

BROKEN PROMISES:
CHARTER SCHOOLS IN TEXAS

SEPTEMBER 2000

EXECUTIVE SUMMARY

Since the inception of charter schools in Texas in 1995, 188 charters have been granted for schools across Texas. This movement away from regulated public schools and towards a more flexible system has opened new opportunities for some students, but trapped others in situations that range from dismal to dangerous.

Charter schools have vigorous proponents, and much attention has been focused on the handful of schools that have produced encouraging academic results. But while proponents have touted the successes of some charters, the sad fact is, that the handful of charter school success stories are exceptions. More often, the rule is lack of accountability, poor academic performance, and sometimes even gross mismanagement. The problems with charter schools in Texas are numerous. Complaints against charter schools filed with TEA from teachers, parents, students, private organizations, and school districts allege a wide range of abuses, including financial mismanagement, failure to pay salaries and retirement funds, failure to pay rent, verbal abuse to teachers and parents, verbal and physical abuse against students, poor facilities, poor curriculum, failure to take attendance, failure to administer the TAAS test, and nepotism.

How did charter schools in Texas reach such a dismal point? By ignoring the words of caution expressed by a great many legislators, State Board of Education members, parent groups, and others concerned with education, and heeding instead the so-called ‘school choice’ lobby, which has advocated growing the charter program at a breakneck speed without basic safeguards and accountability procedures in place.

Indeed, the ties between the pro-charter and pro-voucher groups are thick, spanning legislators (three pro-voucher leaders sit on boards of charter schools; two legislators have authored bills to expand charter schools and to institute a voucher system), advocacy groups (voucher lobby group Putting Children First’s chair, Jimmy Mansour, was a vocal proponent of expanding Texas’ charter program), and big-money interests (voucher lobby mega-funder John Walton of Wal-Mart has opened charter schools).

Beyond the horror stories of the dramatically failing charter schools lies a larger lesson: that the promises made by those promoting charters as a panacea to public education have proven to be hollow. These promises included the theories that eliminating certification requirements would result in better-qualified teachers, that charters would allow Texas to better serve the needs of a diverse student population, that loosened regulations will result in higher student performance and satisfaction, and, finally, that that competition would improve public schools. Instead of improving public education for Texas students, charter schools’ performance has been less than stellar, characterized by sub-standard TAAS scores, even in non-at-risk schools. Student satisfaction among at-risk schools has fallen sharply and corrupt management practices seems to plague the charter system. Across the board, promises made to parents and taxpayers by those selling charters have been broken.

The Texas Freedom Network Education Fund provides a mainstream voice to counter the religious right’s growing influence in Texas. Our support for public education prompted TFNEF to research the record and performance behind the promises of the new public school movement, charter schools.

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OVERVIEW OF CHARTERS

“In 1995, the Texas Legislature provided for the creation of twenty open enrollment charter schools (TEC § 12.101 – 118). Open-enrollment charter schools are public schools that are substantially released from state education regulations and exist separate and apart from local school districts . . . In 1997, the Texas Legislature provided for an additional 100 open-enrollment charter schools as well as an unlimited number of charter schools that would serve students at risk of failure or dropping out of school.”¹

Charter schools are public schools that have a contract, or charter, with the state, are operated independently from the local school district, and are free of many of the regulations that traditional school districts incur. Charter schools are open-enrollment in that the school cannot charge tuition and all students must be accepted without discrimination. Charter schools are exempt from regulations such as class-size limits and teacher certification requirements. Nor do charter schools have to follow state rules for discipline, pay scale, or bidding requirements. The idea behind charters is to give enough flexibility to schools in order for them to create learning structures that best serves students. In exchange for fewer regulations, charters are accountable to the state for taking the Texas Assessment of Academic Skills (TAAS) that is required of all public students, providing special education in the same way as public schools, following federal guidelines and meeting state rules for accounting in accordance with the Public Education Information Management System (PEIMS).

Charter schools have garnered attention as a school choice option within the public system. Minnesota was the first to pass charter legislation in 1991 and by 1999, 36 states, Puerto Rico and the District of Columbia had passed charter laws. Charter schools enjoy bipartisan support from governors and state legislatures. Both Presidential hopefuls, Vice President Al Gore and Governor George W. Bush, have shown support for charters and their expansion.

Some of the intentions for charter schools are to create school choice for parents and students within the public school system, encourage innovative teaching practices, create new professional opportunities for teachers, and leverage improved public education broadly. The founding entities generally fall into three groups: grassroots organizations of parents, teachers and community members; non-profit and for-profit entrepreneurs; or existing private or religious schools converting to charter schools.²

Originally, the Texas law stipulated that 20 schools could be opened as charter schools. In 1997, the program was expanded to another 100 schools and an additional unlimited number of schools to serve at-risk student populations. To qualify as a school serving at-risk students, school enrollment must include at least 75% at-risk students. At-risk students are designated by TEA according to the following criteria: was not advanced a grade level for two or more years, has math and reading skills two or more years below grade level, is failing two or more courses, failed the TAAS test, and/or is pregnant or is a parent.³ About half of charter schools operating serve an at-risk population, whether chartered to serve at-risk students or actually serving high percentages of at-risk students under an open-enrollment charter.⁴

CHARTERS – ISSUED, REVOKED, RETURNED, AND AMENDED

Currently, 188 charters have been awarded, with 172 charters active today. Approximately 164 schools are currently operating, serving over 27,000 students.

Three charters have been revoked – Cypress Youth Lodge in East Texas, Emma L. Harrison in Waco and Rameses in San Antonio. Cypress Youth received a reported \$240,000 from the state, but never opened.⁵ The funds have yet to be recovered. Emma L. Harrison's and Rameses' charters were revoked after massive financial mismanagement had occurred and following a lengthy review by TEA.

The charters to twelve schools have been returned to TEA. These include the four schools (LOVE, HOPE, FAITH, and POWER) operated by the management company Life's Beautiful Education Centers. These schools closed due to financial troubles, including failure to pay teacher salaries, rent, and mandatory payments to the state teacher retirement fund and the IRS. The charter of Academy of Austin closed in the middle of the night without notifying teachers, students, and parents. The management company, Charter School Administrative Services of Michigan, still have four other charters in the state. El Paso Community, Neighborhood Pride, Austin Interactive, Sky's the Limit, and Freedom School also returned their charters. In July, the State Board of Education (SBOE) approved the return of the charters for Space Center Houston and West Texas A&M University.

In addition to the growth of the number of charters granted in 1997, there is an expansion within the already present charters. This is due to a majority of schools having had their charters amended. Over 360 different amendments have been approved by the SBOE.⁶ There have been 91 amendments from charter schools to increase their maximum enrollment cap. Charter amendments to increase the grade levels served have been granted 45 times and there are 42 amendments granted for a charter school to add new campuses.

ACCOUNTABILITY

TAAS

TAAS scores from charter schools have fallen far below the average of Texas public schools. For the 1998-1999 tests, the state average for percentage of students passing all parts of the TAAS was 78.4%.⁷ The overall average for charter schools was just 59.1% passing.⁷ Charter proponents have stated that this can be due to the role of many charters to serve at-risk students. However, the average percentage passing for charters classified as non-at-risk was only 64.0% which is still 14% below the public school average (the average percentage passing all parts for at-risk was only 30.9%).⁴

The following table depicts the TAAS scores for 1998-99.⁴

TEA Snapshot Data: 1999 TAAS Performance

Percent of All Students* Passing TAAS	Charter Schools (N=61)	State Average (N=1042)	Relative % Difference**	Absolute % Difference
All tests taken	59.1%	78.4%	24.6	19.3
Reading	76.1%	86.6%	12.1	10.5
Writing	71.3%	88.2%	19.2	16.9
Mathematics	67.2%	85.7%	21.6	18.5
Percent of Students by Groups Passing All Tests Taken				
African American	42.6%	64.1%	33.5	21.5
Hispanic	59.5%	70.1%	27.5	10.6
Anglo	72.2%	87.9%	17.9	15.7
Other	81.8%	89.1%	8.2	7.3
Economically disadvantaged	54.2%	67.9%	20.2	13.7

Source: 1999 Snapshot data. The school is the unit of analysis.

**All students" refers to students tested in grade levels at which TAAS is administered

***Relative difference" is defined as ((state passing – charter passing)/state passing)*100. Neither relative nor absolute differences are included in Snapshot 1999.

Overall TAAS Passing Rate for 1999-2000

At this time, only a school's overall passing rate for all subjects of the TAAS for the 1999-2000 school year is available. The median passing rate for the 133 charter schools that administered the TAAS this past year was only 39 %, and the average passing rate was 41%, compared to an overall passing rate of 80% for all public schools.^{8,9} During a period when rates increased slightly for all public schools, scores for charters decreased by almost 20%. Nearly 70% of charters, 93 of the 133, had failure rates of more than 50% and 30 schools had more than 75% of their students fail the TAAS test. Only 7 charter schools out scored the state average.⁸

Proponents of charters often justify these dismal scores because the schools are new or because many of the schools serve at-risk students. The excuse that charters are just getting started is not nearly as convincing now since some schools have been operating for four years. While many charters do serve at-risk students or minorities, charter students trail similar groups in public schools. The overall passing rate for economically disadvantaged high school students is 68%. Hispanics had an overall passing rate of 70% and Blacks passed at a rate of 67%.⁸ To explain away low scores because of at-

risk and minority students ignores the fact that similar groups in traditional public schools are considerably outperforming charter students.

It is important to note that no charter school has lost its state contract due to low academic performance.

Student Satisfaction

The following tables were taken directly from the TEA 3rd Year Evaluation, Section IV, Student Satisfaction.¹ It shows that at-risk students are becoming decreasingly satisfied with their schools, where as the non-at-risk schools' satisfaction levels appear to be roughly the same with an increase in the decision to return to charter schools. (Note: since the student surveys were distributed at the end of the year, many of the students that were very dissatisfied may have already left the school.)

Note: Only one non-at-risk school participated in the survey in the 1997-98 school year, and therefore, comparisons for non-at-risk students were only made between 1996-97 and 1998-99.

Table IV.10 - Measures of At-Risk School Respondents' Satisfaction with the Charter School, 1996-97, 1997-98, and 1998-99 (given as percent of responses)

	At-Risk Schools 1996-97	At-Risk Schools 1997-98	At-Risk Schools 1998-99
Satisfaction with Charter School			
Very satisfied	56.8	37.7	29.3
Satisfied	38.9	52.3	58.3
Not satisfied	4.3	9.9	12.4

Grades Assigned by Students*			
A	45.0	32.5	28.7
B	42.5	41.9	35.7
C	7.7	17.6	16.8
D	3.0	5.9	9.2
F	1.8	2.2	9.6

Plans for Next Year			
I will graduate	38.4	35.3	37.3
Among those eligible to return			
I will return to charter school	69.0	63.1	51.2
I will switch schools	8.4	7.7	16.7
I don't know yet	22.6	29.5	32.1

*Includes only those who gave a grade. The “not sure” responses have been omitted.

Table IV.13 - Measures of Non-at-Risk School Students' Satisfaction with the Charter Schools, 1996-97 and 1998-99 (given as a percent of responses)

	Non-at-Risk Schools 1996-97	Non-at-Risk Schools 1998-99
Satisfaction with Charter School		
Very satisfied	23.0	21.6
Satisfied	53.1	57.1
Not satisfied	23.9	21.1
Grades Assigned by Students*		
A	16.9	22.5
B	42.2	30.3
C	18.6	21.5
D	13.6	12.1
F	8.7	13.6
Plans for Next Year		
I will graduate	2.0	15.4
Among those eligible to return		
I will return to charter school	45.9	58.3
I will switch schools	29.3	14.9
I don't know yet	24.9	26.8

*Includes only those who gave a grade. The “not sure” responses have been omitted.

“Although it is not a direct measure of satisfaction, it is nonetheless interesting to note changes in the [at-risk] post-high school aspirations of the respondents. The goals have not changed substantially, with one exception. Fewer at-risk school students in 1998-99 said they planned to attend four-year colleges than in either of the previous years. The change is not large (from 32.7 percent in 1996-97 to 25.8 percent in 1998-99), but might be of concern to educators hoping to promote college as a viable option for at-risk students.”¹

“The [non-at-risk] respondents’ post-high school intentions . . . differ across the two sample years. In 1996-97, 62.4 percent of the respondents said they planned on attending a four-year college. That proportion dropped to 49.4 percent in the 1998-99 sample. . . The later sample had a higher percentage of students who were undecided about their future plans than the earlier sample (12.1 percent versus 7.6 percent).”¹

Limited English Proficient (LEP) Programs

TEA’s Department of Accountability and Accreditation conducted on-site formative evaluations of the first-generation charter schools during the beginning of 1999 and 2000. These reports found that only 1 charter school, Dallas Can!, had limited English Proficient (LEP) and Language Proficiency Assessment Committee (LPAC) in place. American Institute for Learning had LEP in place, but not LPAC, and Pegasus Charter and North Hills School both had LPAC in place but it had taken no action. The other 15 schools had yet to establish the programs which are required by both federal and state laws for students in *all* publicly funded schools.¹⁰ TFNEF finds this lack of LEP and LPAC particularly disturbing since the largest percentage (43%) of charter students are Hispanic.⁴

Student per Teacher Ratio

Texas public schools, excluding charter schools, reported the number of students per teacher in 1998-1999 was 15.2.⁷ Where as, the average student to teacher ratio of charter schools for the same year was 21.4.¹ Eleven schools reported ratios of higher than 40 students per teacher. Sentry Technology Prep School reports a ratio of 69. Even with these outliers removed, the average ratio falls just short of 19.¹ Proponents of charters note small classrooms and more personal attention as a reason for expanding charter schools, yet it appears that public schools provide smaller classes overall.

COMPARISON OF TRADITIONAL PUBLIC SCHOOLS AND CHARTER SCHOOLS

Characteristics Comparison

The following table is information gathered from TEA Snapshot – 1998-99 school year, and compares some of the characteristics of the two types of public schools.⁷

CHARACTERISTICS	CHARTERS	TRADITIONAL SCHOOLS
African-American	33%	14%
Hispanic	43%	39%
White	22%	44%
Economically Disadvantaged	52.6%	48.5%
Special Education Students	6%	12%
Bilingual/ESL English Students	3%	12%
Attendance Rate (97-98)	88.8%	95.3%
Annual Dropout Rate (97-98)	15.5%	1.5%
Percent Taking College Admissions Tests	32.5%	61.7%
Sat I: Mean Total Score	756	992
ACT: Mean Composite Score	15.8	20.3

Credits and Achievement Records

Charters operate in much the same way as a local traditional school district. Credits are not decided by seat time, or by how many hours a student takes a course. Instead, a student is said to have received a credit when he or she has successfully mastered the skills, considered at a level of 70 or more points out of 100. The school must be able to present evidence that the student has mastered the information if called upon. Since there are no uniform credit descriptions, charters may determine what constitutes a credit and design their own methodology and instructional time. Some traditional public schools district leaders question the standards of the charter's credit system, causing one superintendent in a southeast Texas town observed that charter schools "are giving away credits—sometimes as many as 15 in one week."¹ For example, Renaissance Charter School's XLR8 Campus operates on a four-hour school day. One group of students attends in the morning and another group in the afternoon. Therefore, only one shift of teachers is needed to teach twice as many students.¹¹

Both traditional public schools and charters are required to keep and maintain academic achievement records, stipulating the courses and credits the student has received.

Curriculum Requirements

Generally speaking, charter schools are required to follow the same course guidelines as traditional public schools, set out in the Texas Administrative Code (TAC), Chapter 74, Subchapter A. Charter schools are allowed some leeway as to the courses offered. If the charter's application or amendment specifically states any deviations from the TAC and the contract or amendment is approved by the SBOE, that course plan is allowed. For instance, a technology course may be omitted from the curriculum if the charter stipulated that in its application.

Graduation Requirements

Unlike with curriculum, charter schools receive no leeway and must strictly follow the same graduation requirements as traditional public schools, according to TAC, Chapter 74, Subchapter B, Subchapter D.

CHARTER SCHOOL TEACHER CHARACTERISTICS

Certification and Degrees

Teachers at charter schools are not required to have any form of teaching certification. Due to this provision more than half (53.9%) of those teaching at charters have no form of certification.¹ The percentage is even higher for at-risk teachers (62.3%), who are serving the students that need the most help. Only 3.9% of teachers in public schools are not certified.¹

The following is a table from the TEA 3rd Year Evaluation, Section II, Characteristics of Charter Schools.¹ It shows that not only are there higher percentages of teachers non-degreed, there are also slightly less percentages of BA and advanced degrees. Proponents of charter schools often claim that removing accreditation requirements will result in more teachers with advanced degrees, but this has not been the case in Texas. Charter schools actually have fewer teachers than public schools with advanced degrees, while a startling 11% of charter teachers have no degree at all. The table also depicts the differences in classroom size mentioned earlier, and the relative lack of experience of charter school teachers.

Table II.9, cont. - Characteristics of Charter School Faculty, 1998-99 (percentages)

Teacher Characteristic	Texas Public Schools^{1[19]}	Texas Charter Schools	At-Risk Charter Schools	Non-at-Risk Charter Schools
Non-degreed	0.9	11.0	11.7	10.5
Baccalaureate degree	72.1	69.2	66.8	70.7
Advanced degree	26.0	25.3	26.3	24.3
Student/teacher ratio	15.3	21.4	24.9	17.8
Average experience in years	11.8	5.83	5.71	5.94
Average full-time salary	33,537	26,044	25,868	26,221
Total faculty count		815.5	349	468.5

Teacher Turnover Rate

The volatility of the environment at many charter schools can be seen in the school's extremely high staff turnover rates. The overall teacher turnover rate for charter schools is 55.3%, compared to 15.4% at public schools.⁷ Pegasus Charter School had a 100% turnover rate for 1998-99 and employed six teachers in 1998-99. Blessed Sacrament turnover rate was 90.8, with seven teachers on staff. Dallas Can!, with 32 teachers, had a 82.2% turnover rate.¹

ACCOUNTABILITY TO TAX PAYERS AND THE COMMUNITY

Charter schools receive millions per year, yet have very little accountability to the state or the public that funds them. During the 1998-99 school year, Texas spent \$61.2 million in taxpayer funds to educate 27,000 students in 61 charter schools.¹² Last year, \$115 million in public funds was spent to finance 143 operating charter schools.⁸ State money has been lost when schools are revoked and closed. Most of the first generation schools were found to be claiming a higher number of students enrolled than actually were, therefore receiving millions more state funds. Out-of-state for-profit management companies and consulting companies are raking in taxpayer's money without being accountable to the public. Without control over the charter's school boards, the community has no say in how their tax dollars are spent.

State Funds Lost to School Revocations and Closures

Cypress Youth Lodge in East Texas received approximately \$21,000 per month from September 1996 through June 1997, for a total of \$240,519 in state funds, yet failed to open its doors.⁵ When the Emma L. Harrison School had its charter revoked, it has already received around \$750,000 from the state, and was in debt to creditors for over \$400,000.¹³ The TEA auditors of the revoked charter school, Rameses, claimed inconsistencies in school attendance that led to nearly \$13,000 in overpayment of state aid and charged another \$82,000 in overpayment for special education services.¹³

When the Academy of Austin Charter School closed and packed up in the middle of the night, Texas had already paid the Michigan-based Charter Schools Administrative Services \$324,000 in state funds since the conception of the school.¹² When a charter school is revoked or returned, the state can only confiscate the textbooks and official records. The rest, such as computers, supplies, and desks, remained the property of the sponsoring entity.

Life's Beautiful Education Centers managed four charter schools: LOVE, HOPE, POWER, and FAITH, before the charters were returned due to financial problems. The corporation provided administrative costs for 20% of the state money and until late March of 1999, LBEC was receiving all state payments directly. LOVE staffers were reported as saying the only administration done by LBEC in the last four months of operation was to send two faxes: one ordering a hiring freeze and one telling LOVE to recruit more students.¹⁵ While the schools had only been open for one semester, the four schools had already run up debts of about \$200,000 each, for almost a total of \$1 million dollars owed to the state.¹⁶

State Funds Lost to Charter Schools Inflating Enrollment Numbers

In the first year, fourteen out of eighteen charter schools in operation inflated their enrollment figures, which caused over payments of approximately \$2.4 million in taxpayer funds. The schools with the highest amount of funds to return to the state were - Renaissance, \$382,000; Building Alternative, \$219,686; Girls and Boys Preparatory, \$207,526; West Houston Charter, \$201,253; Dallas Can! \$143,000; Medical Center Charter Schools, \$64,523; Raul Yzaguirre School for Success \$35,649.^{17,18} In part because these 18 charters did not receive proper oversight, schools were able to claim more students than they had. Now that there are over 165 schools in operation without nearly enough oversight, the amount of state funds that the schools are illegally obtaining is more difficult to calculate.

Out-of-State For-Profit Companies

A rising trend in education reform is out-of state management companies coming to Texas to provide management expertise, for a fee. Essentially, these private companies are making money from public education, at the expense of Texas taxpayers. Texas's education state funds are now being transferred to profit-motivated companies in states such as Michigan and Massachusetts.

Charters cannot be granted directly to a for-profit organization. However, after the charter is granted to an acceptable entity, a for-profit company can contract with the charter school to provide services. The charter holding entity is not required to disclose in the application that they will be contracting with a for-profit management group and the charter holder is not required to show the contract to TEA or have TEA's approval of the contract with the management company.

Advantage Schools, based in Boston Massachusetts, is a national leader in the emerging for-profit management industry. Working under contract with local school founders, the company opens and operates charter public schools in urban areas nationwide. Advantage president is Steven F. Wilson, a former software entrepreneur. Advantage schools currently have four campuses in Texas, located in Dallas, Houston, Midland, and San Antonio. According to Inc. Magazine, it appears Wilson tends to seek contracts around the nation that are well paying urban schools with high per-pupil state funds.¹⁹ San Antonio Advantage was the only school open early enough to be reported in TEA Snapshot 1998-99. The school's per-pupil funding was \$5,037, more than double the public state average of \$2,275.⁷ (See the section on per-pupil state aid for more information). For all Advantage campuses, voucher and charter supporter, Rep. Mike Krusee serves on the board, as well as Rep. Bill Siebert on the San Antonio Advantage board and Rep. Joe Nixon on the board at Houston Advantage.²⁰

Charter School Administrative Services (CSAS) of Southfield, Michigan is a for-profit company that runs schools for Academy of America, a 30-yr old non-profit Michigan company. CSAS operates Academy of San Antonio, Academy of Houston, Academy of Dallas, Academy of Beaumont, and Academy of Austin, which has been closed. CSAS is the second largest for-profit management company operating in Texas, receiving more than \$1.6 million in Texas funds this school year, based on enrollment.²¹ Leicester "Bill" Allen is president of Academy of America and serves on the board of the five charter schools. All three of the board members live in Michigan, including Mattie Allen and Nathalia Brooks.²⁰ Academy of America closed the Austin school in middle of night on December 1, 1999, with no notification to teachers, students, or parents, and no provisions to students left without a school just weeks before winter break.¹²

It is often the case that charter schools, whose leaders may lack management and financial expertise, hire management consulting companies for a fee. The revoked Emma L. Harrison in Waco and the Higgs, Carter, King Gifted and Talented Charter Academy in San Antonio both have hired the consulting company Youth Empowerment Services. It was reported that the Harrison school was to pay \$100,000 to the consulting company, representing about 12% of the funds the school received.²²

In-State Management Companies

In addition to these out of state for-profit companies, another large management company is located in TX. Dr. Donald R. Howard, a former fundamentalist preacher, founded eagle Project, an ostensibly non-profit group with 16 charters schools in Texas. Around 30 years ago, Howard began Accelerated Christian Education, Inc. (ACE) in Lewisville, TX. The publishing company became the basis for a franchise of fundamentalist private and home schools and has now helped start around 7,000 primarily religious private schools worldwide, including 550 in Texas. Most operate under the name "School of

Tomorrow.” ACE has turned education into a franchise by supplying schools with curriculum, hardware, educational software, and school supplies. Eagle Project is Howard’s first attempt at starting public schools.²³ Dr. Linus Wright, a former assistant superintendent of Houston and former superintendent of Dallas schools, and Dr. Forrest Watson, a former Pasadena superintendent, join Howard on Eagle Project’s board of directors. SBOE member Grace Shore, R-Longview, challenged the contention that Eagle Project is a nonprofit company by asking if they bought all instructional materials from one source, which is owned by or connected to the Eagle Project. None of the men responded to her question.²⁴

Another example of a Texas management company is Southwest Winners Inc. (SWW), which operates Southwest Preparatory in San Antonio. Southwest is tied to many programs in Texas, including Jobs Training Program Act (JTPA) and operating alternative schools for Alamo Heights School District. Once, SWW was found in violation of the law by the Texas Department of Health for teaching sectarian religion as part of an abstinence program. According to reports filed with TEA, the alternative students and the charter students were being operated jointly with the same staff and facilities.²⁵

Profiles of charter schools operating in 1998-1999 compiled by Texas Center for Educational Research listed the following entities as charter sponsors.²⁶ The Student Alternatives Program, Inc. sponsors four charters, Valley Academy, Paso del Norte Academy, South Plains Academy, and Gateway Academy. YES (Youth for Education and Success) supports the charters to Jesse Jackson Academy and Theresa B. Lee Academy. (See the section, Additional Nepotism Cases, for more information on these two charter schools). Excellence 2000 sponsors Children First Academy of Dallas and of Houston. The organization Texas Can! has two charters currently in operation, Dallas Can! and Houston Can! and is expected to open Ft. Worth Can! and San Antonio Can! in the fall of 2000. Faith Family Fellowship sponsors the Faith Family Academy of Oak Cliff and Waxahachie Faith Family Academy and the Rylie Faith Family Center sponsors Rylie Faith Family Academy. The following list contains other charter schools that are sponsored by entities other than the school.²⁶

1. A.A.M.A. – George L. Sanchez
2. Association for the Development of Academic Excellence – Girls and Boys Preparatory
3. Campbell A. Griffin Center – John H. Wood Jr. Charter School
4. Capitol Creative School, Inc. – Texas Academy of Excellence
5. Community Council of Southwest Texas, Inc. – Gabriel Tafolla Charter
6. Community of Faith Church – La Amistad Love and Learning Academy
7. Continuum Healthcare System, Inc. – Texas Serenity Academy
8. Economic Opportunities - Waco Charter School
9. Educational Learning and Enrichment Center – Academy of Accelerated Learning
10. El Paso Educational Initiative, Inc. – Burnham Wood Charter
11. Faith Southwest Church – Impact Charter School
12. George Gervin Youth Center – Building Alternatives
13. Information Referral Resource, Inc. I.S.D. – One Stop Multi-Service Charter
14. Island Foundation, Inc. – Seashore Learning Center
15. Kids in Development Services, Inc. – Freedom School
16. L.T.T.S. Charter School, Inc. – Universal Academy
17. PEAK, Inc. – Mainland Preparatory
18. Shekinah Learning Institute – Radiance Academy
19. South Texas Educational Technologies, Inc. – Technology Education Charter
20. Valley Intervention Projects, Inc. – Valley High Charter

Unaccountable School Boards

With traditional public school districts, the school boards are elected and are therefore accountable to the taxpayers that voted for them. However, charter schools chose their own boards and the public that funds the school has no control over who runs the charter schools in their communities. Charter boards are able to collect and disperse state funds, without the public's say as to how the money should be spent.

The lack of elected board members may help to explain the conflict of interests and nepotism found in charter boards and the numerous complaints to TEA about deceptive board practices discussed in this report. When a parent or community member has concerns about a charter school, TEA instructs them to address the problem to the board. Since there is no control over the boards, often the board is the same administrators or from the same family that the person has concerns with. Without the ability to elect new members, the community is left with no recourse against charter schools except filing a complaint with TEA.

NEPOTISM AND CONFLICT OF INTERESTS WITH BOARDS AND ADMINISTRATORS

Charter school boards are considered a governmental body for the purposes of Government Code, Chapters 551 and 552, which describe open meetings policies and public information. (Education Code, Chapter 12) Unlike public schools which have elected school boards, charter schools have a private board whose members may be appointed by the founding entity, invited to serve or otherwise selected in an approach modeled after a club or other organization.²⁷ Due to this, nepotism on boards is prevalent and often the same people serve on both the board and as administrators for the school. This conflict of interest is causing corruption and problems in charter schools.

The Case of Renaissance and Heritage

In the Spring of 2000, two charter schools, Heritage of Dallas and Renaissance of Irving, underwent investigation by TEA for financial mismanagement. TEA originally began monitoring Renaissance when it defaulted on a \$1.5 million private loan, owed the IRS \$450,000 in withholding taxes and had been operating with a monthly deficit of \$41,000.²⁸ The investigation was broadened to include Heritage when the following family and business ties between the two charter schools were discovered.^{25,28}

- Don Jones, father of Mat Jones, is CEO of Renaissance
- Mat Jones, son of Don Jones, is a board member of Heritage and Asst. Principal at Renaissance
- Reagan Hiller, son-in-law of Don Jones, is board president of Heritage
- Paula Pruettt, also listed as Paula Jones, is on the Heritage board.
- Dr. Bill Cole, principal of Renaissance, board member of Heritage.

Regan Hiller and Mat Jones are among the founders of Liberty Institute, a nonprofit organization, which received a \$100,000 contract from Heritage to provide education services. In addition, a \$204,079 loan to Renaissance was issued from Heritage, and declared “uncollectable” within a few weeks of being granted. The business manager for both schools is Mr. James Montford. Therefore, the administrators and board of both schools knew the financial stability when the loan was made.

Since its inception, Renaissance has received \$10.6 million in state funding, and Heritage approximately \$3 million. Essentially, the Jones family is controlling over \$13 million dollars of state funds.²⁸ Don Jones has since resigned as CEO and board member.

Additional Nepotism Cases

The following information on nepotism was gathered from the school board lists filed by the schools with TEA and complaints against these schools filed with TEA.^{20,25}

Rylie Faith Family - This school not only has family members serving on its board, but many of the board members are also the staff of the school, creating a conflict of interests. The Chairman of the Board is Karen Belknap, and she is also the superintendent. The principal of the school, Don Belknap, is also the Treasurer of the Board. TFNEF was not able to determine his relationship to Karen Belknap. Dorothy Harris, a cousin of Karen Belknap, serves on the board and as an administrator at the school. In addition, Dr. Shala White and Brenton White both serve on the board and are an administrator and Vice-principal, respectively. Only one board member out of six is not also serving on the school’s staff

Jesse Jackson and Theresa B. Lee Academies - Founder of Jesse Jackson Academy, Dr. Jesse Jackson, is married to Theresa B. Lee, the founder of the Theresa B. Lee Academy of Ft. Worth. Ms. Lee serves on the board at the Theresa B. Lee School and also handles the fiscal affairs at Jesse Jackson School. Their son, Jesse Jackson III, works part-time at the Jesse Jackson School as a “computer lab technician” and receives an estimated \$60,000 a year, which is much more than the degreed instructors receive. According to a teacher’s complaint filed with TEA, Ms. Lee response to the issue of nepotism was “this is our company, Dr. Jackson can pay him \$60,000 if he can afford to, that is of no [one] else’s concern.”

Universal Academy - At Universal, Mrs. Diane Harris is CEO, principal, and serves on the board. Her sister, Janice Blackmon, is the Business Director and on the board. Ed Harris, Mrs. Harris’ son, is the Director of Media Services and Ms. Jackson, the mother of Diane Harris and Janice Blackmon, is a classroom teacher assigned to a classroom with no students.

Nepotism on Boards

The following is a list of additional charter schools where the list of board members obtained from TEA shows the same family name serving on the board.²⁰ There may be more instances of family relations on boards that TFNEF was not able to detect due to different last names.

1. 21st Century Academy of Science and Technology – board vice president was Nick Martinez and secretary/treasure was Lupe Martinez. (21st Century is now closed)
2. A.W. Brown-Fellowship Charter School – three members from the Brown family
3. Academy of Excellence – three out of four members are from the LaGrone family
4. All Saints Academy – Regina Tolliver serves as treasure and Dr. Charlie Tolliver serves as educational consultant on the board
5. Burnham Woods – two of five members from Burnham family
6. Cedar Ridge – two of four board members are from the Walton family
7. FOCUS – the president of the board, Yvette McClure, is related to the Executive Director and CEO, Leroy McClure Jr.
8. Gulf Coast Council of La Raza – four members on the board are from the two families of Marinez and Rodriguez
9. Houston Heights Learning Academy – Rev. S.J. Gilbert, Sr. and Mr. John Gilbert serve together on the board
10. Impact Charter – the president and secretary are from the Moten family
11. Northwest Mathematics, Science, and Language Academy – three board members are from the Brooks family
12. San Marcus Preparatory- Kyev Tatum is CEO and Martha Tatum is COO in a three member board
13. Ser-Ninos – two members from Soliz family

Conflicts of Interest with Legislators

Rep. Mike Krusee sits on the boards of 4 charter schools located in Dallas, Midland, San Antonio, and Houston, which have contracted out with Advantage Schools, a Massachusetts for-profit group. In March of 1999, Krusee introduced a bill for \$3 million in tax-exempt bonds to finance the purchase or construction of a new building for North Hills Charter School in Irving.²⁹ Voucher supporter Rep. Bill Siebert also serves on the San Antonio Advantage school board with Krusee and Rep. Joe Nixon sits on the school board at Houston Advantage.²⁰ Rep Henry Cuellar, a Laredo Democrat, was the author of the House bill for additional 100 charter schools.³⁰

PER-PUPIL STATE AID

Charter schools' primary funding is from the per-pupil state aid that each student receives based on their area. The aid that would have gone to the local school district that the student attended is followed with the student to the charter school. TFNEF is currently investigating whether there is a correlation between where entities, especially for-profit management companies, are operating their charter schools and the state aid per pupil in that area. The average per-pupil aid in a charter school is \$4,225 compared to an average of \$2,275 in public schools.⁷ Some of this discrepancy may be explained by a majority of charter schools in at-risk areas, which receive more funding. Yet, when computed separately, the average for at-risk charters is \$4,625 and the average for non-at-risk charters is \$3,655, which is still \$ 1,380 more than the public average.⁴

RELIGION IN CHARTER SCHOOLS

According to the Supreme Court decision, *School District of Abington Township, Pennsylvania v. Schempp* (1963), no state law or school board may require that passages from the Bible be read or that the Lord's Prayer be recited in the public schools of a State at the beginning of each school day.³¹ Since this judgment, religious reading and references may not be taught in public schools, including charter schools. Nor are religious symbols allowed to be present in the schoolrooms. Yet, complaints have been heard by TEA about violation of these regulations. The Brazos School for Inquiry is housed in a Catholic Church and Prepared Table holds classes in the church sanctuary. Often ministers and reverends serve as board members. The sponsoring entity of a charter can hold voluntary religion classes in before and after school, as Radiance Academy does.

When a public school is housed in a church or a building with a religious tie and the leaders of the school are leaders and members of the church, it seems the charter school would appear to a community that this public school was created to serve that particular congregation. According to an article in the *Atlanta Journal and Constitution*, the Ser-Ninos school, “looked like a parochial school: It was small, met in a church, provided uniforms.”³²

Religious Leaders on Charter School Boards

The following schools listed religious leaders on their board of directors.²⁰

1. A.W. Brown-Fellowship - Rev. Armond W. Brown, board member and director
2. Cedar's International School - Our Lady's Maronite Parish holds the charter issued on May 12, 2000, Rev. Dr. Don J. Sawyer, CEO and on board of trustees
3. Gulf Coast Council of La Raza – Deacon Armando Cavada, chairman, board member; Father Eddie Garcia, board member
4. Houston Heights Learning –Rev. S. J Gilbert Sr., board member; Rev. Stanley Harris, board member
5. Life's Beautiful Educational Centers – Reverend Hugh Williams, Jr., board member (LBEC charter schools are now closed)
6. Shekinah Learning Institute, a.k.a. Radiance Academy – Sr. Pastor Joe Morales, board member
7. Southwest Preparatory – Pastor Michael Smith, board member
8. Tekoa Academy – Pastor Marvin E. Moore, vice-president of board

Examples of Schools with Religious Ties

The director of Eagle Project charter schools, Don Howard, has started approximately 7,000 primarily religious private schools worldwide, including 550 in Texas. Eagle Project is his first attempt at starting public schools, and in a *Wall Street Journal* article, Howard states that the trick to charter schools will be to avoid the religious aspects. “Take the Ten Commandments - you can rework those as ‘success principle’ by rewording them. We will call it truth, we will call it principles, we will call it values. We will not call it religion.”²³

In its application to TEA, Southwest Preparatory stated, “The curriculum will include an emphasis on character education (self-reliance, responsibility) and moral education. Health will include a unit on abstinence education that emphasizes the four tenants of moral responsibility (Prudence, Fortitude, Temperance and Justice). English classes will include readings from the *Book of Virtues*.” The school facilities are owned by Hope Presbyterian Church. Serving on the board is Dr. Gary Short, headmaster of St. Anthony's Catholic High School in San Antonio and Mr. Michael Smith, Pastor at Hope

Presbyterian Church. Also serving on the board is Charlene Smith, who works for Christian Women Job Corps.

All Saint's Academy is a new charter school starting this fall. The school is run by New Beginnings Outreach Center Ministries, which is also starting a private, religious school this fall. The superintendent for both schools is the pastor at the church, Reverend A. J. Scott.³³

According to his business card, Rev. J. L. Lewis is the superintendent of Academy of Excellence Charter School. The sponsoring entity of the charter is the Church of Pentecost, where Lewis is the pastor. Listed as the sponsoring entity of La Amistad Love and Learning is Community of Faith Church and the Academy Faith Southwest Church sponsors Impact Charter School.²⁶

Conversion Schools

A charter school does not have to be a new school. In fact, 24 Texas charter schools previously existed. Some were from a traditional school district, but most were formally private and sectarian schools. These schools are able to apply to convert to a charter school, allowing them to receive state funding and no longer have to charge tuition. The following is a list of conversion schools, provided by TEA.³⁴

1. A+ Academy
2. Academy of Skills and Knowledge
3. Academy of Transitional Studies
4. Alief Montessori Community School
5. American Youth Works
6. Blessed Sacrament Academy
7. Bright Ideas
8. Burnham Wood
9. Dallas Can!
10. Encino School
11. Faith Family Academy of Oak Cliff
12. George L. Sanchez
13. KIPP, Inc.
14. Raul Yzaguirre School For Success
15. Rylie Faith Family Academy
16. Seashore Learning Center
17. Southwest Preparatory Academy
18. Star Charter School
19. The Raven School (Gulf Coast Trades Center)
20. Treetops School International
21. Two Dimensions Preparatory
22. University Charter
23. Varnett Charter
24. Waxahachie Faith Family Academy

COMPLAINTS AGAINST CHARTER SCHOOLS

Complaints against charter schools filed with TEA include those from teachers, parents, students, private organizations, and school districts.²⁵ The complaints indicate a wide range of abuses, including financial mismanagement, failure to pay salaries and retirement, failure to pay rent, verbal abuse to teachers and parents, verbal and physical abuse against students, poor facilities, poor curriculum, lack of any due process with suspensions and expulsions, and nepotism.

It was surprising to find complaints filed against Knowledge is Power Program Academy of Houston. KIPP is often considered and touted by Governor Bush and other legislators as an example of a successful school, and a model for other charters due to its high TAAS scores despite serving an economically disadvantaged population that is 91% Hispanic.²⁶ In the complaints, the school's director, Michael Feinberg, is charged with emotional and verbal abuse. "KIPP has a discipline policy know as the 'Porch', stemming from the idea, 'If you can't run with the Big Dogs, then stay on the Porch.' . . . On the porch, the students are yelled at, cursed at and degraded." The complaints go on to show a violent temper, including smashing and breaking supplies in front of the students. Abusive and vulgar language towards students is also complained about, including Feinberg reprimanding all of the 7th grade students and stating, "You are all just a spoiled, unappreciative, a--holes! Just chiflados, that's all" and telling another student "You are going to be serving me water in a restaurant, cleaning toilets." In a letter Michael Feinberg wrote to KIPP's students and parents responding to students who did not complete an optional assignment, he wrote "I told you that if you didn't do the work, "nothing" was going to happen, and that is exactly what will happen: nothing." The letter goes on to describe Feinberg's new policy of students paying for things such as bus rides, enrichment activities, daily snacks, and not receiving school jackets or fieldtrips and he signs the letter "Indifferently, Michael Feinberg."

A number of schools have had problems complying with the Americans with Disabilities Act. In a particularly disturbing court case, a wheel-bound student at Seashore Learning Center in Corpus Christi was forced to crawl to get to the inaccessible toilet facilities.³⁵

The following are the types of complaints against charter schools that have been filed with Texas Education Agency (TEA), up to June 2000.²⁵

Type of Complaint	Charter Schools
Poor Physical Conditions e.g. unsafe and unsanitary buildings, not enough room for students, etc.	<ol style="list-style-type: none"> 1. Academy of Austin 2. Amigos Por Vida 3. Heights Learning 4. Higgs, Carter, King Gifted and Talented 5. Houston Advantage 6. Life Charter School of Oak Cliff 7. North Hills 8. Radiance Academy 9. Universal Academy

Poor Educational Conditions, e.g. Lack of textbooks, teachers, computers, homework, & testing	<ol style="list-style-type: none"> 1. Academy of Austin 2. Amigos Por Vida 3. Faith Family Academy of Oak Cliff 4. FOCUS Learning Academy 5. Heights Learning 6. Higgs, Carter, King Gifted and Talented 7. Houston Advantage 8. Jesse Jackson Academy 9. Radiance Academy 10. Treetops School International 11. West Houston
Lack of due process in student suspensions and expulsions and faculty terminations	<ol style="list-style-type: none"> 1. Faith Family Academy of Oak Cliff 2. Higgs, Carter, King Gifted and Talented 3. HOPE Academy 4. I Am That I Am 5. KIPP 6. La Amistad 7. North Hills 8. Rylie Faith Family 9. Universal 10. Varnett (formerly Wyndam)
Disrespectful/Abusive Principal/CEO	<ol style="list-style-type: none"> 1. Amigos Por Vida 2. FOCUS Learning 3. Higgs, Carter, King Gifted and Talented 4. HOPE Academy 5. Houston Advantage 6. Jesse Jackson Academy 7. KIPP 8. La Amistad 9. School of Excellence 10. Varnett
Teachers owed back pay and salaries	<ol style="list-style-type: none"> 1. Amigos Por Vida 2. Emma L. Harrison 3. Faith Family Academy of Oak Cliff 4. Guardian Angel 5. Jesse Jackson Academy 6. La Amistad 7. Life Charter School of Oak Cliff 8. Radiance Academy 9. Renaissance 10. Universal Academy
Failure to Pay Bills, Vendors, Rent, IRS, Teacher Retirement System, etc	<ol style="list-style-type: none"> 1. Alfonso's Crutch 2. Emma L. Harrison 3. Heights Learning 4. Higgs, Carter, King Gifted and Talented 5. La Amistad

Failure to provide/problems with Lunch Program	<ol style="list-style-type: none"> 1. Academy of Austin 2. Heights Learning 3. Higgs, Carter, King Gifted and Talented 4. Jesse Jackson Academy 5. Radiance Academy 6. Rylie Faith Family 7. Universal Academy
Problems with ARD/Special Education Students	<ol style="list-style-type: none"> 1. Faith Family 2. Girls and Boys Preparatory 3. Renaissance 4. School of Excellence 5. Seashore Learning Center 6. Treetops School International 7. Universal Academy 8. West Houston
Physical/Mental Abuse towards Students from Principals, teachers, other students	<ol style="list-style-type: none"> 1. Girls and Boys Preparatory 2. Houston Advantage 3. I Am That I Am 4. KIPP 5. Varnett 6. West Houston
No Register Nurse/Health Technician, e.g. Secretaries dispensing medication	<ol style="list-style-type: none"> 1. Academy of Austin 2. Higgs, Carter, King Gifted and Talented 3. Rylie Faith Family 4. Universal Academy
Unsupervised Students	<ol style="list-style-type: none"> 1. Heritage 2. Treetops School International
Students made to work/clean at school, due to lack of staff	<ol style="list-style-type: none"> 1. Radiance Academy 2. Universal Academy 3. West Houston
Problems with Graduation	<ol style="list-style-type: none"> 1. Jesse Jackson Academy 2. LOVE
Financial Problems	<ol style="list-style-type: none"> 1. Emma L. Harrison 2. Heritage Academy 3. Higgs, Carter, King Gifted and Talented 4. One-Stop Multi-service 5. Renaissance
Alleged Illegal Practices	<ol style="list-style-type: none"> 1. Jesse Jackson Academy (cheating at TAAS) 2. Treetops School International (Falsifying records)
Discrepancies/Falsification of Attendance/Enrollment	<ol style="list-style-type: none"> 1. Amigos Por Vida 2. Heights Academy 3. Higgs, Carter, King Gifted and Talented 4. Radiance Academy 5. West Houston

Deceptive Practices of Boards	<ol style="list-style-type: none"> 1. Emma L. Harrison 2. Heritage Academy 3. Higgs, Carter, King Gifted and Talented 4. One-Stop Multi-service 5. Rylie Faith Family 6. Southwest Preparatory
Conflict of Interest with Staff and Boards	<ol style="list-style-type: none"> 1. Heritage Academy 2. Renaissance 3. Rylie Faith Family
Nepotism	<ol style="list-style-type: none"> 1. Heritage Academy 2. Jesse Jackson Academy 3. Renaissance 4. Rylie Faith Family 5. Universal Academy
Complaints from School Districts/Community	<ol style="list-style-type: none"> 1. Heritage Academy 2. Honors Academy

The following chart shows the number of types of complaints filed for each of the schools. The second column is the number of complaints filed with TEA for each school. The numbers are often different due to one complaint regarding different types of problems or different complaints regarding the same type of problem.

Charter School	Types of Complaints	Number of Complaints Filed
Academy of Austin	4	1
Alfonso's Crutch	1	1
Amigos Por Vida	5	5
Emma L. Harrison	4	2
Faith Family Academy of Oak Cliff	4	3
FOCUS Learning Academy	2	1
Girls and Boys Preparatory	2	4
Guardian Angel	1	1
Heights Learning Academy	5	2
Heritage Academy	6	8
Higgs, Carter, King Gifted and Talented	10	7
Honors Academy	1	1
HOPE Academy	2	2
Houston Advantage	4	1
I Am That I Am	2	1
Jesse Jackson Academy	7	1
KIPP	3	3
La Amistad	4	2
Life Charter School of Oak Cliff	2	2
LOVE	1	1
North Hills	2	1
One-Stop Multi-service	2	1
Radiance Academy	6	3
Renaissance	5	6
Rylie Faith Family	6	2
School of Excellence	2	3
Seashore Learning Center	1	4
Southwest Preparatory	1	1
Treetops School International	4	5
Universal Academy	8	2
Varnett Academy	3	7
West Houston	5	4

TEA INTERVENTION

TEA Agency Intervention

Texas Education Code, §39.131, Sanctions, grants authority to the commissioner of education to take specific actions if a district does not satisfy the accreditation criteria. Among these actions, the commissioner may appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent, or appoint a master to oversee the operations of the district. A master appointed to oversee the operations of the district may approve or disapprove any action of the principle of a campus, the superintendent of the district, or the board of trustees of the district.³⁶

Charter Schools Assigned Monitors³⁶

1. Girls and Boys Prep was assigned a monitor on 7/15/98 following an on-site evaluation visit that found significant deficiencies in financial management processes, restructuring of financial records needed, and problems in food service. The monitor was removed on 8/11/99 because steady progress was made to pay back the state debt and to reduce the debt to the IRS.
2. Emma L. Harrison received a master on 3/11/99 due to financial concerns. After several weeks, the master reported an inability to discharge his duties, largely because of significant weaknesses in leadership and management. Since the agency was already engaged in revocation, the master was removed on 5/18/99. The charter was later revoked.
3. Life's Beautiful Education Centers was assigned a monitor on 3/28/99. Major discrepancies in financial management, failure to meet payroll, liabilities significant, and divisiveness among three board members was found. Due to these factors, it was determined that a monitor was not of further benefit and commissioner removed the monitor in 8/10/99. The charters were later returned.
4. Academy of America was assigned a monitor on 12/10/99 to evaluate the Detroit, Michigan company. The developments at the Academy of Austin lead to a review of the other four schools the company operates in Texas, which found financial and attendance discrepancy, and improper PEIMS structure. The monitor asserted the company financially acceptable, but not up to Texas standards.
5. Impact Charter received a monitor on 2/4/00 after an on-site evaluation visit showed serious issues regarding financial conditions, over-reported attendance identified, and an estimated year-end deficit of \$80,000. Impact had a decrease in staff from 15 to 7, therefore reducing monthly payroll and delinquent IRS payments were found.
6. Renaissance was assigned a monitor on 2/4/00 after an on-site evaluation visit uncovered serious issues regarding financial management, failure to pay TRS for three consecutive months at the end of 1999, and a 1999 year end balance of \$1,103,948 negative assets. Renaissance did not adequately provide instructional facilities and necessities for education and safety of students. Commingling of funds with Heritage and running a deficit of \$41,000 per month were discovered.
7. Heritage Academy was assigned a monitor on 4/17/00 in connection with investigation into Renaissance and the loan Heritage made to Renaissance. The monitor reviewed financial transactions and found that attendance records appear to be delinquent and erratic.
8. Eden Park Academy received a monitor on 4/28/00 to review financial transactions. Payroll taxes had not been remitted to IRS since Oct 1998, \$125,000 was owed to IRS and \$45,000 was owed to vendors.

PERFORMANCE RATINGS OF CHARTER SCHOOLS

The Department of Accountability and School Accreditation rates all public schools.³⁷ The first year of operation for a charter school is considered a benchmark year and the school is not rated. A school must be in operation a full year before it is rated by the state; therefore only operating charters from the first generation were rated in 1998-1999 school year. The next year, first-generation charter schools, Pegasus and North Hills, opened and were rated in the 1999-2000 school year, along with the other first-generation schools.

CHARTER SCHOOL	1998-1999 SCHOOL YEAR	1999-2000 SCHOOL YEAR
Academy of Transitional Studies	Acceptable: Needs Review	Low Performing
American Institute for Learning	Acceptable: Needs Review	Acceptable
Blessed Sacrament	Acceptable	Acceptable
Building Alternatives	Acceptable: Needs Review	Acceptable
Dallas Can!	Not Rated	Acceptable
George L. Sanchez	Low Performing	Acceptable
Girls and Boys Preparatory	Acceptable	Acceptable
Medical Center	Acceptable	Acceptable
North Hills	Not Rated	Recognized
One Stop Multi-service	Acceptable: Needs Review	Low Performing
Pegasus	Not Rated	Acceptable
Raul Yzaguirre	Acceptable	Not Rated
Renaissance	Acceptable	Low Performing
Seashore Learning Center	Recognized	Recognized
Ser-Ninos	Acceptable	Acceptable
Texas Academy of Excellence	Acceptable	Acceptable
University of Houston	Acceptable	Recognized
Waco Charter	Low Performing	Acceptable
West Houston	Acceptable	Acceptable

Low Performing Campuses

SBOE Agendas describe the reasons for a rating of low performing campus.³⁶

1998-1999 School Year

1. George L. Sanchez, low rating due to dropout rate, March 5, 1999
2. Waco Charter School, low rating due to TAAS performance, March 5, 1999

1999-2000 School Year

1. Academy of Transitional Studies, low rating due to both dropout and TAAS performance, Jan 2000, July 2000
2. Renaissance Charter High School, low rating due to TAAS performance, Jan 2000, July 2000
3. One-Stop Multi-service, low rating due to both dropout and TAAS performance, Jan 2000, July 2000

PUBLIC SCHOOL DISTRICTS RESPONSE AND VIEWS TOWARDS CHARTER SCHOOLS

Quantitative Responses on Charter Schools

In the 3rd year Evaluation performed by TEA, 271 public school districts were sampled from a list of districts affected by charter schools. School superintendents and officials from 195 districts returned the survey. “Eighty percent reported no discernable effects on their districts or on surrounding communities, whereas 15% noted mild effects. The remaining 5% said their districts or communities had experienced moderate to strong effects”.¹ Ten percent reported a financial impact in ADA funding, ranging from \$8,000 to \$1,500,000, with an average of \$33,000. The average loss of federal funding, such as for special needs students, was \$41,000 and ranged from \$15,000 to \$125,000 in lost funds.¹

Charter proponents frequently claim that the creation of charter schools will foster competition among public schools to better serve the needs of students, thereby increasing the performance of all schools. Based on responses from public school administrators affected by charter schools, this does not appear to be the case. “Nearly all respondents – 95% - indicated that there have been no changes in educational policies, programs, or services as a result of the presence of charter schools in their areas. . . more than half said that any program offered by an area charter school is already available in the district”.¹ Only four districts said there have been changes in educational policies, programs, or services as a result of charter schools. Two of the four indicated that the changes came in the form of increased marketing and public relations. “Districts did not report having created smaller schools or schools-within-schools, increasing efforts to involve parent or community members in school activities or governance, or expanding educational programs or services . . . No school said it has adopted practices similar to area charter school practices.”¹

Qualitative Responses on Charter Schools

Some of the main concerns listed by the public school districts are:

- Charter schools using state revenues to fund campaigns critical of public schools
- Lack of accountability, especially in the area of student performance
- Charter schools are not required to comply with student discipline guidelines, resulting in lack of due process for students
- Financial mismanagement and fiscal irregularities
- Student enrollment shifts along socioeconomic or racial lines

The following are excerpts from Chapter V of the TEA 3rd Year Evaluation and depict some of the concerns of public school districts.¹

Several respondents reported that charter schools have caused public relations problems for their districts. A superintendent in a suburban east Texas district noted that, although his district has not yet lost students to an area charter school, the school “has run public announcements critical of public schools” that are “rather inappropriate.” Another superintendent in a small north Texas town described a situation in which a private school received a charter and subsequently began running television and radio ads presenting negative views of the district in which it is located. She expressed a concern that charter schools may use state revenue to fund a campaign criticizing public schools.

[continued excerpts from TEA 3rd Year Evaluation]

A central Texas town superintendent who favors the concept of public school choice is rethinking her position after witnessing a situation in which students in a particular at-risk charter school have been observed “smoking dope on the front porch,” “not attending school,” and “in the streets.” She said, “Choice can provide an alternative for kids. However, the schools have to be held to . . . standards or we’ll have kids coming out with no education.”

An official in an urban west Texas district believes that charter schools represent “an attack on public schools” and asks, “What if you allowed me to change all the rules for schools [in my district]? There’s no accountability for that.” In the area of student performance, the superintendent in a southeast Texas town observed that charter schools “are giving away credits—sometimes as many as 15 in one week.”

Several respondents questioned whether charter schools truly offer “open enrollment.” The district superintendent in a north Texas town wrote, “[The] charter school in our area only wants to hand pick students. They will make it hard on a student who does not fit their criteria until [the student] leaves.”

The fact that charter schools are not required to comply with student discipline guidelines as outlined in Chapter 37 of the Texas Education Code has caused problems in her district when students dismissed from area charter schools return to district schools: “Students who exhibit poor behavior are not allowed to remain in [the] charter school, but [the] school does not document infractions or place [students] in an AEP.” In her view, the charter school seems more like a private than a public school in its ability to dismiss students without documentation or due process requirements. An administrator in an urban south Texas district wrote, “When a student enrolls in a charter school, the student should have the same rights to due process as the student would have in any public school.”

Comments included concerns about fiscal irregularities, University Interscholastic League (UIL) rule infractions, and off-site administration. A superintendent in an urban north Texas district wrote, “The charter school in our district is now close to closing because of financial mismanagement. . . [The effects have been detrimental because] students moved to the charter school and then back to public schools when the charter school went broke.”

Student enrollment shifts may cause difficulty for districts. A superintendent from a large suburban north Texas district noted the effect of charter schools in his area: “We have lost some of our best scholars to these new enterprises.” Similarly, an administrator in a south Texas town wrote, “Top students are lured to the charter schools.” The balance in the student population may be disrupted along socioeconomic or racial lines according to a few respondents.

INNOVATION IN CHARTER SCHOOLS

One of reasons behind starting a charter movement was to increase innovation in public schools. The idea was promoted that with fewer regulations, charters would be able to experiment and foster new methods to educate students and then the practices could then be dispersed through traditional public districts to provide higher quality education for all. However, this does not appear to be occurring. According to superintendents response to a TEA questionnaire about charter schools impact on their district, “Nearly all respondents – 95% - indicated that there have been no changes in educational policies, programs, or services as a result of the presence of charter schools in their areas . . . more than half said that any program offered by an area charter school is already available in the district” . . . No school said it has adopted practices similar to area charter school practices.”¹ When asked if contact occurs between educators from their districts and from charter schools, “Fifteen percent said such contact occurs, mostly on an infrequent basis.”¹

If innovation in charter schools is supposed to spawn new programs in traditional public schools, why has this yet to happen? Is it because most charter schools use methodology similar to traditional public schools, or is it because those charters with “innovative” methodology seem unsound and unviable, for instance the educational structure of the following schools.

The Eagle Project, which at 16 charters has the most charters granted to any entity, utilizes a high-tech, low-teaching approach to learning. Approximately 50 at-risk students are placed in a classroom, each with their own computer and Internet access. One or two teachers watch over the 50 students, as the student works at their own pace towards a personalized goal plan. The computers are equipped with a software program for teaching each individual student, and the students score their own work.^{3,23} When Eagle applied for their charters in 1998, SBOE board member Grace Shore challenged their plan by arguing “to put 50 students of this nature in one room and expect them to sit all day at a computer is unrealistic.”²⁴

The Advantage schools’ curriculum is based on “direct-instruction”, a controversial program of learning reading and math through recitation and coaching and the rejection of whole language and the embracing of phonics. Gene Glass, a professor of educational leadership at Arizona State University, likens it to “boot camp” for disadvantaged students and that it is too rigid and boring.³⁸

West Houston Charter School has a branch of the school called “The Elite Skating Academy of West Houston.” In order to attend the school, students are required to take a minimum of 10 freestyle skating lessons and 3 class sessions per week. While this is supposedly tuition free charter school, the school charges a fee for the required skating lessons of approximately \$90 per week. According to a complaint filed with TEA against West Houston, these skating lessons seemed to take precedence over class work, such as math and spelling.²⁵ The complaint stated in the first 3 weeks, there were no math lessons or a qualified math teacher, nor where there any tests or homework for the 5 weeks the student remained at the school. In addition to this campus, West Houston Charter School operates schools at Aerodome Ice Rink, Texas Ice Academy, Cypress Academy of Gymnastics, Brown’s Gymnastics Facility, Mega Gym, and Texas Star Gymnastics Academy.⁶

Renaissance’s XLR8 Campus, a branch campus for high school students who have fallen behind in their studies, operates on a four-hour school day. One group of students attends in the morning and another group in the afternoon. Therefore, only one shift of teachers is employed to teach twice as many students. Former CEO Don Jones states, “the idea is that I can have two shifts of students in

there and therefore double our income.”¹¹ At XLR8, students who need the most education receive half the instruction that traditional public schools provide. This may help explain why Renaissance has been rated a low performing campus by TEA due to low TAAS scores.

CHARTER APPLICATION AND RENEWAL PROCESS

Evolution of the Application

Since the first charters were granted four years ago, the application process has evolved. By far, the greatest changes have come in the fourth generation application requirements, since SBOE member Grace Shore, Chairperson of Planning Committee, took over the application process. The most notable improvements to the application came in the sections of evidence of eligibility, community support, governance, human resources, business plan, and educational plan. In the section of eligibility, for the fourth-generation and on of applicants, detailed descriptions and history of sponsoring entity must also be included, where previously the entity's proof of IRS status of 501(c)(3) was all that was needed. More documents, such as copy of notice, attendees and synopsis of public hearings, five references, and a plan for publicity and outreach are now required to show community support. Under governance, the School Management Board (SMB) is now to submit biographical affidavits with background information, employment history, licenses and memberships, financial and legal history, and any involvement in companies or organizations that had become insolvent or had other financial hardships. Greater emphasis is now placed on human resources, such as policies on salaries, dismissals, chain of command, job descriptions, and target staff and teacher size. Previously only qualifications of employees and criminal history checks were needed. Probably due to the many financial problems plaguing charter schools, a more extensive business plan, including a three-year budget, fundraising plan, monthly budget status report template, student attendance accounting procedures, a computer program for tracking PEIMS data, are some of the information now required in the application. A more comprehensive description of the charter's proposed educational plan is to be provided. The charter school is now to describe the graduation requirements, school calendar and hours of operation, plan for student assessment in core areas, and plans for students with special educational needs.³⁹ Hopefully, with a more stringent application process now in place, fewer weak schools will receive a charter.

TFNEF has heard that it appears that many of the charter applications look very similar and use the same wording, almost as if there is a template to an approved charter. TFNEF has requested a copy of all charter applications to see if this is the case.

Renewal Process

The five-year state contracts with the remaining 19 first generation schools will expire after the end of the 2000-2001 school year. The SBOE may renew charters under TEC, § 12.115. In May 2000, the SBOE approved a renewal process and application form. The renewal application is due in November 2000. According to SBOE meeting of July 7, 2000, "the charter school will submit in a concise manner the information that delineates the degree to which they have achieved the measures set forth in their original charter application; student achievement, enrollment, financial, and other measure specifically identified in the original charter application." For each charter school, TEA will generate standardized information relating to accountability ratings, TAAS scores, financial data, longitudinal PEIMS snapshot enrollment data, and monitoring reports from TEA site visits. A biographical affidavit of the sponsoring entity will also be included. The renewal application will be reviewed by an external review panel and included in the information provided to SBOE for its consideration. If granted, the new charters will be effective of June 2001.³⁶

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