Charter schools cash in on “small business” Paycheck Protection Program

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Like the many politically-connected big businesses and nonprofits which received tens of millions of dollars from the federal “small business” Paycheck Protection Program (PPP), private charter school operators are likewise cashing in to the tune of $1 billion, many while getting their full regular public funding from taxpayers.

Established as part of the $2.3 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, the $669 billion PPP was ostensibly intended to help small businesses with payroll expenses. If they could attest to saving jobs, they could have the loans forgiven.

Treasury Secretary Steven Mnuchin’s partial public release of recipients and award amounts last week only occurred after he had sustained criticism for having kept it secret for months out of concern for protecting recipients’ “proprietary” and “confidential” data. He revealed that PPP has given 72.8 percent of the larger loans, of between $150,000 to $5 million, to only 13.5 percent of the recipients, most of whom could hardly be considered “small” but rather consist of some of the largest corporations and religious institutions in the country, in addition to Democratic and Republican Party-aligned businesses, think tanks, and advocacy organizations.

In other words, like the CARES Act as a whole, PPP has been a boondoggle of monumental proportions, funneling essentially free cash to the rich and well-connected while almost one-quarter of small businesses, 3.3 million, went permanently out of business between February and April.

The listing of recipients also revealed that, due to PPP being directed to nonprofits as well as private businesses, many charter schools, which can claim to fall into either category, have also sidled up to the trough. This same looting operation is going on within higher education as private colleges and universities took in hundreds of millions of dollars in the forgivable PPP loans while those in the public sphere are ineligible and suffering massive budget shortfalls.

The early July release of the list of PPP recipients only includes a dollar range of each loan amount, yet publicly funded, privately-run charter schools likely received more than $1 billion in funds according to an analysis by Salon.

A search for the term “charter school” in ProPublica’s Coronavirus Bailouts database yields 422 charter school recipients. Many charter schools don’t call themselves “charter” but opt for “academy,” among other euphemisms. As with many multi-million-dollar recipients of PPP funds, no jobs were retained by 15 charter schools that each received over $1 million, according to Salon. Idaho Arts Charter School, Inc. saved one job after receiving between $1 million and $2 million.

In addition to charter schools, elite private preparatory schools, such as those attended by billionaire President Donald Trump’s son and Mnuchin’s children, both of which charge tuition of $44,000 per year for high school, have also received PPP loans. Not satisfied with private schools’ cash grab of “small business” assistance, Education Secretary Betsy DeVos has issued additional guidelines that the $13.5 billion CARES Act public school funding be shared with private schools. This has prompted several states to sue DeVos to stop that particular raid.

Included among the private schools receiving millions are religious schools, thereby shredding the Constitutional prohibition on the state establishment of religion. In Illinois alone, Catholic schools received 119 PPP loans totaling between $51.4 million and $123.8 million. Overall, the Catholic Church was allowed to receive $1.4 billion and certified that the “current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

Secular private schools in Illinois, including those with tuition as high as $61,000 per year, received between $19 million and $48 million, and charter schools in Illinois received between $31.2 million and $74.7 million in PPP funds.

Some of the biggest charter school organizations in the country were receiving PPP funds at the same time that they were receiving additional millions from DeVos’ Expanding Opportunity through Quality Charter Schools Program (CSP) which granted $65.4 million to 12 charter management organizations, which are “high quality public charter schools in underserved communities.” These include:

• The Knowledge Is Power Program (KIPP), with schools throughout the US, received between $28 million and $69 million from PPP.

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• Achievement First in New York, Connecticut, and Rhode Island received between $7 million and $17 million from PPP, and $3.5 million from CSP.

• Citizens of the World Charter Schools in Los Angeles received between $2 million and $5 million from PPP, and $1.7 million from CSP.

• Mater Academy, Inc. in Florida received only $1 million from PPP, but $19.2 million three days prior from CSP.

• LEARN in Illinois received from $5 million to $10 million from PPP.

• Granada Hills Charter in California received between $5 million and $10 million from PPP.

• Bright Star Schools in California received between $5 million and $10 million from PPP.

• Birmingham Charter High School in California received from $5 million to $10 million from PPP.

"I hear time and time again that charters are not businesses, and if they're not, then why are they able to get this money," Vicky Martinez, a parent of four Los Angeles Unified School District students, told CBS.

In addition to the PPP funding, charter schools also get allotments out of the $13.5 billion in funding allocated to K-12 schools under the CARES Act.

Two charter schools in Pennsylvania received PPP funds of between $2 million and $5 million despite existing exclusively online, i.e., not having to save the jobs of bus drivers or custodians or revamp their normal learning program amid the lockdown.

In response to the *Arkansas Times* publishing a list of charter school recipients of PPP money, the comments to the article on Facebook were overwhelmingly hostile to such an open cash grab of public funds for charter and private schools. "What about separation of church and state! They haven't paid taxes! This upsets me to the brim on how unlawful the distribution of our tax payers money!" said one. Another noted, "I guess they do not teach ethics at those schools; because, they seem to lack them by taking public monies for their private endeavor."

Since federal disbursements of funds to states for charter schools began in 1995, $4 billion has been siphoned off from public schools and roughly $1 billion of that has disappeared due to fraud and waste, according to a report by the Network for Public Education. What money did not get wasted, stolen, or otherwise lost to the "charter school black hole" ended up paying for, at best, no better academic results than public schools.

According to a 2017 study titled "Examining charter student achievement effects across seven states" which corroborated earlier studies, "students perform similarly across the two settings in most locations." One method used by charter schools to achieve whatever success they can claim is to impose selective admissions processes that would be illegal for public schools. A 2012 federal report found that charter schools enroll significantly fewer special-needs students than district schools. Many other basic standards observed by traditional public schools are violated by charter schools to cut corners and increase profits.

Charter school profiteers and their advocates have always denounced public education as a socialist enterprise, but they seem to have no compunction to receiving millions and billions in government largesse. They clothe their attempt to destroy public education in language about providing a "choice" to parents, particularly of children in low-performing urban schools that have been hard hit as a result of decades of deindustrialization and the collapse of cities' tax bases. Last month, Trump declared, "Frankly, school choice is the civil rights statement of the year, of the decade and probably beyond. Because all children have to have access to quality education."

Public education in the US has been under sustained attack and starved of funds for decades. Yet the ruling class is determined not to let the crisis of the still raging coronavirus pandemic go to waste and is pushing public schools across the country off the fiscal cliff while only providing a pittance to cover the astronomical costs of making school buildings "safe" for reopening. Meanwhile, amid the increasingly shrill demand that teachers and students be herded back into the virus deathtraps known as schools in order to get the economy fully running again, the spigots of federal aid are opened wide to charter, private, and religious schools as well as the enterprises of the rich and well-connected.

Public education, a product of historic class struggles in the aftermath of the Civil War and rooted in democratic and egalitarian traditions, can only be defended, along with the very lives of teachers, students, and their families, as part of a revolutionary movement to replace capitalism with socialism.

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