



K-12 Education

Public comment regarding the Charter Schools Program to the Office of Elementary and Secondary Education, U.S. Department of Education

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Thank you for the opportunity to provide public comment regarding the proposal rule changes for the federal Charter Schools Program. Policy Matters Ohio, a nonprofit policy research institute, creates a more vibrant, equitable, sustainable and inclusive Ohio through research, strategic communications, coalition building and policy advocacy.

As a state policy research institute, Policy Matters believes that public education is an essential public good and must be fully supported at every level of government, from local to state to federal. For decades now we have been tracking the growth of charter schools in Ohio, and for that reason we are encouraged by the proposed changes to rules governing the federal Charter Schools Program, which has disbursed billions of dollars to new charter schools since it was established in 1994.

No CSP funds to charters run by for-profit corporations

We strongly support the proposed change that charter schools receiving CSP funding must provide assurance that they have not and will not enter a contract with any for-profit charter school management organization, including a non-profit management organization operated by or on behalf of a for-profit entity, under which the for-profit entity exercises full or substantial administrative control over the charter school and the CSP project and funds.

More than 10 years ago, Policy Matters began tracking abuses by for-profit management companies operating schools in Ohio. We documented abuses by Imagine Schools, which had a poor record of performance in our state and a business model driven by elaborate school real estate transactions, high management and operations fees paid by nonprofit schools to the corporation, overlapping business relationships, low spending on classroom instruction, and tight control of school finances and business relationships. Those problems led to extremely poor academic ratings and a prohibition against opening new schools in Ohio for the 2010-11 school year. Board members resigned in frustration with Imagine's practices, facility costs dramatically exceeded guidelines recommended by charter experts, and teacher salaries came in below even those of other charter schools.¹

Our subsequent research found additional problematic practices by management corporations including:

- Hand-picking board members of charter schools that are by law responsible for school operations.
- Preventing schools from hiring their own, independent attorneys, accountants, and auditors.

¹ Policy Matters Ohio. "Public good vs. private profit: Imagine Schools, Inc., in Ohio." May 12, 2010.

- Binding schools to them contractually and financially, making it impossible to seek new management.
- Controlling school revenue from public sources.
- Claiming ownership of school equipment purchased with public funds and loaning money to schools well above market rates.²

We also documented the practice of management corporations pretending to comply with Ohio law mandating school closure for poor academic performance by simply changing the names of schools and re-opening them in the same location with largely the same staff.³

These practices continue today. In 2021, the Network for Public Education identified more than 1,100 charter school nationwide that have contracts with one of 138 for-profit firms to control the schools' operations, including management, personnel, and curriculum. The group also documented similar patterns of for-profit corporations steering schools to their real estate subsidiaries and connected education service providers.⁴

Prohibiting schools largely controlled by for-profit companies from receiving federal start-up grants will not bar these schools from opening. Rather, it will simply not allow them to use public federal dollars to start schools that generate private profit.

Community need, impact, and engagement

We strongly support new rules that would require charter schools receiving CSP grants to demonstrate need for the proposed schools and locations and to provide evidence that they engaged with residents in planning for the school.

This change would require applicant schools to show they have had meaningful and ongoing engagement with teachers and other educators, including in the school start-up process and their governance boards, and that they use community-centered approaches to map community assets and inform the planning for new schools. The rule change would also require the schools to maintain those ties and have ongoing relationships with community partners and experienced educators.

Examples abound, in both the research cited above and elsewhere, of charter schools opening simply because they have access to a building and want the public funding that will flow to the school, even if they cannot meet enrollment targets and have no evidence that they have talked to families and other stakeholders in the community about what kinds of schools are needed. Requiring schools and operators to demonstrate community need and interest in their models is simply good policy and will prevent the over-saturation of charter schools many urban areas already face.

We respectfully submit these public comments in support of proposed changes to the rules governing the federal Charter Schools Program. Feel free to contact Senior Researcher Piet van Lier at pvanlier@policymattersohio.org or 216.361.9801 with any questions.

² Policy Matters Ohio. "Authorized abuse: Sponsors, management and Ohio charter school law." September 20, 2010.

³ Policy Matters Ohio. "Avoiding accountability: How charter operators evade Ohio's automatic closure law." January 9, 2013.

⁴ The Public Education Network. "Chartered For Profit: The Hidden World of Charter Schools Operated for Financial Gain." March 2021.