

Should the federal government end its program to fund new charter schools?

Yes. The U.S. Department of Education Charter School Program (CSP) has drifted from its original mission to give seed money to states to support the opening of innovative charter schools. It has instead become a slush fund for charter school chains and their advocacy groups.

This is why

The CSP is now a tool for privatizing public education. Grants from the program increasingly fund non-public entities, including charter advocacy organizations, charters run by for-profits, and charter school chains.

The CSP has a long track record of wasted investment. More than a billion dollars of taxpayer funds have gone to charter schools that never opened or opened, only to close down later.

The CSP has fostered waste and fraud. Charter startups and expansions are approved despite blatant flaws in their applications. The individuals who review applications are all connected to charter schools. There is no fact-checking allowed. Many grantees have later been exposed as engaging in fraud.

Due to incentives provided by the CSP, charter schools often open where they are not wanted simply because the federal government has given them funds to open. That has a substantial impact on school revenue, resulting in a downward spiral of school district financing.

Look at the facts

Despite its stated regulations against the disbursement of funds to charter schools operated by for-profit entities, **the CSP routinely funds charter operations that are managed for profit.** More than 440 charter schools operated for profit received grants totaling

approximately \$158 million between 2006 and 2017.

A significant proportion of CSP grants are given to private charter advocacy organizations to start or expand charter schools. Those organizations are allowed to keep up to 10% of the grant. Among recent recipients are the Pennsylvania Coalition of Public Charter Schools which received \$30 million, \$3 million of which the organization can keep for administration and technical assistance to charter schools. Another charter advocacy organization that has gotten tens of millions in CSP grants is the New Jersey Public Charter Schools Association **that received a \$63,232,945 five-year grant**, which means that over \$6 million will go to the organization itself. Large CSP grants have also gone to Building Hope, a charter services provider based in Washington, which received an \$8 million grant in 2017 to “enhance its lending portfolio with a new tool, the Investment Note, to attract capital from high-net-worth individuals raising \$25 million in funds. In 2018, **Building Hope received yet another grant** for a half-million dollars from yet a different CSP funding stream.

In 2020, CSP granted \$224.5 million to charter chains for expansion, including over \$72 million to one chain, IDEA, which has now received nearly \$300 million since and still has several active multi-year grants. In 2019, the Houston Chronicle reported the IDEA Charter Schools Board **voted** to lease a private jet at an annual cost of \$1.92 million. **Two months earlier**, the Texas Monitor revealed the use of first-class airfare for IDEA top employees, along with their families, and tickets to professional sports events. Another grant was awarded to the Somerset network, founded by the owner of a for-profit Academica charter management



organization. Academica also manages its schools, including Somerset, which make rent payments to real estate companies tied to Academica executives. The **lucrative tax-funded real estate deals** afford the organization to have a “leadership retreat” at a Bahamas resort.”

According to research by the Network for Public Education, 11% of the charter schools that had active CSP grants from 2006-2015 never opened. In a letter to Congress, former Education Secretary Betsy DeVos provided data that indicates the number is even higher—12%. In addition to those that never opened, more than one in four grantees in the CSP published database have closed. Using figures provided by the Department, it appears that **40.4% of awardees either never opened or have already closed**, representing a staggering one billion dollars spent on defunct charter schools.

The review process for CSP grants is slipshod, and applications are often poorly prepared and

have serious flaws. The **process does not allow** the verification of claims made in the applications, which allows for applicants to submit false information. Thirty-four California charter schools that received CSP grants appeared on the ACLU of Southern California’s list of charters that discriminate in admissions, and 20 CSP funded Arizona charters appeared on a similar list created by the Arizona ACLU. **One Pennsylvania charter** receiving multiple grants totaling over one million dollars from CSP states on its website that its programs are “limited to students with mild handicaps.”

The CSP application process also does not require applicants to provide a market assessment or community outreach process that ensures new charters are needed or wanted in local communities that are being targeted. In a recent case, **a soccer club secured over \$1.2 million** in CSP funding even though there was no local community support, and the school’s application to the local authorizer was denied.

| WHAT PRIVATIZERS BELIEVE | WHAT WE BELIEVE |
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| The role of the federal government’s Charter School Program is to foster innovative new schools. | The federal government’s Charter School Program has strayed from its original intent to foster innovation and has instead become a tool for privatization and graft. |
| Failure is a feature of a competitive marketplace, therefore schools that do not open or that fail is an acceptable outcome. | The CSP grant process has no criteria for determining what a high-quality charter school is, hence, over a billion dollars in public money has been spent on schools that never opened or opened and soon closed. Millions more have gone to charters whose quality appears to be no better – and sometimes worse – than public schools. |

Bottom Line

The CSP is a national scandal that must be scaled down to meet existing commitments. There should be an immediate moratorium on funding. All discretionary funding should be directed to programs that will directly benefit children whose education was interrupted by the pandemic, providing the social, emotional and academic support they need.