can serve as authorizers. Each can collect up to 3% of a charter school's state funding as a fee. Given the millions in state funding that most charter schools receive, the 3% fee can translate to substantial revenue.

The Profitable Business of Authorizing Charter Schools

The case of **Dohn Community High School** in Cincinnati, Ohio, reveals both weaknesses in oversight and the profitability of charter authorizing. Originally authorized by Kids Count of Dayton, Inc., a nonprofit sponsor, Dohn was approved for a five-year contract that was later renewed only in one-year increments. In 2019, the authorizer was shut down after three ineffective ratings, and the school went authorizer shopping, switching to the Buckeye Community Hope Foundation (BCHF).

BCHF, a large nonprofit with interests in both charter school sponsorship and low-income housing developments, oversaw 52 charter schools in 2024. That year, it collected $4,737,755 in educational revenue from its charter school activities, predominantly sponsorship, according to audit records. However, those same records show the foundation spent only $2,908,017 on charter-related activities. How the rest was spent is not explained in the audit report, which focuses on its housing operations and other ventures — some involving related-party transactions with entities under its control.

Based on the state income reported in a 2023 Dohn 990, Dohn paid BCHF a whopping $396,628 that year for serving as its sponsor. More than one in four of the sponsor's schools are low-cost dropout recovery schools like Dohn.

The audit does not explain the significant gap ($1,829,738) between what BCHF received from sponsoring charter schools and what it spent.

South Carolina's Charter Schools Act was amended in 2012 to allow institutions of higher education to sponsor (authorize) charter schools. In 2017, Erskine College, a four-year Christian college, established The Charter Institute at Erskine.

A recent audit by the Legislative Audit Council of South Carolina revealed multiple instances of spending or contract practices by the Charter Institute at Erskine that raise red flags about fiscal oversight, proper alignment of spending with sponsor responsibilities, conflicts of interest, and a lack of sufficient transparency and internal controls. Questioned expenditures included:

- Spending **$820,271** on travel, of which **$477,834** (58.3 %) was for "professional development" that included international excursions to London and Stockholm for Institute employees, as well as key leaders from charter schools they are obligated to oversee;
- Paying a charter school leader $163,200 for consulting services, and a former board chair of one of its charter schools $22,700 for office furniture and décor;

- Classifying a $30,000 “fitness and nutrition program” for staff as a sole-source procurement, without required market research to justify exclusivity.
- Spending $9,400 on fireworks in October 2023.

The table below summarizes the questionable (and shocking) spending by the Institute as described in the audit.

Table II: Questionable Spending by South Carolina Authorizer

Key Findings	Concern/Description
Travel and Professional Development Spending	Spent $820,271 on travel (FY22–FY25), including $477,834 for ‘professional development’ trips (London, Stockholm, Miami). Weak cost analysis; 54% of trips lacked documentation; CEO exempt from perdiem rules.
Real Estate Lease & Renovations	10-year lease totaling $7.56M plus $1.2M+ renovations funded with state money; oversight gaps due to unclear state law on sponsor leasing.
Procurement & Spending Practices	Solesource contracts lacking justification; $30,000 fitness program without market research; consulting payments to charter insiders; employees using personal cards for large purchases.
Donation/Sponsorship Fund Mixing	Donations from vendors mixed with general fund; impossible to trace use of donated money; donor list not fully disclosed; late registration under the Charitable Solicitation Act.
Use of State Funds Outside Sponsor Role	Spending patterns (international travel, leasing, renovations, vendor support) may fall outside statutory definition of permissible ‘sponsor obligations’.

Authorizer Shopping

By 2017, Buckeye Preparatory Academy, also sponsored by BCHF, was sliding into bankruptcy and failure. The school was started by the for-profit management charter company, the Cambridge Education Group, founded by Marcus May. In 2017, three years after Buckeye opened, Cambridge tried to sever all ties with May, who was indicted and later convicted of racketeering and fraud in connection with the charter schools he ran.

Buckeye, which never received a grade from the Ohio Department of Education better than an F, was more than $1 million in debt.

According to the 2018 audit, Cambridge's 18% in management fees, along with $93,398 in overhead fees, drained a total of $383,505 from the $1.26 million in operating aid that the school received. As debt accrued, Cambridge charged the school five percent interest on the money it owed.

At the same time, the school was paying BCHF $41,490 in sponsorship fees and $162,000 in annual rent to BCHF's related for-profit organization, Kent Properties, LLC.

Cambridge sold the school to another for-profit, ACCEL Schools of Ohio, LLC. founded by former K12 Inc. executive Ron Packard, in partnership with Safanad Education, a subsidiary of Safanad Limited, a real estate and investment firm based in Dubai and New York.

Because the school's charter was unlikely to be renewed, it reconstituted itself, went "authorizer shopping," and was taken in by St. Aloysisus Orphanage, which already had a large portfolio of Ohio charter schools operated by for-profits.

Despite its name, the new sponsor has not been an orphanage since the 1970s. It is on record as the nonprofit sponsor of 92 Ohio charter schools. In reality, its authorizing ventures are a passthrough for a for-profit organization, Charter School Specialists.

Who Watches the Watchers?
Only 27 states require authorizers to report on their portfolio of charter schools. Sixteen states have no consequences for ineffective or troubled authorizers. South Carolina, the home of authorizer The Charter Institute at Erskine, does not require reports or sanctions. A whistleblower triggered the concerning audit.

The 2023 tax form (990) of St Aloysius Orphanage reveals that all but $3,555 of its revenue comes from authorizing charter schools, even though it identifies as a mental health provider. Authorizing fees generated $7,420,358 that year. The sponsor then paid $5,926,485 to the for-profit corporation, Charter School Specialists, to oversee the schools. That means that an orphanage without orphans got to keep $1.5 million for purposes unknown. The relationship between sponsor and for-profit was so tight that in 2020, the state auditor had to remind schools that their sponsor was St. Aloysius, not Charter Schools Specialists, after several listed the for-profit as their sponsor. An expose published in the Answer Sheet of the Washington Post describes the interrelationship between these two sponsors, the for-profit operators, and the schools they ran.

Authorizer shopping isn't unique to Ohio. In 2024, Post and Courier reporters Hillary Flynn and Maura Turcotte detailed how a Florida-based for-profit operator with a checkered past kept his South Carolina charter schools alive by jumping from one authorizer to another. When the South Carolina Public Charter School District cited his for-profit charter management company, Pinnacle, for noncompliance, the company found refuge with Erskine College, a small Christian college (whose questionable spending was described earlier) that later accused Pinnacle of fraud. Two Pinnacle schools then moved to another Christian college, Limestone College, for authorization.

Twenty-five percent of all states with charter school laws allow four or more types of authorizers, including entities with little or no connection to education. In these states, obtaining charter approval has become a simple way for financially struggling colleges or nonprofits to make money. Minnesota even permits nonprofits to be created solely for the purpose of charter school authorizing. All these states allow authorizer fees of at least 3% of the school's income or require the school to pay the authorizer's submitted expenses.

Ten states have only one authorizer — either a school district, a state agency, or a state board. In only one of these single-authorizer states (Mississippi) does the authorizer receive a 3% fee. In all other cases, there is either no percentage fee (with fee based on cost) or a 1–2% fee of the school's income.

The Grand Bargain: Charter Renewal

A charter school contract is a legally binding agreement between a charter school and its authorizer. It defines the school's operating terms, accountability measures, and renewal conditions.

The foundational principle of the charter model is autonomy in exchange for accountability. Charter schools are granted operational freedom, with continued authorization contingent on meeting agreed-upon performance standards. In practice, however, contract enforcement and renewal decisions often fall short of this ideal, leaving families without timely notice or meaningful accountability for underperforming schools.

Our 2024 report on charter closures, entitled **Doomed to Fail** examined why charter schools close and whether families are given sufficient notice. Academic accountability ranked third among causes, accounting for only 13.7%

of closures. Nearly half of all charter schools shut down due to insufficient enrollment, and more than one in five closed because of mismanagement or fraud. Involuntary closures—those initiated by authorizers — occurred in just 35.5% of cases. The remainder were driven by the school's own governing boards, often under financial duress or other pressures.

SUM IT UP:
Districts have built-in oversight layers: elected school boards, internal auditors, procurement officers, and clear statutory rules for nearly every financial decision.

Charter schools are overseen by their authorizers, which may be a state board, university, community college, nonprofit, or district, some of which become dependent on authorizer fees. Many authorizers don't actively audit or monitor finances until a crisis.

Closures should be orderly, allowing families enough time to secure new placements for their children. In **Doomed to Fail**, we analyzed reported closures from 2022 through 2024 to determine whether they were abrupt or phased. An **abrupt closure** was defined as one announced and executed within the same school year, or over the summer before the next school year began. A **phased closure**, by contrast, occurs when a school announces in advance that it will not reopen in the following year, giving parents adequate time to plan.

During this two-year period, 40% of closures were abrupt. In some cases, what should have been a phased closure became abrupt when the school's operators refused to accept the authorizer's decision to revoke the charter—even after appeals. For example, North Oakland Community Charter School challenged its closure, leaving parents in limbo until August, the month California schools open, when the courts finally intervened and the school shut down.

Other charter schools linger despite chronic failure. Repeated extensions and "last chances" allow decline to deepen until the school is in crisis. By the time closure finally comes, families and students are left to cope with the fallout of years of dysfunction.

There is striking variation among states in the length of charter renewal terms — underscoring how unevenly accountability is built into state charter laws. Shorter renewal periods generally reflect a stronger commitment to oversight and keep schools more attentive to performance expectations. By contrast, longer renewal terms can allow struggling schools to operate for years without meaningful review, increasing the risk of complacency and poor practices.

After the initial authorization term, 23 states cap renewals at no more than five years. Two states permit renewal terms longer than five but fewer than 10 years. Eleven states, however, allow ten-year renewals, and seven states authorize terms that exceed ten years for at least some charter schools. The remaining states leave the decision entirely to the authorizer. One state — Utah — stands alone with an evergreen renewal provision, allowing charters to continue indefinitely unless explicitly terminated, a policy that effectively eliminates periodic accountability.

When long renewal terms are combined with multiple authorizers and authorizing fees of three percent or more, the incentives for rigorous oversight erode even further. This combination creates fertile ground for mismanagement and fraud, as authorizers gain a financial interest in maintaining schools while neglecting to enforce performance standards. And when school operators know they are not being closely watched, for some, the temptation to personally profit and commit fraud becomes too strong.

Appendix A provides a state-by-state guide to the features of charter authorizing as described above.

What about audits?

Annual audits often focus on whether records exist, not whether transactions are reasonable or in the public interest.

- Auditors work for the charter school, not the state, so there can be subtle pressure to avoid findings that might jeopardize a charter's renewal.
- Many cases only surface when:
    - Whistleblowers come forward.
    - Vendors or staff notice irregularities.
    - Media or state auditors investigate after closure.

PART IV: GOVERNANCE BY CHARTER BOARDS

Aspiration: Charter schools will be run by teachers and parents, thus escaping bureaucracy.

Reality: Charter boards are nearly always composed of unelected individuals who may not even live in the state in which the charter is located. Often, they are connected to the school's founders or management organization.

Oklahoma's largest virtual charter, **EPIC Charter Schools**, was technically governed by a nonprofit board—Community Strategies Inc. — but the real power rested with **Epic Youth Services (EYS)**, a private, for-profit management firm owned by the schools' founders, David Chaney and Ben Harris. EYS took 10 percent of all taxpayer funding received by the charter school as a "management fee". According to Community Strategies Inc.'s 2020 Form 990, the taxpayer income to the school was $393,403,534, meaning the for-profit took in more than $39 million that year.

Chaney simultaneously served as both EPIC's superintendent and EYS's CEO, ensuring the company faced no meaningful oversight. Behind the scenes, Chaney and Harris — along with long-time financial officer Josh Brock — steered millions in taxpayer funds through their for-profit management company to political donations, personal expenses, and affiliated companies.

Among the key allegations: the trio allegedly reported "ghost student" enrollments (students who were at home or private schools), created bogus invoices, used school credit cards for personal purchases, and siphoned funds from a so-called "Learning Fund" (paid based on per-student rates) into political donations, personal expenses, and affiliated companies. As the lead investigator stated, the line between the school and the company "became blurred … the two often appeared as one and the same."

In 2020, the 990 lists thirteen members of the charter school's board—all apparently asleep at the wheel. The following excerpt from *The Frontier*, an Oklahoma investigative journal, describes the problem well.

"The grand jury also said in its report that it was troubled by the Epic school board's lack of oversight. Harris and Chaney created the school board and had stacked it with many of their childhood friends and business associates, the report found.

Investigators with the auditor's office interviewed Epic school board members last *year and found a lack of understanding of how the large virtual charter school was handling its finances.*

In recordings of those interviews obtained by The Frontier through an open records request, the board members who are tasked with oversight of Epic consistently said they were unaware of questionable transactions, did not understand the budgeting process or were unaware of significant violations by the school.

Epic board chairman and Tulsa attorney Doug Scott told auditors in a March 2020 interview that he grew up in the same small Oklahoma town as Harris and Chaney. "I've known David Chaney since we were very small children," Scott said.

When the auditors asked if he had any experience in education or schools, Scott joked, "Just going to school a lot," referring to his time in law school.
— Excerpt from The Frontier, May 18, 2021

Who Sits on a Charter Board?

The failures of the Epic Charter Schools' board — whether due to indifference, incompetence, or both — are not unique to this school or this state. Nor is the practice of assembling unaccountable boards made up of friends and loyalists who rubber-stamp the operator's decisions.

"It was clear to me that the board had approved every single penny that she did take," Adams said. "Not one time did one person ever come to Janet and say, 'Hey, these expenditures are inappropriate,' or 'What you're doing here is not right.'" Quote from the attorney defending former charter school Superintendent Janet Grigg, accused of "misappropriating $250,000 over a decade, with $40,000 of it used at casinos and on retail items."
— From Former charter school supt. receives deferred sentence, ordered to pay restitution after embezzlement charges. KFor.com news.

In most cases, charter boards resemble those of private nonprofits that rely on donations and grants rather than on millions of taxpayer dollars. What's missing from the nonprofit board is the public oversight that comes with elected school boards — neighbors chosen by the community to safeguard the public's money and ensure transparency. In charter schools, that vital layer of democratic accountability doesn't exist in nearly all states. In some cases, the for-profit operator has a hand in assembling the board and/or creating a puppet board. According to a recent report in the Post and Courier based on a South Carolina legislative audit,

It's common for charter school boards to hire private EMOs to operate their schools, but some officials within the Erskine Institute and S.C. Department of Education have identified those relationships as an issue, pointing to their influence over real estate transactions and board decisions.

"EMOs are running over the school boards," an unnamed institute leader told auditors.

Only five states require that charter school governance be rooted in elections. In Virginia, Kansas, and Alaska, charter schools are overseen exclusively by elected school boards, with an appointed committee or council managing daily operations. Ultimately, however, it is the elected board that authorizes and supervises the charter school.

> School Board Chair Swann said that some airfare charges [there were $40,000 in airfare charges] were also for school board members who live out of state to travel to Indiana. State law does not have any residency requirements for charter school board members."
>
> — *From As Indy charter struggled, ex-CEO's school credit card shows charges for steakhouses, wine, StubHub. Chalkbeat Indiana*

Minnesota takes a more community-based approach: charter school boards must be elected from within the school community and include teachers, parents, and community members. South Carolina's law is similar—board members are elected by the school's employees and parents.

A few other jurisdictions impose modest governance safeguards through regulation or bylaws. The District of Columbia, for example, requires an odd number of board members, a majority of whom must be residents, and at least two of whom must be parents. In Massachusetts, the Department of Elementary and Secondary Education must approve all board members, and each board's bylaws must establish "reasonable" term limits.

In the vast majority of states, however, charter founders and operators are mainly free to select their own governing boards, often without term limits, residency requirements, or independent oversight. In some cases, the board may even include the charter's operator or the owner of the school's facility — arrangements that blur the lines between governance and self-interest.

Charter Boards and Self-Interest

For the Barrs of Arizona, chartering for profit is a family affair. Reginald Barr was the Founder and CEO of The Charter Foundation Inc., a non-profit organization that currently manages networked charter schools in Arizona known as Amerischools.

He created a for-profit corporation, Edventure, which he owned jointly with his wife, Sandra, and received a $125 fee per student from each school. He also formed other for-profits, including Sixty Five Plus and One Employment Plus, LLC. to service the schools he created. The first leases buildings to the schools, and the second pays the salaries of school employees.

In 2020, The Charter Foundation, Inc. had a governing board of four members that included Sandra Barr, Reginald Barr, and Deborah LeBlanc, the couple's daughter. Therefore, the family held three of the four board seats and was responsible for directing and approving contracts with their own companies. The 990 for that year shows loan transactions among Barr family members, the related corporations, and the nonprofit.

Sandra passed away in 2021, followed by her husband in 2023. According to the latest published 990 (2023), daughter Deborah LeBlanc continues to operate the four businesses that run and profit from the schools, all four located in a guest house in Phoenix, Arizona. LeBlanc is still on the Board along with the school's CEO (Dee Kidd) and COO (Dudley Butts), and one other member, continuing a legacy of a nonprofit charter board directed by those with deep financial interests. Kidd and Butts are on the school's payroll.

Legislative attempts to set a minimum number of board members and prohibit family members from comprising the majority of the board have repeatedly failed in Arizona. According to the Grand Canyon Institute, in 2019, 77% of charter school holders engaged in related-party transactions.

Only three states — California, Minnesota, and Massachusetts — expressly prohibit contracts between a charter school Board member and a company with which the Board member has a financial interest. Georgia prohibits such relationships, but only for its state-authorized schools.

While Arizona's "anything goes" law is the most problematic, every other state allows related-party transactions, with some requiring disclosure and/or the board member's recusal.

Table III: Critical Risks to Public Funding

More Flexibility Means More Loopholes
Charter autonomy — marketed as a way to "cut red tape" — also cuts many preventive controls that deter theft in public districts:

Area	Public Schools	Charter Schools	Risk Created
Procurement	Must follow strict competitive bidding, sealed bids, and board approval for major purchases.	Can be exempt from full bidding rules; can set internal procurement policy with only minimal external review.	Easier for insiders to steer contracts to friends, relatives, or shell companies.
Board Governance	Elected boards subject to open meeting laws; conflict-of-interest laws enforced.	Boards often self-appoint; may be small, inexperienced, and lack independence.	Weaker resistance to insider deals or related-party transactions.
Staffing & Contracts	District hiring/pay scales public and standardized.	Greater discretion in hiring and salaries; can pay administrators well above district norms.	Inflated salaries for executives, underpaid teachers. Uncertified staff.
Asset Ownership	District facilities remain public property.	Charter buildings may be owned by private real estate arms tied to founders.	Public funds flow to private assets with little recourse if the school closes.

PART V: CONCLUSION AND RECOMMENDATIONS

Thirty years in, the charter school "grand bargain"—autonomy in exchange for accountability — has largely unraveled. Part I of our report, ***Decline***, documented the stall in growth, the churn of closures, and the mounting evidence that the sector has not strengthened the public school system it promised to complement. This second installment of our report, ***Disillusionment***, shows why that unraveling has occurred: the promise of teacher-and parent-led innovation has too often given way to corporatized governance, related-party self-dealing, and a regulatory architecture that permits profiteering while shielding crucial information from the public. It exposes how weak board rules and fragmented authorizing leave students, families, and taxpayers exposed.

The pattern is now unmistakable. A sector designed to incubate new ideas has been reshaped by incentives that reward scale, marketing, and financial engineering more than innovative classroom practice. National chains—both nonprofit and for-profit—operate through webs of subsidiaries, real-estate affiliates, and management companies that place public dollars beyond the reach of ordinary oversight. Authorizers, in too many states, collect fees tied to the size of the schools they oversee and face few consequences for lax supervision. Boards are commonly self-perpetuating, distant from the communities they serve, and all too often intertwined with the operators they are supposed to scrutinize. Charters open and close, make promises to families, and then leave them stranded.

The costs are concrete:

- **Educational harm**. As we have documented in our previous reports, more than one in four charter schools close by their fifth year of operation. Abrupt shutdowns—40% of closures in our two-year review—leave families scrambling, disrupt IEPs, and sever relationships that matter for learning. Yet the preponderance of studies, especially peer-reviewed studies, show that academic achievement is no better than student achievement in public schools.
- **Democratic harm**. Decision-making drifts from elected bodies toward private boards and vendors, eroding transparency, due process, and community voice.
- **Fiscal harm**. A steady stream of scandals, inflated leases, and opaque management contracts diverts public funds from classrooms to private gain, with little prospect of recovery after a school fails. We documented nearly one billion dollars in losses as reported in news stories over a two-year period due to mismanagement and fraud.

Failures are not isolated incidents nor do they happen by chance; they flow from policy choices. Laws that permit multiple authorizers to compete for schools, allow long or evergreen renewals, green-light related-party transactions, and exempt charters from ordinary procurement and open-records guardrails create predictable outcomes. When operators can shop for sponsors, when sponsors are paid more for overseeing larger portfolios, and when boards face minimal conflict-of-interest constraints, accountability withers.

None of this means that good people do not labor in charter schools or that every charter is flawed. It means the systemic design favors growth and private control over public purpose. Where chartering has worked best, it has hewed closest to its original vision: small, mission-driven schools accountable to communities and to publicly set standards, operating transparently within the public system rather than as a parallel one.

Reform must therefore proceed from a few simple principles:

1. **Public money requires public rules.** The closer a school is to public finance, the closer it must be to public governance, transparency, and ethics.
2. **Children, not contracts.** Policymaking must prioritize the continuity of learning and student protections over vested interests, union animus, and real estate returns.
3. **Democratic accountability.** Those who spend public funds should answer to the public — directly, regularly, and in the open.
4. **Innovation within the system.** When states want experimentation, the safest, most scalable path is to fund teacher-led pilots inside districts, where oversight and equity protections already exist.

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A Road Map to Fix What's Broken

The following recommendations translate our report's findings into specific statutory and regulatory changes. States and the federal government should adopt them as a package; piecemeal fixes invite workarounds.

1. **Reinvest in public school innovation.**
   Adopt a moratorium on new charters and on corporate expansion of existing chains until accountability, transparency, and student-protection standards are enacted and implemented as outlined below. Reprogram federal CSP dollars toward proven, in-system innovation (community schools, teacher-led pilots). Direct new funds to community schools, career-connected learning, teacher-led laboratories, and evidence-based interventions housed in districts, with open dissemination of results to share with public schools and charter schools.

2. **End for-profit control and close the back door.**
   Prohibit for-profit operation and management by contract; extend the prohibition to related-party real-estate arrangements and "sweeps" contracts that transfer effective control of staffing, curriculum, and spending to vendors. Require independent fair-market appraisals and public posting of all leases and management agreements.

3. **Make boards public-facing and conflict-free.**
   Require boards to be elected by the school community (parents, educators, and local residents) or appointed by the elected district board; set residency requirements and reasonable term limits; bar operators, landlords, and their immediate family members or employees from serving on charter and charter management boards; mandate robust conflict-of-interest policies with prohibitions on related party transactions, not just disclosure/recusal.

4. **Fix authorizing at the root.**
   Allow the final decision on whether a charter is opened to stand with the public by district referendum for brick-and-mortar charters and by state referendum for virtual charters. **Ban authorizer shopping** and require that any school seeking transfer meet objective performance and compliance thresholds. Cap authorizer compensation at **documented costs with strict guidelines on what is a legitimate expenditure**, with annual public audits and state review.

5. **Real renewal accountability.**
   End evergreen contracts; cap renewals at five years with mid-term reviews; tie continuation to transparent academic, fiscal, and governance metrics; **and annual onsite authorizer visits**.

6. **Bring charter finances into the light.**
   Apply and enforce open-meeting, public-records, and procurement statutes used by districts. Require **consolidated financial reporting** that includes management companies and all related entities; publish IRS 990s, audited financials, leases, and all vendor contracts in a searchable state

portal and on school websites using a common chart of accounts. Both board agendas and minutes should be posted on charter school websites.

7. **Close loopholes that enable self-dealing.**
Prohibit related-party transactions between schools and entities owned or controlled by board members, officers, founders, key employees, or management companies. That includes related-party transactions between management companies and their related real estate holdings.

8. **Protect students when schools fail.**
Mandate six months' notice for planned closures; require teach-out plans, guaranteed student records transfer, transportation support, uninterrupted special education services, and a family liaison funded by the operator/authorizer. If it appears that enrollment will not be sufficient one month prior to school opening, notify parents, shut the school, and transition students.

9. **Regulate virtual and "dropout recovery" models.**
Fund online and independent-study schools on verified expenses, participation, and progress, not enrollment counts; set staffing, caseload, and attendance standards; require in-person supports; hold schools to higher academic standards, and cap growth pending sustained results.

10. **Strengthen independent oversight.**
Create or empower an education inspector general with subpoena authority over charter operators and their affiliates. Rotate external auditors; bar auditors from consulting for the same client; require whistleblower protections and hotlines to be publicized to families and staff.

> We can still incubate good ideas, but we should do so where they belong: inside the public system, with the sunlight, stewardship, and community voice that public money requires. Recommitment to that principle — public dollars for public schools under public rules — is the surest way to move from reckoning to repair.

The Path Ahead

This report does not argue that every charter school fails its students, nor does it deny that dedicated educators work in these schools. It argues that the structure we have built makes failure and abuse too likely and detection too late, while delivering little of the sector-wide innovation that once justified the bargain. The remedies are not radical; they are the ordinary safeguards we already apply to the public institutions that anchor American democracy.

A generation ago, chartering promised to expand what was possible in public education. The public kept its part of the bargain, providing billions in tax dollars and wide latitude to experiment. It is time for policymakers to keep the other half—real accountability worthy of the public trust. That means centering children over contracts, transparency over opacity, and democratic governance over private control.

We can still incubate good ideas, but we should do so where they belong: inside the public system, with the sunlight, stewardship, and community voice that public money requires. Recommitment to that principle — public dollars for public schools under public rules — is the surest way to move from reckoning to repair.

In 2026, we will publish the third and final part of our comprehensive report, ***Charter School Reckoning: Decline, Disillusionment and Cost***. Part III will focus on the costs that the public bears to support this privatized version of public education.

APPENDIX A: STATE CHARTER AUTHORIZATION LAWS

State	Who Can Authorize	Authorizer Fee	Maximum Term
Alabama	Local school boards; Alabama Public Charter School Commission	3% (1–3 schools), 2% (4–5), 1% (6–10) of per-pupil state allocations	5 years but authorizer can vary
Alaska	Local school boards with State Board approval	Indirect/overhead costs up to 4% of charter program budget	10 years
Arizona	State Board for Charter Schools; universities; community colleges	Only fees for services actually provided (no general sponsor fee)	15 years for first time schools. 20 year renewals
Arkansas	Charter Authorizing Panel; local boards (conversion charters)	No fixed % in statute	20 years
California	Districts; county boards; State Board (appeals)	1% of LCFF or up to 3% if facilities are rent-free	5–7 years
Colorado	Local districts; Colorado Charter School Institute	Up to 5% of documented admin/oversight costs	More than 5 years
Connecticut	Local regional board; State Board of Education	No % fee; state funds directly	5 years
Delaware	Local districts; Department of Education/State Board	3% up to $35,000 per school	5 years
District of Columbia	DC Public Charter School Board	1% administrative oversight fee	15 years
Florida	Local boards; state universities; Fla College Institution; Charter Review Commission	Up to 5% school funding for first 250 students (2% for high-performing charters)	15 years
Georgia	Local boards; State Charter Schools Commission; State Board	Up to 3% for state-authorized schools (SCSC)	10 years
Hawaii	Hawaii State Charter Commission; governing boards of post secondary schools; county or state agency; nonprofits	State commission funded by the state	5 years
Idaho	District boards; Idaho Public Charter School Commission; colleges/universities; nonprofits	Documentented costs	12 years
Illinois	Local districts; Illinois State Board of Education	Up to 3% of charter revenue for ISBE	10 years
Indiana	Districts; universities; Indiana Charter School Board; city, state colleges; nonprofits colleges	Up to 3% of basic tuition support	15 years
Iowa	State Board of Education	No % fee; oversight through state process	5 years
Kansas	Local school boards	Up to 1% of state financial aid	5 years
Louisiana	Local boards; BESE	Up to 2%	10 years
Maine	Local boards; Maine Charter School Commission	Up to 3% of annual per-pupil allocations	15 years
Maryland	Local boards (MSDE appeal oversight)	2% can rise to 5% with state ed permission	8 years
Massachusetts	Board of Elementary and Secondary Education	No % fee	5 years
Michigan	Universities; community colleges; ISDs; districts	Up to 3% of total state school aid	Authorizers can determine
Minnesota	Nonprofits; districts; higher-ed institutions; single purpose authorizer; state colleges; private colleges	Formula: fee factor × 0.015 × basic allowance × APU (cap 4.0)	5 years

APPENDIX A: STATE CHARTER AUTHORIZATION LAWS

Mississippi	Mississippi Charter School Authorizer Board	3% of annual per-pupil state + local funds	5 years
Missouri	Districts; universities; vocational or tech schools	Documentented costs	5 years
Montana	Community Choice Schools Commission; districts	Documentented costs	5 years
Nevada	State Public Charter School Authority; local boards; college university; city	Up to 2% (≥1%) quarterly sponsorship fee	10 years
New Hampshire	State Board; local boards	No % fee. Charter funding by contract in case of local board	5 years
New Jersey	State Board of Education	No % fee	5 years
New Mexico	Public Education Commission; districts	up to 2%	5 years
New York	Board of Regents; SUNY Trustees; NYC DOE	up to 3%	5 years
North Carolina	NC Charter Schools Review Board	Up to 1% of state funding for admin costs	10 years
North Dakota	State Superintendent (new 2025 law)	Up to 2% oversight fee on state funding	5 years
Ohio	Districts; ESCs; universities; nonprofits; Department of Education; mayors	Up to 3% of state operating payments	10 years
Oklahoma	Districts; higher-ed; CareerTech; State Virtual Charter Board; Indian tribe	Up to 5%	5 years
Oregon	Local districts; State Board (on appeal)	Up to 20%	10 years
Pennsylvania	Local school districts; Department of Education	No explicit % fee (costs reimbursed via state formula)	5 years
Rhode Island	Council on Elementary & Secondary Education; mayor	Up to 1% of per-pupil aid for oversight	5 years
South Carolina	Local districts; SC Public Charter School District; higher-ed authorizers	Up to 2% of total state appropriations (oversight fee); not on federal funds	10 years
Tennessee	Local boards; Tennessee Public Charter School Commission; Achievement District	Lesser of 3% of state/local funding or $35,000 per school	10 years
Texas	Commissioner of Education; districts (campus charters)	No % fee. State assumes costs	10 years
Utah	State Charter School Board; districts; higher-ed	Up to 3% years 1–2; 1% thereafter	Evergreen renewals. No limit
Virginia	Local school boards	Up to 1% administrative fee of per-pupil allocation	5 years
Washington	State Charter School Commission; local boards	Up to 4% of state operating funds	5 years
West Virginia	Professional Charter School Board; county boards; districts; State Bd of Ed	Up to 3% oversight fee per school	5 years
Wisconsin	DPI; UW System; Milwaukee; local districts; tribes; technical colleges; one county	Up to 3% administrative fee of state aid	5 years
Wyoming	State Charter School Authorizing Board; local boards	Up to 3% of per-pupil funding	5 years