**The Problem of Accountability in Arizona Charter Schools**

* Arizona had 556 charter schools in 2017 serving 185,900 students, about 17 percent of Arizona’s public school students (the highest % in the country)
* Charters cost $1.3 billion from the state general fund in 2017, 24% of the K-12 budget
* Arizona’s charter schools are, by far, the most unregulated in the United States.
  + There are no caps on new charter schools
  + Charters can be established anywhere, even next door to an “A” public school.
  + Charter schools are the only state agencies receiving public funds that are not monitored by the Auditor General.
* Charter schools:
  + Are public schools and are required to admit all students including special education students.
  + Receive funding from state general tax revenues. (60% of District funding come from local property taxes)
  + Receive federal funds just like districts do except most don’t have free lunch programs, poor students (Title One), or special education students (IDEA)
  + Receive $1700 - $2000 more per pupil than public districts to cover costs for capital expenses, buildings and transportation, even if they do not provide busing.
  + Are owned by non-profit organizations or for-profit corporations.
  + Large charter chains are owned by non- profits created by for-profit corporations that actually run the school. Both are owned by the same person(s). Since a for-profit company runs the school, all records are secret and not available to the public. BASIS, Great Hearts, Imagine, Leona, and other large charter chains operate outside the public view.
  + Everything purchased by the charter owner with tax revenue becomes the sole “private” property of the charter holder, even if the school goes bankrupt.
  + Charter schools are almost completely exempt from laws governing public districts including:
    - Exemptions from procurement and gifting laws allowing charter to take bribes and kickbacks legally.
    - Charters do not have to follow the curriculum guidelines public schools must follow. They may focus on the arts, for example
    - Charter students must take all state testing
* Charter school boards are appointed by the charter holder and can all be employees of the school. They do not represent parents in the school. For example:
  + - BASIS has the same board for all of their schools in Arizona (phone meetings)
    - The Arizona Leona Group board members live in Michigan, Hawaii, South Carolina, and Louisiana
    - Charter school boards only set policy, by state law. They do not control:
      * Hiring/firing all personnel,
      * Setting curriculum
      * Facilities acquisition
      * Approving expenditures
      * These decisions take place in the non-profit’s board of directors meeting, or at the for-profit management corporation, both of which are secret and not subject to open meeting laws.

**Public school districts are becoming increasingly segregated as a result of unchecked charter expansion. The number of minority, poor and special education students have dramatically increased in district schools 2008-2017 as a result of charter expansion in Metro Phoenix suburbs.**

**2008-2016 Districts have only 4,000 more students overall but have:**

* 39,000 fewer White and Asian students
* 47,000 more Hispanic and multi-race students
* 28,500 more special education students
* State funding for public districts has ***declined*** $927/pupil since 2008 while serving thousands more minority, poor, and special needs students
* State funding for charter schools ***increased*** $714/pupil since 2008

**The lack of transparency and regulation in charter schools has led to massive waste of tax money, funds that could have been used to increase teacher salaries statewide:**

* BASIS alone spent 13 million dollars more on administration in 2014-15 than a public district of the same size would. Most is profit for BASIS Inc.
* If all charters operated at the $624/pupil average administrative cost for districts, the state would save over 124 million dollars a year
* The Leona Group (in 5 states) had 9 schools that averaged just 21% of funds spent in the classroom while spending more on buildings and administration individually than on all classroom instruction.
* Imagine Inc. (in 11 states) spent $12 million more on management and facilities than in the classroom in Arizona
* Primavera Online made $10 million profit in 2016 for sole owner Damian Creamer and paid his software company an additional $13 million in licensing fees
* Pinnacle Online sent half of its ***revenue*** to India in 2016
* Rep. Eddie Farnsworth's for-profit Benjamin Franklin Charter has $3 million in stockholder assets and $6 million in working cash. He is the sole board member and does not have to have public school board meetings.
* American Leadership Academy facilities are owned by CEO Glenn Way’s Utah based for-profit company Schoolhouse Development…that leases the schools back to ALA. In 2017 Way’s company sold the schools to ALA (to himself) for $192 million.

**There are no mechanisms in place to monitor charter spending.**

* Corporate charter schools are making millions of dollars in excessive profits.
* Charters are building real estate empires with mortgages paid for by the taxpayers of Arizona.
* Unlike public districts, charter schools are not accountable to the community and are not evaluated and regulated by the Auditor General.

**Legislation is needed to increase charter accountability…**

* Require the Arizona State Board for Charter Schools to monitor charter classroom spending and audit charters that are spending little money in the classroom.
* Require charter schools to follow state procurement and gifting requirements.
* Require charter school boards to make all operational decisions for the school in public meetings.

**Find out more! See Arizonans for Charter School Accountability at azcsa.org and on Face Book. Contact Jim Hall at** [**arizcsa1000@gmail.com**](mailto:arizcsa1000@gmail.com) **for more information.**