

Diane Ravitch in [New York Daily News](#): Fix This Wasteful Federal Charter School Fund

In this [New York Daily News](#) article Diane Ravitch identifies some of the fraud, corruption and profiteering associated with charter operatives that have received federal Charter School Program funds (CSP). The CSP was initiated in 1995 during the Clinton administration to jumpstart new charters. It has grown to a \$440 million annual fund that the feds essentially use to enrich charter school kingpins

In the article Ravitch mentions that businessman Ron Packard, an early recipient of this stream of federal funding, used these funds to help build the K12, Inc. online charter school company. When Packard left K12, Inc. (now Stride, Inc.) he was being paid in the range of \$5 million annually. Packard now operates a plethora of charters in Ohio.

The current administration is proposing regulations to curb the fraud, corruption, and profiteering associated with the distribution of the federal CSP funds. The charter school lobby is attempting to kill the proposed regulations. (The charter industry opposes any and all regulation for their industry).

Folks interested in eliminating waste of federal tax dollars should weigh-in in support of the proposed regulations.

Fix this wasteful federal charter-school fund

By Diane Ravitch
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The federal [Charter School Programs](#) (CSP) began in 1995 as a modest program intended to jump-start new, independent, publicly funded schools free of most regulations. The idea was to free educators from bureaucracy and enable them to create laboratories of innovative practices that could be used to improve district schools. At the time, [there were only about 100 charter schools](#) in the nation. It was a bold idea. Having worked in the George H.W. Bush administration, I supported it.

Soon, however, entrepreneurs with no background in education at all realized that the new funding stream could present a profit-making opportunity.

Businessman Ron Packard, with experience at McKinsey and Goldman Sachs, saw a chance to use federal funds to help build the highly profitable K12 Inc. online charter chain (now called Stride), [which](#) gets [dismal academic results](#) but [paid him \\$19 million](#) during a four-year period.

J.C. Huizenga, the Waste Management heir, used federal CSP dollars to launch his for-profit [National Heritage Academies](#), which helped him [amass a real estate empire](#).

[Marcus May](#), now serving time in prison for massive fraud, got substantial funding from the feds for his New Point Education Partner charter schools, some of which he used to buy a yacht and enjoy extravagant vacations.

Marcus May, the CEO of charter school management company Newpoint Education Partners, was found guilty of racketeering and fraud. He was sentenced to 20 years in prison and fined \$5 million.

The program that began with only \$6 million has grown into a [\\$440 million fund](#) rife with fraud, waste and abuse. Now there are more than 7,000 charters. The Network for Public Education, an organization I lead, prepared a report called "Still Asleep at the Wheel," which used data from the U.S. Department of Education to show that 12% of the schools that got federal tax dollars [never even opened](#) and another 25% closed within a few years, but the federal money [often landed in the entrepreneurs' bank accounts](#).

Almost three decades later, the Biden administration has proposed modest reforms to restore the program's original purposes, such as barring for-profit charter operators. The charter industry has reacted to his effort to

regulate the program with outrage, falsely claiming that he is trying to shut down charter schools. Rather than supporting reform, commentators from the [Washington Post](#) to the far-right-wing [Newsmax](#) have pummeled the proposed regulations.

Opinion pieces defending the status quo sound as if they were written by the charter industry's lobbyists. Their lies have become so bold that the chair of the House Appropriations Committee, Rosa DeLauro, issued a [scathing condemnation](#), lambasting the "unserious efforts and false claims" advanced by the "national trade organization of low-quality for-profit companies," arguments that according to DeLauro are intended to "shift outrage and attention away from the risky, low-quality for-profit charter schools they represent."

What these proposed regulations will do is make sure that federal funds do not flow to charter schools operated by for-profit corporations. The for-profit operators can still open schools if their state allows them, but they won't get federal dollars to do it.

The [regulations](#) would give a few bonus (priority) points to charter schools that try to be good neighbors with local public schools and find ways to share ideas and services. Is it a requirement? No. But remember, cooperation between charters and publics was one of the original purposes of the program. It makes sense that both sectors should share best practices.

Contrary to the critics' claims, the local public schools would not have to be over-enrolled for a charter school to get a grant. The proposed regulations are clear. Over-enrollment is only one of many ways that a new charter school can demonstrate that it is needed.

Some critics claim that the regulations will force new charters to be diverse, but this is not true. Under the changes, charter schools in areas where there is no racial diversity would still be able to get CSP funds. And if you are in a diverse community and you want to open a white-flight charter school you can still do it, but not with federal start-up funds. CSP money should not be used to fund white-flight charters.

Finally, [the regulations](#) would require states to supervise how the money is being spent — something that has been sorely lacking. That would be a big improvement over the status quo, which has [wasted a billion dollars since 1995](#) on schools that never opened or opened and eventually closed.

Conservatives always prided themselves on being good stewards of tax dollars. There is nothing conservative about refusing to regulate a federal program that hands over \$440 million a year to entrepreneurs and grifters without oversight.

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