

Thursday, Oct 2, 2014 05:25 PM EST

## The great charter school rip-off: Finally, the truth catches up to education “reform” phonies

Fraud, financial mismanagement, lousy results: Reports highlight awful charter schools and people are catching on

Last week when former President Bill Clinton meandered onto the topic of charter schools, he mentioned something about an “original bargain” that charters were, according to the reporter for The Huffington Post, “supposed to do a better job of educating students.”

A writer at Salon called the remark “stunning” because it brought to light the fact that the overwhelming majority of charter schools do no better than traditional public schools. Yet, as the Huffington reporter reminded us, charter schools are rarely shuttered for low academic performance.

But what’s most remarkable about what Clinton said is how little his statement resembles the truth about how charters have become a reality in so many American communities.

In a real “bargaining process,” those who bear the consequences of the deal have some say-so on the terms, the deal-makers have to represent themselves honestly (or the deal is off and the negotiating ends), and there are measures in place to ensure everyone involved is held accountable after the deal has been struck.

But that’s not what’s happening in the great charter industry rollout transpiring across the country. Rather than a negotiation over terms, charters are being imposed on communities – either by legislative fiat or well-engineered public policy campaigns. Many charter school operators keep their practices hidden or have been found to be blatantly corrupt. And no one seems to be doing anything to ensure real accountability for these rapidly expanding school operations.

Instead of the “bargain” political leaders may have thought they struck with seemingly well-intentioned charter entrepreneurs, what has transpired instead looks more like a raw deal for millions of students, their families, and their communities. And what political leaders ought to be doing – rather than spouting unfounded platitudes, as Clinton did, about “what works” – is putting the brakes on a deal gone bad, ensuring those most affected by charter school rollouts are brought to the bargaining table, and completely renegotiating the terms for governing these schools.

### **Charter Schools As Takeover Operations**

The “100 percent charter schools” education system in New Orleans that Clinton praised was never presented to the citizens of New Orleans in a negotiation. It was surreptitiously engineered.

After Katrina, as NPR recently reported, “an ad hoc coalition of elected leaders and nationally known charter advocates formed,” and in “a series of quick decisions,” all school employees were fired and the vast majority of the city’s schools were handed over to a state entity called the “Recovery School District” which is governed by unelected officials. Only a “few elite schools were ... allowed to maintain their

selective admissions.”

In other words, any bargaining that was done was behind closed doors and at tables where most of the people who were being affected had no seat.

Further, any evidence of the improvement of the educational attainment of students in the New Orleans all-charter system is obtainable only by “jukin the stats” or, as the NPR reporter put it, through “a distortion of the curriculum and teaching practice.” As Andrea Gabor wrote for Newsweek a year ago, “the current reality of the city’s schools should be enough to give pause to even the most passionate charter supporters.”

Yet now political leaders tout this model for the rest of the country. So school districts that have not had the “benefit,” according to Arne Duncan, of a natural disaster like Katrina, are having charter schools imposed on them in blatant power plays. An obvious example is what’s currently happening in the York, Pennsylvania.

School districts across the state of Pennsylvania are financially troubled due to chronic state underfunding – only 36 percent of K-12 revenue comes from the state, way below national averages – and massive budget cuts imposed by Republican Governor Tom Corbett (the state funds education less than it did in 2008).

The state cuts seemed to have been intentionally targeted to hit high-poverty school districts like York City the hardest. After combing through state financial records, a report from the state’s school employee union found, “State funding cuts to the most impoverished school districts averaged more than three times the size of the cuts for districts with the lowest average child poverty.” The unsurprising results of these cuts has been that in school districts serving low income kids, like York, instruction was cut and scores on state student assessments declined.

The York City district was exceptionally strapped, having been hit by \$8.4 million in cuts, which prompted class size increases and teacher furloughs. Due to financial difficulties, which the state legislature and Governor Corbett had by-and-large engineered, York was targeted in 2012, along with three other districts, for state takeover by an unelected “recovery official,” eerily similar to New Orleans post-Katrina.

The “recovery” process for York schools also entailed a “transformation model” with challenging financial and academic targets the district had little chance in reaching, and charter school conversion as a consequence of failure. Now the local school board is being forced to pick a charter provider and make their district the first in the state to hand over the education of all its children to a corporation that will call all the shots and give York’s citizens very little say in how their children’s schools are run.

None of this is happening with the negotiated consent of the citizens of York. The voices of York citizens that have been absent from the bargaining tables are being heard in the streets and in school board meetings. According to a local news outlet, at a recent protest before the city’s school board, “a district teacher and father of three students ... presented the board with more than 3,700 signatures of people opposed to a possible conversion of district schools to charter schools,” and “a student at the high school also presented the board with a petition signed by more than 260 students opposed to charter conversion.” Yet the state official demanding charter takeover remains completely unaltered in his view that this action is “what’s best for our kids.”

What's important to note is York schools are not necessarily failures academically, as New Jersey-based music teacher and education blogger going by the name Jersey Jazzman stated on his personal blog. Looking at how the districts' students perform on state assessments, he found that academic performance levels were "pretty much where you'd expect them to be" based on the fact that "most of York's schools have student populations where 80 percent or more of the children are in economic disadvantage," and variations in student test score performance almost always correlate strongly with students' financial conditions. He concluded that what was happening to York schools more represents a "long con" in which tax cuts and claims of "budgetary poverty" have prompted a rapacious state government to "declare an educational emergency, and then let edu-vultures ... pick at the bones of a decimated school system."

The attack on York City schools is not unique. As an official with the National Education Association recently pointed out on the blog *Living in Dialogue*, "It's the same story that played out in Detroit, Flint, and Philadelphia where these 'chief recovery officers' or 'emergency managers' have all made the same recommendation: to hand over the cities' public schools to the highest private bidder."

Then, hiding behind pledges to do "what's best for kids," these operators too often do anything but.

### **Charter Schools Takeover, Corruption Ensues**

York teachers and parents have good reasons to be wary of charter school takeover. As a new report discloses, charter school officials in their state have defrauded at least \$30 million intended for school children since 1997.

The report, "Fraud and Financial Mismanagement in Pennsylvania's Charter Schools," was released by three groups, the Center for Popular Democracy, Integrity in Education, and ACTION United.

Startling examples of charter school financial malfeasance revealed by the authors –just in Pennsylvania – include an administrator who diverted \$2.6 million in school funds to a church property he also operated. Another charter school chief was caught spending millions in school funds to bail out other nonprofits associated with the school. A pair of charter school operators stole more than \$900,000 from the school by using fraudulent invoices, and a cyber school entrepreneur diverted \$8 million of school funds for houses, a Florida condominium, and an airplane.

What's even more alarming is that none of these crimes were detected by state agencies overseeing the schools. As the report clearly documents, every year virtually all of the state's charter schools are found to be financially sound. The vast majority of fraud was uncovered by whistleblowers and media coverage and not by state auditors who have a history of not effectively detecting or preventing fraud.

Pennsylvania spends over a billion dollars a year on charter schools, and the \$30 million lost to fraud documented in this study is likely the minimum possible amount. The report authors recommend a moratorium on new charter schools in the state and call on the Attorney General to launch an investigation.

The report is a continuation of a study earlier this year that exposed \$100 million in taxpayer funds meant for children instead lost to fraud, waste, and abuse by charter schools in 15 states. Now the authors of the study are going state-by-state, beginning with Pennsylvania, to investigate how charter school fraud is spreading.

What's happening to York City is not going to help. The two charter operators being considered for that takeover – Mosaica Education, Inc., and Charter Schools USA – have particularly troubling track records.

According to a report from Politico, after Mosaica took over the Muskegon Heights, Michigan school system in 2012, “complications soon followed.” After massive layoffs, about a quarter of the newly hired teachers quit, and when Mosaica realized they weren't making a profit within two years, they pulled up stakes and went in search of other targets.

As for the other candidate in the running, Charter Schools USA, a report from the Florida League of Women Voters produced earlier this year found that charter operation running a real estate racket that diverts taxpayer money for education to private pockets. In Hillsborough County alone, schools owned by Charter Schools USA collaborated with a construction company in Minneapolis, M.N. and a real estate partner called Red Apple Development Company in a scheme to lock in big profits for their operations and saddle county taxpayers with millions of dollars in lease fees every year.

In one example, cited by education historian Diane Ravitch, Charter USA's construction company bought a former Verizon call center for \$3,750,000, made no discernible exterior changes except removal of the front door and adding a \$7,000 canopy, and sold the building as Woodmont Charter School to Red Apple Development for \$9,700,000 six months later. Lease fees for the last two years were \$1,009,800 and \$1,029,996.

No wonder York citizens are concerned.

### **What Happened To Charter School Accountability?**

Charter schools that were supposedly intended to be more “accountable” to the public are turning out to be anything but.

As an article for The Nation recently observed, “Charters were supposed to be laboratories for innovation. Instead, they are stunningly opaque.”

The article, written by author and university professor Pedro Noguera, explained, “Charter schools are frequently not accountable. Indeed, they are stunningly opaque, more black boxes than transparent laboratories for education.”

Rather than having to show their books, as public schools do, Noguera contended, “Most charters lack financial transparency.” As an example, he offered a study of KIPP charter schools, which found that they receive ““an estimated \$6,500 more per pupil in revenues from public or private sources’ compared to local school districts.” But only a scant portion of that disproportionate funding – just \$457 in spending per pupil – could accurately be accounted for “because KIPP does not disclose how it uses money received from private sources.

In addition to the difficulties in following the money,” Noguera continued, “there is evidence that many charters seek to accept only the least difficult (and therefore the least expensive) students. Even though charter schools are required by law to admit students through lotteries, in many cities, the charters under-enroll the most disadvantaged children.”

This tendency of charter schools operations provides a double bonus as their student test scores get

pushed to higher levels and the public schools surrounding them have to take on disproportionate percentages of high needs students who push their test score results lower. Noguera cited a study showing that traditional schools serving the largest percentages of high-needs students are frequently the first to be branded with the “failure” label.

If charter schools are going to have any legitimacy at all, what’s required, Noguera concluded is “greater transparency and collaboration with public schools.”

Fortunately, yet another new report points us in the right direction.

This report, “Public Accountability for Charter Schools,” published by the Annenberg Institute for School Reform, “recommends changes to state charter legislation and charter authorizer standards that would reduce student inequities and achieve complete transparency and accountability to the communities served,” according to the organization’s press release.

According to the report, these recommendations are the product of “a working group of grassroots organizers and leaders” from Chicago, Philadelphia, Newark, New York, and other cities, who have “first-hand experience and years of working directly with impacted communities and families, rather than relying only on limited measures such as standardized test scores to assess impact.”

These new guidelines are intended to address numerous examples of charter school failure to disclose essential information about their operations, including financial information, school discipline policies, student enrollment processes, and efforts to collaborate with public schools.

For instance, the report notes that the director of the state Office of Open Records in Pennsylvania, “testified that her office had received 239 appeals in cases where charter schools either rejected or failed to answer requests from the public for information on budgets, payrolls, or student rosters.” In Ohio, a charter chain operated by for-profit White Hat Management Company, “takes in more than \$60 million in public funding annually . . . yet has refused to comply with requests from the governing boards of its own schools for detailed financial reports.” In Philadelphia, the report authors found a charter school that made applications for enrollment available “only one day a year, and only to families who attend an open house at a golf club in the Philadelphia suburbs.” In New York City, where charter schools are co-located in public school buildings, “public school parents have complained that their students have shorter recess, fewer library hours, and earlier lunch schedules to better accommodate students enrolled at the co-located charter school.” The report quotes a lawsuit filed by the NAACP, which documented public school classrooms “with peeling paint and insufficient resources” made to co-locate with charters that have “new computers, brand-new desks, and up-to-date textbooks.”

The Annenberg report’s policy prescriptions fall into seven categories of “standards,” which include:

1. Traditional school districts and charter schools should collaborate to ensure a coordinated approach that serves all children.
2. School governance should be representative and transparent.
3. Charter schools should ensure equal access to interested students and prohibit practices that discourage enrollment or disproportionately push-out enrolled students.

