**Stimulus Money Provides a Windfall for Charter Schools – Where will it all go?**

A charter owner that only spends half of state revenue to run his schools and spends the rest buying luxury homes in North Peoria is getting $2.7 million in stimulus funds. Three large charter chains that spend more on administration and real estate than in the classroom will receive an additional $30 - $40 million each. Is there any reason to believe that this windfall will really go to help educate children?

Stimulus funds to schools was provided in three separate packages known as the Elementary and Secondary School Emergency Relief plan (ESSER) – ESSER I, ESSERII, and ESSER III.  The funds were based on the poverty level of each district/charter school based on Title I funding levels for the schools. Over $3.9 BILLION was allocated to the state to disperse to Arizona public schools to be used to offset the costs of the pandemic and assure that students catch up in missed learning caused by the shutdown.  Schools have until 2024 to expend the funds.

There is a real problem with one-time grants because you cannot fund on-going expenses like teacher salaries - when the money disappears in 2024 there will not be funds to continue to pay the higher salaries.  Schools could give one-time stipends each year to existing staff that will disappear in 2024, but any additional staff would have to be dismissed in three years when the funds dry up.  All of the great tutoring, after school, and summer school programs to increase student achievement will only last until 2024.

Schools can use the funds for almost anything including buying computers, making repairs, remodeling, and even new construction.  There is great concern about the accountability for these funds, especially for largely deregulated charter schools.

Of special concern is the massive windfall that three large charter chains will receive that spend more of their revenue on administration and real estate than in the classroom:

- The Leona Group will receive $34.4 million in ESSER funds, but only spent 25% of their revenue in the classroom in 2020.

- Imagine Schools will get $30.3 million but spent $1000/pupil more on real estate and administration than in the classroom in 2020 than the average charter school.

- The Academy of Math and Science leads all charter schools with $40.7 million in ESSER funds and spent $1000/pupil less in the classroom than on management and facilities in 2020.

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|  | Total ESSER Funding | Classroom/  Pupil | Administration/  Pupil | Facilities/  Pupil | Administration+Facilities/  Pupil |
| 2020 Charter Average |  | $4,166 | $1,657 | $1,569 | $3,226 |
| Academy of Math and Science | $40,792,083 | $3,386 | $2,301 | $2,051 | $4,352 |
| Imagine | $30,363,781 | $3,601 | $2,309 | $1,913 | $4,222 |
| Leona | $34,419,489 | $2,986 | $1,852 | $2,072 | $3,924 |

Even worse, the three schools operated by Steven Durand (Educational Options, James Sandoval, and AIBT Charter schools) will receive $2.7 million in ESSER funds. Mr. Durand spends less than half of his schools’ revenue every year to run the schools, the rest going to “profits” to increase the assets of his non-profits (so they can buy [luxury homes](https://www.redfin.com/AZ/Peoria/6710-W-Calle-Lejos-85383/home/27091278)). In today’s market, $2.7 million may only allow Durand to purchase a single new mansion to add to his collection.

Other charters are receiving huge windfalls as well, with charter schools collecting over $495 million in ESSER funds. There does not appear to be any oversight planned to assure that these funds go to teachers and kids and not into corporate profits or real estate equity.

It should be noted that Districts are also receiving huge sums of money.  Tucson Unified will receive $268 million, Mesa Unified will receive $246 million, and Phoenix Elementary will receive $61.8 million (their 2020 M&O expenditures in 2020 were only $50.6 million).  Districts will be able to create programs to help students regain lost learning from the shutdown and catchup on long overdue repairs, buy new air conditioning units, and finally be able to bring technology into the 21stcentury.

All schools will be required to submit a plan for how ESSER funds will be expended, but it is unclear if the state will require a detailed accounting of expenditures. It hard to imagine how the understaffed School Finance department at ADE will even read the plans, let alone monitor spending. School districts at least must have all expenditures approved by an elected governing board in public meetings, while charter schools can make all financial decisions in private corporate board meetings with little accountability by the Charter Board, ADE, or the Auditor General.

Where will the charter schools that spend more money on administration and real estate than in the classroom expend their newly found wealth? Arizonans for Charter School Accountability calls on ADE and the Auditor General to require a detailed accounting of all ESSER funds, especially for charter schools that have a history of diverting funds into owner’s pockets.