

How the charter school racket operates in Michigan

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Over the past two decades, Michigan has become “ground zero” for the spread of for-profit charter schools. The state ranks first in the nation in the percentage of charter schools run by “education” companies that derive revenue from the resources siphoned from the public schools.

A whopping 78.8 percent of these schools are for-profit enterprises in Michigan. The next highest percentage is found in Missouri, having 36.6 percent of its charters for-profit.

Largely unregulated and run by politically connected businessmen seeking to cash in on the half-trillion dollar year education “market,” several charter school operations around the country have been exposed as corrupt rackets. (See: “Charter school companies in US face corruption charges”).

The *Detroit Free Press* has released what it calls an exhaustive year-long study of the financing, operation, oversight and education outcomes of Michigan’s charter schools on its “Freep.com” website. The study, which includes articles, documents, PDF files and videos, is a damning indictment.

The exposé, however, does not draw any connection between the spread of charter schools and the deliberate dismantling of public education by the Bush and Obama administrations. The Democratic president has overseen the doubling of the number of charter school students since taking office in 2009.

The *Free Press* points out there are several states, including Mississippi, not generally thought of as a paragon of public education, that have explicitly banned profiting from educating young people.

Detroit ranks number two in the country in the percentage of schools that have been chartered, trailing only New Orleans, where the school district has been completely privatized. In the case of New Orleans, the tragedy of Hurricane Katrina, exacerbated by the criminal neglect of the Bush administration, was used as a pretext to dismantle public education. In Detroit it has been a protracted campaign of budget cuts, school closings and the elimination of thousands of teacher and support staff jobs, carried out by a succession of local Democratic Party administrations, which were aided and abetted by the Detroit Federation of Teachers union, that opened the door to a takeover by charter schools.

In recent years, all manner of charlatans, con artists, preachers and retired professional athletes have opened charter schools in Detroit, pocketing money that would have gone to traditional public schools. In fact, enrollment in charter schools in the city has now surpassed that of the public schools.

The most blatant example of the reckless insinuation of these elements into public education was witnessed with the transformation of the Catherine Ferguson Academy, an award-winning school

devoted to the education of unwed teenage mothers and their children, into a charter school in 2011. The new chartered CFA would be run by a dubious outfit, Evans Solutions, Inc., owned by Blair Evans, brother of a former Wayne County sheriff.

The *World Socialist Web Site*, whose supporters actively fought against the privatization of the school, warned at the time, “The Detroit political and corporate establishment has no interest in defending CFA. Their conscious strategy is to shut down large sections of the public school system, while subordinating the rest to the direct operations of for-profit companies.”

Earlier this month it was announced that Catherine Ferguson Academy would be shuttered permanently.

A summary of the *Free Press* investigation’s most significant findings, include the following:

1. Charter schools spend \$1 billion per year in state taxpayer money, often with little transparency.
2. A majority of the worst-ranked charter schools in Michigan have been open 10 years or more.
3. Charter schools as a whole fare no better than traditional schools in educating students in poverty.
4. Some charter school board members were forced out after demanding financial details from management companies.
5. State law does not prevent insider dealing and self-enrichment by those who operate schools.

The *Free Press*, no doubt in the interest of “balance” and not offending its corporate and political benefactors in both capitalist parties, declares there are some “innovative” charter schools that have “excellent academic outcomes.” It should be pointed out, however, that charter schools, despite their quasi-public character, are selective about the students they accept. Public schools, especially those that service specific neighborhoods and do not require testing to get in, must accept everybody, including students with severe learning disabilities.

However, even with this seeming advantage over public schools, the vast majority of charter schools have not improved the education outcomes for their students ... quite the contrary. These schools provide a cut-rate education for students and substandard wages and benefits for their employees, who are in constant fear for their jobs. If a particular venture proves unprofitable, a company can simply move on to greener pastures. This, in fact, occurred earlier this month when Mozaica Education pulled out of the Muskegon Heights School District, located in the western part of the state.

The Muskegon Heights district became the first fully chartered district in the country, when, in 2012, Michigan Governor Rick Snyder appointed an emergency manager to oversee its operation.

The *Free Press* report sheds an interesting light on the question of school governance. Charter schools are run by management companies, but there are also “boards of directors,” roughly analogous to school boards. However, in the case of many charter schools, these ostensibly governing bodies are mere window dressing, a rubber stamp for the appropriation of public money by the businesses in whose interest these schools serve.

When even these handpicked board members have had enough and demand more transparency, and an accounting of where the money is going, they are usually removed or simply ignored. Case in point is the minutes from a board meeting at the Detroit Enterprise Academy in October, 2010. DEA is a charter school run by National Heritage Academies, an outfit set up in the mid-1990s by J.C. Huizenga, cousin of H. Wayne Huizenga, founder of the huge trash conglomerate, Waste Management Corporation.

When asked why he became interested in starting a school, Huizenga quipped, “I got to thinking about the possibility of opening a charter school that would overlay a business model on top of the education model.” Regarding the for-profit aspect of the enterprise, Nick Paradiso, NHA’s vice president pointed to Huizenga’s interest in various bond markets. He added while the company does not disclose its financial operations, it started making a profit in 2000.

At the 2010 board meeting an exchange took place between a board member and NHA representative Greg Lambert regarding the NHA management fee. The issue in question was a resolution put forward by board members for dual signatures for disbursement from the Detroit Enterprise Academy bank account. In other words, there was a question as to who was withdrawing the money and where was it going.

A verbatim segment of the minutes reads, “There was a discussion regarding the amount of the NHA management fee. Greg Lambert clarified that the entire amount received by NHA was the management fee according to the contract and that there was no separate item line for a ‘management fee.’ He stated he would not disclose a specific dollar amount for management fees. The appropriateness of this position was questioned since public money was involved. Mr. Lambert stated that the public dollars became private when they were received by NHA. He further indicated that because NHA is a private company, the information need not be disclosed.”

This extraordinary account is hardly atypical. It encapsulates at once the rapacious and criminal character of these business “overlays” on what remains of public education in the United States and the ease by which these corporate vultures can plunder the public coffer.

The theft of public monies goes hand in hand with a reduction in per-pupil spending, including salaries and benefits for teachers and support staff, in addition to supplies and equipment used for instruction. During 2012-13, average charter classroom spending was \$4,893 per pupil, compared with \$6,985 for traditional schools.

According to the *Free Press* the six largest for-profit operators of charter schools all spend less on each student, in some cases substantially so, than the statewide average. For example, C S Partners, which operates 19 Michigan charters, spent 37 percent less on each student. These cost savings go directly to the corporate owners who have a financial incentive to spend as little on students as possible.

Regarding academic achievement the results for these charter schools range from unremarkable to abysmal. It should be noted that the Obama administration’s advocacy for charter schools coupled with his “Race to the Top” education agenda and the push for the

adoption of the Common Core Curriculum, has greatly deepened the crisis within the public schools. It is no exaggeration to say that these policies, which primarily center on standardized test results as the sole indicator of student achievement has relegated teachers to onlooker status at many schools. Predictably, student learning has suffered.

But if one were to think that charter schools would be the beneficiaries of the public schools misfortune—guess again. The *Free Press* exposure shows that not only is the for-profit company taking financial advantage of the most economically and socially at-risk students, in many cases their students are scoring even lower on standardized tests than public school students.

Take the Leona Group for example. In math proficiency, as measured by the Michigan Educational Assessment Program (MEAP) test, its students scored a 15 percent average, meaning 85 percent of students in the state of Michigan scored higher.

The transformation of Michigan into a center of for-profit schools and the restoration of a class-based education system is a complete reversal of history. According to University of Michigan Professor Jeffrey Mirel, a specialist on the history of education, by the mid-nineteenth century the state had “become a leader in democratizing education, and in creating a public K-16 system.” During this period Michigan State University was founded as the first land grant college in the United States.

All this was in place when the eruption of the American working class in the 1930s, spearheaded by auto workers in Detroit and Flint, led to the formation of industrial unions, a substantial improvement in living standards and expansion of the reach of quality public education to ever wider layers of the population.

That public education is now being dismantled under successive Republican and Democratic administrations is the direct result of the conscious decision by the American ruling class to reverse these gains. It is also testimony to the treachery of the United Auto Workers, the American Federation of Teachers, the National Education Association and other unions, which have abandoned any defense of workers’ interests.

American capitalism is rolling back the clock to a time when workers had no rights. It is seeking to impose the unfettered dictatorship of the corporate and financial aristocracy over society. Therefore knowledge of culture and history and the expectation of a better life—which has always been at the center of the education of the next generation—must be expunged completely.



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