

A Post on This Site a Few Days Ago Addressed, With Not Much Explanation, the U.S. Department of Education’s Office of Inspector General Report of the Department’s Failure to Adequately Oversee the Charter Schools Program Grants. Jan Resseger’s October 6 Blog Gives More of the Frightful Details.

One of the federal boondoggles—the Charter Schools Grants Program, currently at \$440 million—has been largely wasted since the beginning of the program during the Clinton administration. Jan Resseger provides some of the shameful details.

When the current federal administration announced new rules to tighten-up the administration of the program, charter advocates, led by the National Alliance for Charter Schools, viciously attacked the proposed new rules suggesting such would be the demise of the charter industry.

U.S. Dept. of Ed’s Own Office of Inspector General Condemns Department’s Past Failure to Oversee Charter Schools Program Grants

Posted on [October 6, 2022](#) by [janresseger](#)

In the *Federal Register* in mid-March, the [U.S. Department of Education proposed](#) new rules to strengthen oversight of its own Charter Schools Program. The Department accepted public comments on the new rules for several months, and then, quietly on the Friday afternoon before the July 4th holiday weekend, [the Department announced it had finalized rules](#) and was strengthening oversight of the program.

The charter school lobby, led by the [National Alliance for Public Charter Schools](#) has continued loudly to protest the Department’s action to increase regulation of the program. Over the years, the Network for Public Education, a pro-public schools advocacy organization, has released a series of reports which expose waste and fraud in charter school management across the states ([Charters and Consequences](#), 2017; and [Chartered for Profit](#), 2021), and abrupt charter school closures which have often left students stranded sometimes mid-school year ([Asleep at the Wheel](#), 2019, and [Broken Promises](#), 2020).

Now, in collaboration with Valerie Strauss, the executive director of the Network for Public Education, [Carol Burris shares](#) the news that the Network for Public Education has not been the only critic of the U.S. Department of Education’s Charter Schools Program. The Department’s own Office of Inspector General (OIG) just released a blistering critique of the program: “A new report issued by the Office of the Inspector General entitled, [‘Effectiveness of Charter School Programs in Increasing the Number of Charter Schools’](#) documents how states, charter management organizations, and charter developers often make wildly exaggerated claims regarding the number of charter schools they will open or expand...”

What did the Education Department’s own Office of Inspector General uncover in this new, [2022 audit of the Charter Schools Program](#)? Burris explains: “The OIG, an independent watchdog of the U.S. Department of Education... found that for grants issued between 2013 and 2016, only 51 percent of the schools promised by Charter Schools Program recipients opened or expanded. The OIG audit also exposed the sloppy record keeping and weak oversight that characterize CSP operations. Since 2006, the

department has paid a private corporation, WestEd, millions of dollars to compile, check and update CSP records. WestEd's present CSP contract exceeds \$12 million... Yet an alarming number of grant records could not be found when requested by OIG auditors... The auditors noted that while the department, through WestEd, tracked spending and schools while grants were open, the tracking stopped as soon as the grant was complete. Therefore, the department had no way of knowing whether schools remained open beyond the years federal funds propped them up. This speaks to the purpose of the program—to open and expand high-quality charter schools.”

Burris continues: “Grant applicants asked for and received millions of dollars based on their promises to open and expand charter schools. However, when the auditors examined 94 grantee applications, they found that many grantees fell far short of their commitments. The OIG determined that based on the commitments made in the 94 applications, state education agencies, CMOs, and developers promised to open or expand 1,570 charter schools using CSP funds. As of July 2021, approximately 75 percent of the grant funding had been spent, yet grantees had only opened or expanded 51 percent of the charters they had promised.”

Why, in their grant applications, would charter management companies wildly exaggerate the number of new charter schools they plan to open? Burris responds: “States and charter management organizations get to keep 10 percent of the cut for grant administration and technical assistance to charter schools. The bigger the grant, the bigger the cut. Therefore, KIPP was allowed to keep nearly \$5 million for its charter management organization, even though it fell way short of its commitment. The Florida Department of Education secured over \$7 million for administrative services on its grant.”

Clearly in March, when the Department proposed new and stronger rules to strengthen regulation of the Charter Schools Program, staff in the Department were responding to a series of well documented critiques of the program from the Network for Public Education. But this week's new report from the Department's own Office of Inspector General is not the first scathing criticism of this program from the Department's OIG. In my own clipping files, I have copies of reports from 2012, 2016, and 2018. One wonders why it has taken so long for the Department to take action.

- In 2012, [the Department's OIG concluded](#): “(W)e found that the Office of Innovation and Improvement did not provide the State Education Agencies with adequate guidance on the monitoring activities they were to conduct in order to comply with applicable Federal laws and regulations.”
- In 2016, [the Department's OIG declared](#): “We determined that charter school relationships with Charter Management Organizations posed a significant risk to Department program objectives. Specifically, we found that 22 of the 33 charter schools in our review had 36 examples of internal control weaknesses related to the charter schools' relationships with their CMOs (concerning conflicts of interest, related-party transactions, and insufficient segregation of duties).”
- In 2018, [the Department's OIG charged](#): “The Department did not ensure that oversight of the charter school closure process was effective. We found that the Department's oversight and

monitoring of the selected State Education Agencies by Title I, IDEA, and CSP program offices was not effective to ensure that the State Education Agencies performed the charter school closure process in accordance with Federal laws and regulations.” The OIG documented the absence of procedures to protect the disposal of assets paid for with public funds when charter schools shut down.

The *Washington Post*'s [Valerie Strauss reminds](#) readers of some basic history of the Charter Schools Program: “Charter schools are publicly funded but privately managed. The federal charter program, which began in 1994 with the aim of expanding high-quality charters, had bipartisan support for years, but many Democrats have pulled back from the movement, citing the fiscal impact on school districts and repeated scandals in the sector. The Biden administration is making some changes to the program in an effort to stop waste and fraud and provide more transparency to the operation of charters.”

[Burris reminds us](#) that President Biden's administration is the first in the history of the program to tighten oversight of this program, which has awarded millions of dollars to start up and expand charter schools without sufficient oversight. She concludes: “(A)s the Office of Inspector General audit shows, reforms are desperately needed.”

We can be grateful that in July, the Department of Education implemented new rules to begin strengthening stewardship of our tax dollars awarded through the federal Charter Schools Program.

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