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Five key questions to ask now about charter schools

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By [Valerie Strauss](#)

You can tell that National School Choice Week is nearly upon us — it runs from Jan. 25- 31 — by the number of announcements coming forth hailing the greatness of school choice.

Jeb Bush's Florida-based Foundation for Excellence in Education put out an announcement that it would participate in a march next week in Texas to support school choice (with one of the speakers being Texas Land Commissioner George P. Bush, Jeb's son). There's a new poll by the pro-choice American Federation for Children showing (I bet you can guess) that most Americans support school choice. Etc., etc.

There is other school choice news too, but you won't hear it from the pro-choice folks. This comes from [10th Period blog](#), by Steven Dyer, a lawyer who is the education policy fellow at Innovation Ohio and who once served as a state representative and was the chief legislative architect for Ohio's Evidence Based Model of school funding:

In a disturbing new [report](#) from State Auditor David Yost, officials found that at one Ohio charter school, the state was paying the school to educate about 160 students, yet none, that's right, *zero*, were actually at the school. And that's just the worst of a really chilling report, which, if the results are extrapolated across the life of the Ohio charter school program, means taxpayers have paid more than \$2 billion for kids to be educated in charter schools who weren't even there. Here are the takeaways:

- Seven of 30 schools had headcounts more than two standard deviations below the amount the school told the state it had.
- Nine of 30 schools that had headcounts at least 10% below what the charter told the state it had, though it was less than two standard deviations.
- The remaining 14 had headcounts that weren't off by as much.
- However, 27 of 30 schools had fewer students at the school than they were being paid to educate by the state

This means that more than 1/2 of all the charter schools chosen at random had significantly fewer students attending their schools than the state was paying them to educate, while 90% had at least *some* fewer amount.

So in honor of National School Choice Week, here are five questions that should be asked about charter schools, which today enroll about 2.57 million students in more than 6,000 charter schools nationwide.

The questions, and supporting material, come from the [Center for Popular Democracy](#), which has exposed over \$100 million public tax funds stolen in the charter school industry in a report titled, "[Charter School Vulnerabilities to Waste, Fraud, and Abuse.](#)"

Here are the center's questions:

1. How much money has your state lost to charter waste, fraud and abuse?

With at least \$100 million tax dollars lost to fraud, waste, or abuse by charter operators in the United States, there is significant progress needed before the charter sector can claim best practices on fraud and abuse. What's worse, given the scant auditing and little regulation, the fraud uncovered so far might only be scratching the surface. The types of fraud fall into six major categories: [Reference: [CPD report](#), May 2014]

- Charter operators using public funds illegally for personal gain;
- School revenue used to illegally support other charter operator businesses;
- Mismanagement that puts children in actual or potential danger;
- Charters illegally requesting public dollars for services not provided;
- Charter operators illegally inflating enrollment to boost revenues; and,
- Charter operators mismanaging public funds and schools.

2. Are charter operators required to establish strong business practices that guard against fraud, waste, mismanagement, and abuse? Do regulators in your state have the authority and resources to regularly assess charter school business practices?

Despite millions of dollars lost to shady practices, charter operators are overwhelmingly not required by law to establish strong business practices that protect against fraud and waste. We need change:

* Charter schools should institute an internal fraud risk management program, including an annual fraud risk assessment.

* Oversight agencies should regularly audit charter schools and use methodologies that are specifically designed to assess the effectiveness of charter school business practices and uncover fraud.

3. Does your state require charter school operators and their boards of directors to provide adequate documentation to regulators ensuring funds are spent on student success?

Across the country, investigations led by attorneys general, state auditors and charter authorizers have found significant cases of waste, fraud and abuse in our nation's charter schools. The majority of investigations are initiated by whistleblowers because most regulators do not have the resources to proactively search for fraud, waste, or abuse of public tax dollars.

[References: [CPD report](#), December 2014; [CPD report](#), October 2014]

4. Can your state adequately monitor the way charters spend public dollars including who charter operators are subcontracting with for public services?

Because most charter schools laws do not adequately empower state regulators, regulators are often unable to monitor the legality of the operations of companies that provide educational services to charter schools. For example, Pete Grannis, New York State's First Deputy Comptroller, reported recently that charter school audits by his office have found "practices that are questionable at best, illegal at worst" at some charter schools.[1] While his office would like to investigate all aspects of a charter operators business practices, they do not have the authority. To reform the system, he believes that "as a condition for agreeing to approve a new charter school or renew an existing one, charter regulators could require schools and their management companies to agree to provide any and all financial records related to the school." [2]

This example typifies the lack of authority given to charter oversight bodies. Lawmakers should act to amend their charter school laws to give charter oversight bodies the powers to audit all levels of a charter schools operations, including their parent companies and the companies they contract out their educational services to.

5. Are online charter operators audited for quality of services provided to students and financial transparency?

Online charter schools represent another rapidly growing sector. The rapid growth has made the online charter school industry susceptible to similar pitfalls facing the poorly regulated charter industry as whole. As one longtime academic researcher puts it, "The current climate of elementary and secondary school reform that promotes uncritical acceptance of any and all virtual education innovations is not supported by educational research. A model that is built around churn is not sustainable; the unchecked growth of virtual schools is essentially an education tech bubble." [3]

Given the poor outcomes being generated by most online charter schools, state regulators should be empowered with more authority to ensure these schools are not violating state laws or their charter agreements.

[1]<http://www.propublica.org/article/ny-state-official-raises-alarm-on-charter-schools-and-gets-ignored>

[2] <http://www.propublica.org/article/ny-state-official-raises-alarm-on-charter-schools-and-gets-ignored>

[3]<http://nepc.colorado.edu/newsletter/2013/05/virtual-schools-annual-2013>



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