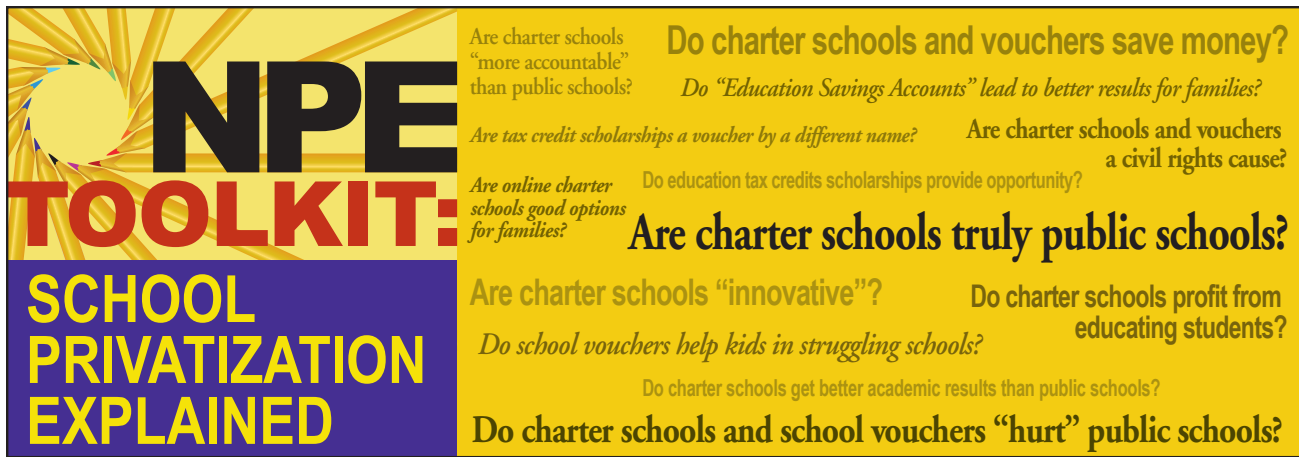


The logo features a yellow background with a stylized sunburst or lens flare effect on the left. The text "NPE" is in large, bold, black letters, and "TOOLKIT:" is in bold, red letters. Below this, a dark blue horizontal bar contains the text "SCHOOL PRIVATIZATION EXPLAINED" in bold, yellow, sans-serif capital letters.

NPE TOOLKIT: SCHOOL PRIVATIZATION EXPLAINED

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“The whole people must take upon themselves the education of the whole people and be willing to bear the expense of it.” –John Adams

Since the establishment of the nation’s first public school in 1635, our country has assumed educating children is a public endeavor to be shared by all citizens.

That’s why early state constitutions —like those of Massachusetts and New Hampshire --set up a public education system, and why the Land Ordinance of 1785 provided for public school financing in our country's new territories. Early advocates for public schools such as Thomas Jefferson, Benjamin Franklin, John Adams, and George Washington all agreed public education was essential for the wellbeing of our nation and the health of our democracy.

During the 20th century, public education made its greatest strides as America built great universities from land grants, brought children out of factories into classrooms, provided opportunities for returning veterans to earn college degrees, and gradually widened access to free and high-quality education to children of all races, genders, languages, and abilities.

That commitment expanded in the late 20th century as we outlawed segregation by race and made our schools and classrooms more inclusive for students with disabilities. Education for democracy requires that children learn not only from their teachers, but also from each other.

There are those like Secretary of Education Betsy DeVos and President Donald Trump, however, who believe that education should be a marketplace where each parent competes for “the best deal” for their own child. They want a shotgun approach with public schools, charter schools, voucher schools, private schools and online virtual schools all vying for children and tax dollars. And they claim that if we allow private interests to make money from taxpayer dollars dedicated to education, with minimal oversight, students will be best served.

They are wrong. These ideas are not innovative—many have been around for decades. In the states that embrace them, we find parallel school systems that squander taxpayers' dollars. In freewheeling “choice” states like Florida, Arizona and Nevada, conflicts of interest and opportunities for fraud are baked into lax laws designed to advantage owners and investors, not children. All the while precious dollars are drained from the public schools that 90% of American children attend.

The evidence is in. We know that the privatization of public education, now disguised in many forms, has serious negative consequences for students, parents, and educators and taxpayers.

Our Network for Public Education Toolkit: School Privatization Explained was created to alert the general public regarding the various forms that privatization takes and the consequences associated with each. It presents the evidence of what we already know about charters, vouchers, education tax credits, and so-called “savings accounts.” It is organized around key questions, providing answers in clear language to the questions we at the Network for Public Education are most often asked.

Along with our answers to key questions, we provide an interactive map that shows just how far privatization has taken hold in each state. We hope it will serve as a valuable guide for citizens and policymakers as they attempt to understand the dizzying array of legislation that is being pushed under the guise of “school choice.”

Time is short. If our public education system is shattered, it will be nearly impossible to restore. Make no mistake--that is the goal of those who believe in the privatization of public schools. It is time to educate friends and neighbors and push back.



Are charter schools truly public schools?

No. Charter schools are contractors that receive taxpayer money to operate privately controlled schools that do not have the same rules and responsibilities as public schools.

This is why

Charter schools fail the test for what constitutes a truly public institution in many ways:

Who owns the school buildings?

Charter school buildings are often privately owned by the charters' founders, by an affiliated private company, or by a private trust, even if the buildings were originally purchased with taxpayer money.

Who owns the schools' equipment and supplies?

In charter schools operated by private education management organizations (EMOs), the materials, furniture, and equipment in the schools are usually privately owned by the EMO and leased to the school, at taxpayer expense. In many states, if the school closes, the charter "owner" may keep those assets, even though they were purchased with taxpayer money.

Who makes decisions?

While most public schools are governed by democratically elected public boards, most charter schools are run by appointed boards who are not directly accountable to the community.

Who are the schools obligated to serve?

Unlike public schools, charters can define the number of enrollment slots they wish to make available. They do not have to take students mid-year and do not have to "backfill" seats; that is, they accept students to fill open spots when students leave.

How are students and teachers treated?

Charter schools don't have to follow the same due process rules for students and employees that public schools follow. They can set academic, behavior, and cultural standards regardless of community norms. Students can be suspended or expelled with little to no opportunity to appeal.

What gets reported about the school?

Public schools are subject to transparency laws and are obligated to share information about their operations. Charter schools have very narrow requirements for what information they report and can restrict access to public scrutiny.

Look at the facts

Investigations of charter school operations in **Florida, Michigan, Ohio, North Carolina**, and elsewhere have found numerous cases where charters used taxpayer money to procure school buildings, supplies, and equipment that they retained ownership of, even if the school closed.¹⁻⁴

In most states, charter schools are exempt from most state and local laws, rules, regulations, and policies governing public and private schools, including those related to personnel and students.⁵

In legal proceedings in **California, Illinois, New York, Ohio**, and **Pennsylvania** charter school supporters have used private legal status to evade federal and state statutory requirements that apply to public entities.⁶

In **California**, an appeals court decided a 14-year-old who was thrown out of a charter school for disciplinary reasons wasn't entitled to a hearing to present evidence in his defense, which state law requires for a public school.⁷

In **Arizona**, a federal appeals court ruled a teacher fired by a charter school wasn't entitled to a "name-clearing" hearing to rebut charges, as he would have been at an ordinary public school.⁸

Charter schools are often not responsive to Freedom of Information Act (FOIA) requests. One charter school scholar sent out over 400 FOIA requests to charter school governing boards requesting a copy of their EMO contract. Only 20% of the charter boards provided a copy, 10% claimed they were not required to share this contract, and 70% did not respond.⁹

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools are public schools.	Charter schools get public money to operate private organizations.
Charter schools are accountable to parents and communities.	Charter schools are accountable to the private boards who oversee them.
Charter schools have greater freedom to serve students and parents.	Charter schools have freedom to evade their responsibilities to serve students and parents equitably.
Charter schools are part of the public education system.	Charter schools are a parallel school system that competes for tax dollars meant for public education.

Bottom Line

Calling charter schools "public schools" because they receive public tax dollars is like calling defense contractors public companies. There are so many substantive differences between charter schools and traditional public schools that charters can't be defined as public schools. Our communities deserve a school system that is truly public and democratically governed by the community they serve.

¹ "Florida gave about \$70 million to charter schools that later closed; state recouped little," Gary Fineout, Terry Spencer and Christina Veiga, Miami Herald, December 13, 2015.

² "Public money for schools buys private property," Jennifer Dixon, Detroit Free Press, December 14, 2014.

³ "White Hat's Magic Trick: Transforming Public Schools into Private Assets" Jessica Mason and Mary Bottari, PR Watch, Center for Media and Democracy, October 21, 2014.

⁴ "Tar Heel Heist: How the Charter School Industry Is Hijacking Public Education," Jeff Bryant, Alternet, December 2, 2016.

⁵ "The Legal Status of Charter Schools in State Statutory Law," Green, P.C., & Baker, B.D., & Oluwole, J, University of Massachusetts Law Review, 2015.

⁶ Green, P.C., Baker, B. D., & Oluwole, J.O. (2013). *Having it both ways: How charter schools try to obtain funding of public schools and the autonomy of private schools.* Emory Law Journal, 63, 303-337.

⁷ "Failing to Address Long Standing Constitutional Due Process Requirements. A Recent Case Concludes Dismissal Is an "Alternative" to Expulsion for Charter School," Law Offices of Young, Minney & Corr.

⁸ "Charter School Not a 'State Actor,' Court Rules," Mark Walsh, Education Week, 2010.

⁹ *Review Of Separating Fact & Fiction*, Gary Miron, William Mathis, and Kevin Welner, National Education Policy Center, University of Colorado Boulder, 2015.



Do charter schools and school vouchers “hurt” public schools?

Yes. Charter schools, vouchers, and other “choice” options redirect public money to privately operated education enterprises, which often operate for profit. That harms your public schools by siphoning off students, resources, and funding and reducing the ability of public schools to serve the full range of student needs and interests.

This is why

The idea that “the money should follow the child” (called portability) when students leave a public school for other options is a bad financial decision. It leaves the public schools underfunded.

Schools have “stranded costs.” When a public school loses a percentage of students to charter schools or a voucher program, the school can’t reduce costs by an equivalent percent. The school still must pay the same utility, maintenance, transportation, and food services costs. The school must still carry the salary and benefit costs of administrative staff, custodial services, and cafeteria workers. The school may not be able to reduce teaching staff because the attrition will occur randomly across various grade levels, leaving class sizes only marginally reduced.

Students aren’t a “one-off” expense. The cost to educate each individual student varies a lot. Students with disabilities or who don’t speak English as their first language often cost significantly more to educate. So as a school loses students, it often finds itself left with a larger percentage of its highest-cost students to educate with less money.

When schools lose students, they have to cut services. Because schools can’t reduce expenses incrementally, they cut support staff – such as a reading specialist or librarian – and

courses – such as art and music – that engage the diverse needs and interests of students. High needs schools will be most at-risk for depleted funding.

Look at the facts

In **Nashville, TN**, an independent research firm MGT of America estimated the net negative fiscal impact of charter school growth on the district’s public schools resulted in more than \$300 million in direct costs to public schools over a five-year period.¹

Another study by MGT in **Los Angeles, CA** found district public schools lost \$591 million due to dropping enrollment rates among students who leave and go to charters.²

A research study of school districts in **Michigan** found that choice policies significantly contribute to the financial problems of Michigan’s most hard-pressed districts. When the percent of students attending charter schools approaches 20%, there are sizable adverse impacts on district finances.³

In **New York**, a study found that in just one academic year the Albany school district lost \$23.6 - \$26.1 million, and the Buffalo district lost \$57.3 - \$76.8 million to charter schools.

(continued)



Because charters in both districts had smaller percentages of limited English proficient students, and charters in Albany enrolled fewer students with disabilities, the affected public schools were unable to reduce spending on English as Second Language and special education services.⁴

A **Pennsylvania** superintendent estimated that charters cost his taxpayers \$20 million a year.⁵

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Money should follow the child, also known as portability.	Children should not have a price tag.
Portability does not hurt public schools.	Portability costs public school students services and programs.
Parents should have the choice to vote with their feet.	Parents should have a voice in schools that serve the whole community.
School governance should be corporate.	Communities should govern schools by electing school boards.

Bottom Line

In any policy discussion of education, the goal should be to provide the best possible system for all children, given the resources available. While alternatives to public schools may provide better options for some children, on the whole charter and voucher schools perform no better than the public school system, and often worse. At the same time, they have a negative fiscal impact on existing public schools and are creating a parallel school system that duplicates services and costs. The idea that funds should follow the child (portability) will seriously reduce public school services. Let’s stop draining our public schools and work together to strengthen them.

¹ “Charter School Financial Impact Model Final Report,” MGT of America, September 11, 2014.

² “Review: Fiscal Impact of Charter Schools on LAUSD,” MGT of America, May 2016.

³ “Which Districts Get Into Financial Trouble and Why: Michigan’s Story,” David Arsen, Thomas A. DeLuca, Yongmei Ni, and Michael Bates, Michigan State University, November 2015.

⁴ *Fiscal Impacts of Charter Schools: Lessons from New York*, Robert Bifulco and Randall Reback, Columbia University, New York, NY.

⁵ “A Disturbing Look at How Charter Schools are Hurting a Traditional School District,” Valerie Strauss, Washington Post, January 9, 2017.



Do charter schools get better academic results than public schools?

No. The charter school sector does not get better academic results than public schools and often performs worse. Charters sometimes appear to do better because they can control the types of students they choose to serve.

This is why

Charter schools are not “better” than public schools. The significant body of research on charters shows they generally do no better and often do worse than traditional public schools.

Charter schools are not a “pathway out of poverty.” There’s no evidence charters produce better long-term outcomes for students.

Charter schools can appear to outperform public schools when they don’t enroll the same types of students. Because charters tend to serve far fewer students with disabilities and fewer who don’t speak English as their first language, they can appear to be higher performing. Many charters do not “backfill” when students leave or take older students.

Charter schools keep only the students they want. Through various methods, charter schools shed their most problematic students who must then return to local public schools that accept all students.

“High-performing” charter schools are an illusion.

Even the best performing charter schools can trace some or all of their advantages to differences in the students they teach. They do not have to take any student like public schools do—regardless of space, grade or time of the year.

Look at the facts

The most rigorous and most expensive study of charter school performance commissioned by the **US Department of Education** found no overall positive effect for charter schools.¹ Studies that purport to have found urban charters produce higher academic outcomes—cleverly phrased as differences in “days of learning”—for African American and Latino students in urban communities rely on questionable methodology.²

A recent study of charter schools in **Texas** found charters overall have no positive impact on test scores and have a negative impact on earnings later in life.³

Charter schools nationally serve far fewer students with disabilities—0% to 7%—and these are children with milder disabilities. The 2011 national average for public schools was 13%. The disabled students who do enroll in charter schools tend to have disabilities that are less severe and less costly to remediate than those of students in district schools.⁴

A study in **New York** found English language learners (ELLs) are consistently underrepresented in charter schools.⁵ A national analysis of charter schools operated by education management companies found only 4.4% of the students in these schools were classified as ELL.⁵

“The whole people must take upon themselves the education of the whole people and be willing to bear the expense of it.” – John Adams



One of the most acclaimed charter school chains, KIPP, gets some of its great results from substantially higher levels of attrition than do their local school districts. A national study found 40% of the African American male students leave KIPP

schools between grades 6 and 8. Overall a higher proportion of African American students than other ethnic groups leave the KIPP schools, and girls are much more likely to remain in the KIPP schools across all ethnic groups.⁶

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools are better than public schools.	Charter schools are not better than public schools but do have the enrollment flexibility to appear to do better.
Charter schools are popular because they're better than public schools.	Charter schools are popular because they have better marketing than public schools.
Charter schools give parents more options for their children .	Charter schools have more options to serve the students they want.
We need more high-performing charter schools.	We need high quality, well financed public schools that serve all students.

Bottom Line

Despite the advantages charter school have to selectively enroll students, concentrate instruction on teaching to the test, and push out students who pose the most challenging academic and behavior problems, these schools still do not out-perform public schools. Instead of expanding the number of these schools, we should ensure families have access to public schools nearby that are adequately resourced to serve the existing student population in the community. Integrating neighborhoods, fully funding public schools, lowering class size, and using research will increase the achievement of all American students.

¹ "The evaluation of charter school impacts: Final report (NCEE 2010-4029)," Gleason, P., Clark, M., Tuttle, C. C., and Dwyer, E.; Washington, DC: National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education, 2010.

² "Problems with CREDO's Charter School Research: Understanding the Issues," William J. Mathis and Andrew Maul, National Education Policy Center, 2015.

³ "Charter Schools and Labor Market Outcomes," Will S. Dobbie and Roland G. Fryer, Jr., NBER Working Paper No. 22502, August 2016.

³ "Charters Should Be Expected to Serve All Kinds of Students," Miron, G., Education Next, 14(4). Fall, 2014.

⁴ "Review of Separating Fact & Fiction," Gary Miron, William Mathis, and Kevin Welner, National Education Policy Center, 2015.

⁵ "Are ELL Students Underrepresented in Charter Schools? Demographic Trends in New York City, 2006-2008," Jack Buckley & Carolyn Sattin-Bajaj, Journal of School Choice International Research and Reform, Volume 5, 2011 - Issue 1.

⁶ "What makes KIPP work? A study of student characteristics, attrition and school finance," Miron, G., Urschel, J. L., & Saxton, N., Teachers College, NY: National Center for the Study of Privatization in Education and Western Michigan University, MI, 2011.



Are charter schools and vouchers a civil rights cause?

No. Charter schools, vouchers, and other choice options increase the segregation of students. This results in separate, unequal schools that isolate black and Hispanic students, English language learners, and students with disabilities in schools with fewer resources and less experienced teachers. Segregation robs all children of the benefits of learning with others who have different cultural and socioeconomic backgrounds.

This is why

Charter schools are highly segregated by race, ethnicity, income, and ability level. Even under a lottery system, charter schools explicitly or indirectly increase the probability of segregation. Vouchers began in the South after desegregation. States and local governments gave funds to parents to send their children to private schools, commonly known as segregation academies.

While segregation among all schools has increased, charter schools worsen the trend. Black students in charter schools are far more likely than their public school peers to be educated in intensely segregated settings. Students with learning disabilities or whose first language isn't English are not allowed to enroll in some charters. Other charters have curriculum or expectations that exclude them.

Many common charter school practices lead to more segregation. In many cases, charters use admission and placement tests to discourage struggling students from enrolling, use grade repetition to weed out weaker students, and use “no excuse” discipline practices to drive away more difficult students by repeatedly suspending and expelling them.

Charter schools and vouchers create more “white flight” and “bright flight” schools. Often, white parents use these options to flee schools with higher percentages of non-white students. And choice options tend to lure the more motivated and compliant students away from public schools.

Segregation is not inevitable. Several public school districts—Wake County in the Raleigh, North Carolina area; Lansing, Michigan; and Cambridge, Massachusetts—have been successful in their efforts to integrate students. Charters and choice will undo such efforts.

Integration is beneficial to all students' academic and social-emotional development. During the years of strong integration policies, the achievement gap dramatically narrowed on measures taken by the National Assessment of Education Progress. When students are exposed to other students who are different from them, they learn valuable social-emotional skills that last a lifetime.

Look at the facts

A **comprehensive analysis** found 70% of black charter school students attend intensely segregated minority charter schools – double the share of intensely segregated black students in public schools. Half of Latino charter school students attended racially isolated minority schools.¹

A **national study** of charter school operated by education management organizations (EMOs) found only one-fourth of these schools had a racial composition similar to public schools. Over 70% had extreme concentrations of either high-income or low-income students. These schools consistently enrolled a lower proportion of special education children than public schools. And well over half the charters did not have a population of English language learners (ELLs) similar to public schools.²

Research in **North Carolina** found that one in five charters has enrollment that is more than 90% white. Only about one in 20 public schools has such a large white population.³ A study of **Delaware** charters found more than three-quarters of them are racially identifiable as either mostly white or mostly minority schools.⁴

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A study of **Pennsylvania** charters found black students transferring to a charter school ended up in a school that was even more racially isolated than their public school.⁵

Research on **Boston** charters found more than half of the schools enroll fewer than 15% of students with special needs compared to the district average of 21%. In nearly 1/3 of charter schools in **Massachusetts**, special education enrollment is 10% or lower than it is in the state’s urban districts.⁶

In **Arizona**, a study found white students exiting public schools where the average non-white population was 30% enrolled in charters where the average non-white student population was 18%.⁷

A **national study** found black students and disabled students are suspended from charter schools at much higher rates than white and nondisabled students.⁸

Many studies have found that **voucher programs** lead to more segregation because those parents who tend to use them are more educated and have a higher socioeconomic status than those who do not.⁹

Studies have shown magnet schools are more effective than charters and choice for improving the performance of low-income students and increasing integration.¹⁰

There is **overwhelming evidence** white students attending racially integrated schools do not suffer academically and tend to develop critically important non-academic skills that help them do better in life.¹¹

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools and vouchers are a civil rights cause.	Increased segregation is a civil wrong.
Children and families need options to leave failing schools.	Children and families need a public education system that works for all children.
Segregation is inevitable.	Segregation is deliberate and must be opposed.

Bottom Line

The Civil Rights Movement taught us that separate schools for different children will never be equal. Concentrating low-income and minority students, students whose first language isn’t English, and students with disabilities in segregated schools is not a solution for improving the well-being of all children. We need a public system that is about advancing the well-being of all, not just helping some families and children get ahead while leaving the rest behind.

¹ "Choice without equity: Charter school segregation and the need for civil rights standards." Frankenberg, E., Siegel-Hawley, G., & Wang, J. (2010). Los Angeles, CA: The Civil Rights Project/Proyecto Derechos Civiles at UCLA. Retrieved December 7, 2014.

² "Schools without diversity: Education management organizations, charter schools and the demographic stratification of the American school system". Boulder and Tempe: Education and the Public Interest Center & Education Policy Research Unit. Miron, G., Urschel, J. L., Mathis, W. J., & Tornquist, E. (2010).

³ "The Growing Segmentation of the Charter School Sector in North Carolina," Helen F. Ladd Charles T. Clotfelter, and John B. Holbein, National Center for Analysis of Longitudinal Data in Education Research, 2015.

⁴ "ACLU: Delaware charters causing resegregation," Matthew Albright, USA Today, December 3, 2014.

⁵ "School Choice, Racial Segregation, and Poverty Concentration: Evidence From Pennsylvania Charter School Transfers," Stephen Kotok, Erica Frankenberg, Kai A. Schafft, Bryan A. Mann, and Edward J. Fuller, Sage Publications, 2015.

⁶ "The Effects of Market-based School Reforms on Students with Disabilities Curt," Dudley-Marling and Diana Baker, Boston College, 2012.

⁷ "Academic and Racial Segregation in Charter Schools Do Parents Sort Students Into Specialized Charter Schools?" David R. Garcia, Education and Urban Society, 2008.

⁸ "Charter Schools, Civil Rights and School Discipline: A Comprehensive Review," The Center for Civil Rights Remedies at the Civil Right Project, March 2016.

⁹ "Educational Vouchers: Effectiveness, Choice and Costs," Henry M. Levin, Journal of Policy Analysis and Management, Vol. 17, No. 3, 373-392 (1998).

¹⁰ "Turnaround Schools That Work: Moving Beyond Separate but Equal," Richard D. Kahlenberg, The Century Foundation.

¹¹ "3 Ways White Kids Benefit Most From Racially Diverse Schools," Kristina Rizga, Mother Jones, 2016.



Are charter schools “more accountable” than public schools?

No. Charter schools that fail to perform as expected are rarely held accountable. In theory, if a charter school does not meet its stated goals or if academic results are below stated expectations, the charter sponsor can revoke its charter or refuse to renew it, and families will withdraw their children from the school. This theory doesn't work in reality.

This is why

Charters are rarely closed for academic reasons. Charters that don't meet academic expectations are often given reprieves or remain on a probationary status for years. Those that eventually do close for academic reasons often poorly serve students for many years before shutting down.

Charter schools are a bad strategy for improving the whole public education system. In states that have large numbers of charter schools, those schools are often the worst academically performing schools in the state.

Charter schools get little to no oversight from authorities. Rules have lots of loopholes; staff and resources committed to oversight are often inadequate.

Charter schools can waste taxpayer money and get away with it. Unlike truly public schools that have to account for prospective and past spending in public budgets, charter spending of tax monies is often a black hole.

Charter schools can hide their operations from public view. Because charter schools are governed by non-elected, self-appointed boards, their leadership is often made up of people who frequently have personal or financial ties to the school's vendors, its management company, or property lease holders.

Look at the facts

A **national assessment** by the charter industry found only about 3% of charter schools are closed for academic reasons. The vast majority of charter school closures are for

financial reasons. Charters closed for academic under-performance were nevertheless able to stay open for an average of 6.2 years.¹

In **Ohio**, only one of 10 charter school students attend a school rated high performing.²

After two decades of charter-school expansion in **Michigan**, the state's overall performance on national assessments, known as “The Nation's Report Card,” has fallen from middle of the pack to nearly bottom for fourth- and eighth-grade math and fourth-grade reading. The state's charter schools scored worse on that test than their traditional public-school counterparts.³

In **Florida**, where millions are wasted every year on charter schools that eventually close, 21 of those that remain open scored a grade of D or below on state assessments. Those that do well do so largely because they have student populations that exclude economically disadvantaged students.⁴

A comparison of charter schools to public schools in **Louisiana** found on eighth-grade reading and math tests, charter-school students perform worse than public schools by enormous margins – 2 to 3 standard deviations.⁵

Neither the federal government nor the states have created a place taxpayers can go to see how much in taxes are going to each charter school and how the charters are spending the money, including what happens to real estate purchased with the public's money.⁶

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Since 1995, **the federal government** alone has spent over \$3.7 billion on charter schools, but knows very little about how the money was spent and how many of the charters eventually closed or never even opened.⁷

An audit carried out by a federal agency looked at **33 charter schools** in six states and found 22 examples where charter school management operations were likely wasting public money. In **Pennsylvania**, a charter management organization CEO, who had authority to write and issue checks without charter school board approval, wrote checks to himself from the charter school’s accounts totaling about \$11 million. At another **Pennsylvania** charter, a charter management company, that also owned a vendor that supplied services to the school, received \$485,000 in payments from the school

without charter school board approval. In **Florida**, a charter and its management company shared the same board and entered into an expensive lease agreement for the school building, expanded the facility, extended the lease, and increased the rental payments to the management company.⁸

An investigation of charter schools in **North Carolina** found the schools often enter into complicated contracts with management firms, in which almost all of the public funds given to the school are then paid to the management organization or vendors and real estate companies associated with the management firm. This makes it almost impossible to audit real expenses. Typical budget reports consist of vague line items that give little idea what money is actually being spent on.⁹

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools are more accountable to parents and the public.	Charter schools hide critical information about their schools from parents and the public.
Expanding charter schools increases education opportunities.	Expanding charter schools leads to more opportunities for taxpayers to get ripped off.
Charter schools are independently run schools.	Charter schools are all too often dependent on the wrong people: those who have something financially to gain from the school.

Bottom Line

Charter schools continue to proliferate even though there is increasing evidence the public’s money is not being well spent. Rather than more ‘A’ rated schools, communities are getting more low-performing schools that have more opportunities to hide how taxpayer dollars are being spent. The flood of poor performing charters and the cost to taxpayers will only get worse until we get to the bottom of why this is happening and insist on transparency.

¹ “Charter Schools Closure Rate Tops 15 Percent,” CER Press Release, Washington, DC, December 21, 2011.
² “Reverse school board requests changes in Ohio laws on charter schools,” Jody Miller, Akron Beacon Journal, May 24, 2015.
³ “DeVos’ Michigan schools experiment gets poor grades,” Caitlin Emma, Benjamin Wermund, and Kimberly Hefling, Politico, December 9, 2016.
⁴ “Florida Charters Fall Short on State Assessments,” The Center for Popular Democracy, January 2017.
⁵ “Policy Brief: Should Louisiana and the Recovery School District receive accolades for being last and nearly last?” Julian Vasquez Heilig, Network for Public Education, August 28, 2015.
⁶ “Charter School Black Hole: CMD Special Investigation Reveals Huge Info Gap on Charter Spending,” The Center for Media and Democracy, October 2015.
⁷ “Education Department Releases List of Federally Funded Charter Schools, though Incomplete,” Lisa Graves, PR Watch, Center for Media and Democracy, January, 2016.
⁸ “Nationwide Assessment of Charter and Education Management Organizations: Final Audit Report” U.S. Department of Education Office of Inspector General, September 2016.
⁹ “Tar Heel Heist: How the Charter School Industry Is Hijacking Public Education,” Jeff Bryant, Alternet, December 2, 2016.



Do charter schools profit from educating students?

Yes. Charter schools are structured and operate in ways that introduce new actors into public education who skim money from the system without returning any benefit to students and taxpayers. Even charters labeled “nonprofit” expand opportunities to profit from public tax dollars and privatize public assets.

This is why

Charter schools promote conflicts of interest with moneymaking enterprises. Often, members of the nonprofit boards who operate charters have ties to companies and foundations that serve the school. In some cases, the boards are the same.

Education management organizations (EMOs) and charter management organizations (CMOs) often follow a business model that puts business, not students, first. For example, after securing a contract to manage a school and purchasing a building for it, the EMO can then lease the property to a development company it is associated with, which can then grossly inflate the lease payments. If the EMO is ever fired, the charter board—and by extension the district—may have to buy back its own school.

Charter operations are sometimes linked to vendors that lease supplies and services to the school. Even when the school is closed, the desks, computers, and equipment that have been purchased with taxpayer money can still be owned the charter related businesses.

The vast majority of fraud perpetrated by charter officials goes undetected. The federal government, the states, and local charter authorizers lack the oversight necessary to detect it. By 2015, the federal government spent more than \$3.7 billion to boost the charter sector — with millions wasted on financing “ghost schools” that never opened.

Look at the facts

In **Michigan**, nearly 80 percent of charter schools have all or a significant part of their operations under the control of for-profit companies.¹ The state spends \$1 billion on unaccountable charter schools.

A **Pennsylvania** state auditor examining lease reimbursements paid by a charter, uncovered the school was located in a building that one of the school’s founders had originally owned and then transferred to a non-profit entity he controlled so he could receive the lease payments. A for-profit management company brought in to manage the school also had offices in the same building.²

A recent analysis of the business practices of EMOs operating in **Florida** found an example of the charter firm and its construction partner selling two newly completed schools to the companies’ real estate partner – one for only \$1 and the other for \$10. After taking over the leases, the real estate firm raised lease payments from the school that sold for \$1 to \$1,325,666 per year.³

A law review of charter school practices in **North Carolina** found “there is virtually no way” for the organizations to lose money. They control their charter schools’ money, pay themselves what they want in rent, and reimburse themselves for real-estate-related expenses. Their operations often mask how money is spent, how much they profit, and make it almost impossible to audit the real expenses.⁴

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In **Washington, DC**, a charter school owner diverted public education funding to his company that paid him more than \$2.5 million over a 2 year-period. Over the past 10 years, the school had paid his firm more than \$14 million.⁵

In **Ohio**, the superintendent and 2 board members of a charter awarded a \$420,919 consulting contract to an out-of-state company, which gave them kickbacks in cash, travel, and payments to a separate business.⁶

The largest charter school chain in **California**, part of the controversial Gulen chain, paid for six non-employees' immigration costs and could not justify \$3 million in expenses over four years to outsource curriculum development, professional training, and human resources services.⁷

An investigative report in **North Carolina** found an individual who was instrumental in creating four new charter schools, also controlled the for-profit management companies that managed the schools, leased the desks, computers, and other equipment to the schools, provided training to the schools' teachers, and leased most of the land and buildings the schools occupied.⁸

California's largest network of **online charter schools**, run by Virginia-based K12 Inc., is treated by the state as a charitable organization that need not pay taxes, even though K12 is a corporation publicly traded on Wall Street. The state has awarded the online charter with \$310 million in funding over the past dozen years. A non-profit "front" contracts with the for-profit corporation.⁹

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools have to serve students and parents in order to stay open.	Charter schools can stay financially viable by making money in ways that have nothing to do with education.
Schools should be run like businesses.	Businesses are about profit and loss, not about educating all children regardless of their circumstances.
Charter schools have to be nonprofit organizations by law.	Some charter schools are nonprofit in name only and are structured in ways that individuals and private enterprises connected to them can make money. Other charter schools are for-profit.

Bottom Line

Charter schools are businesses in which both the cost and risk are fully funded by the taxpayers. The initial "investment" often comes from the government or wealthy individuals. And if the business fails, the "owners" are not out a dime, but the customers, who are in this case children, are stranded. Education should not be about making money from tax dollars intended for our children and families.

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³ "The League in Action on For-Profit Charters," Sue Legg and Pat Hall, Florida League of Women Voters, October 1, 2016.

⁴ "North Carolina Charter Schools' (Non-?) Compliance with State and Federal Nonprofit Law," Thomas A. Kelley II, North Carolina Law Review, Volume 93, Number 6, Article 4, September 1, 2015.

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⁸ "Charter School Power Broker Turns Public Education Into Private Profits," Marian Wang, ProPublica, Oct. 15, 2014.

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Do school vouchers help kids in struggling schools?

No. Vouchers, often misleadingly called “scholarships,” divert tax dollars meant for public education to private schools that are not accountable to the public and generally do not serve the interests of struggling, low-income students.

This is why

Vouchers are a “coupon program” for private education.

Families who already send their children to private schools are often those who apply for and get the vouchers.

Vouchers don’t expand education opportunities for low-income students. The amount of money contributed by the voucher is hardly ever enough to pay for full private school tuition. Private schools are not obligated to take vouchers. Often those that do are under enrolled and struggling.

Vouchers promote discrimination. Despite receiving tax dollars, private voucher schools are often free to turn away students who are gay or transgender and students who don’t subscribe to a religious doctrine.

Vouchers violate separation of church and state.

Once money leaves the public system, there’s no public accountability for what the school teaches to students, including religious doctrine such as biblically inspired explanations for the origin of the universe and life and views of American history that distort the truth about slavery and the importance of civil disobedience in a democracy.

Vouchers don’t improve opportunities for struggling students. Private schools can cherry pick who they want to educate by limiting services for students with learning disabilities and enforcing strict academic or discipline entry requirements.

Vouchers don’t improve education. The programs often have negative effects on the academic achievement of students.

Look at the facts

In **Wisconsin**, 75% of students who applied for the statewide voucher program already attended private schools.¹

More than half of students receiving vouchers in **Indiana** have never attended Indiana public schools. Only 3% of voucher recipients are leaving the state’s worst schools.²

In **Arizona**, the state’s tax credit programs that pay for vouchers designate only about 3% of voucher money to special-needs students, and barely a third goes to children of low-income families.³

In **Nevada**, most applicants for vouchers were not from low-income areas in the state. They came from neighborhoods that already had access to the highest-performing public schools.^{4,5}

A **national analysis** of voucher programs found most programs do not cover enough of the tuition to enable poor minority children to access the best private schools.⁶

A review of the effects of a statewide voucher program in **Charlotte, North Carolina** found a significant number of voucher-receiving schools prohibit lesbian, gay, bisexual, or transgender students from enrolling.⁷

During the first year of a voucher program in **North Carolina**, the state spent \$12 million for students to transfer to private schools. About \$11 million went to faith-based schools.⁸

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A study of the nation’s oldest voucher program in **Milwaukee** found that private schools that receive the vouchers can select the best students and “counsel out” or expel students that present the most difficulties.⁹

In **Indiana**, school vouchers lowered academic achievement. An average student with a math score at the 50th percentile

declined to the 44th percentile after one year of enrollment in private school.¹⁰

Students who used a voucher program in **Louisiana** to attend a private school experienced lowered math, reading, science and social studies scores. Their likelihood of a failing score increased by 24 to 50 percent.¹¹

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
School vouchers increase education opportunities for students.	School vouchers create opportunities for private, unaccountable schools to obtain tax dollars.
School vouchers provide students a pathway out of poverty.	School vouchers provide those families who already have the means to attend private schools a government subsidy.
School vouchers are a civil rights cause.	School vouchers lead to more discrimination and inequity in education.
School vouchers are a solution for families in need of better schools.	School vouchers lower the quality of education for all students and diminish the capacity of the entire education system.

Bottom Line

Voucher programs, in all their many forms, are not a solution for struggling students and families who want better education opportunities. The overall negative effects of vouchers on public school communities, especially the least well-served communities, negate any positive effects vouchers may have on an isolated family or small population of students. What’s needed instead are policies that address inequities in our public education system and provide more education opportunities for all students. Vouchers are a gift of taxpayer funds to private and religious schools that if expanded will cost American taxpayers billions of dollars.

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⁴ "Most applicants for school-choice program are from wealthy neighborhoods," Neal Morton and Adelaide Chen, Las Vegas Review-Journal, October 29, 2015.

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Are charter schools innovative?

No. Charter schools were intended to be centers of education experimentation and innovation, but they generally don't invent new teaching methods or develop and spread new education practices. They're businesses first, and schools second.

This is why

Charter schools generally mimic public school teaching practices.

Charters will adopt and rename good public school teaching practices, and they have created some awful ones—like “cold calling” and “data walls” that are not supported by research. However, they differ from public schools mainly in the ways they govern schools and treat teachers rather than in their educational practices.

Charter schools often stifle

innovation. Charters often revert to a traditional “basics” approach rather than develop new educational practices. They rely on policies like retention that do not work and drive students out.

Even charter school advocates admit their schools are not particularly

innovative. Their arguments for charter expansions increasingly tend to be about replicating practices of so-called high-performing charters rather than developing new and innovative approaches.

Charter schools don't focus their resources on the students. Most spend more on administration and less on instruction and other direct services to students than public schools.

Charter schools care less about having experienced, highly knowledgeable teachers. They tend to hire less experienced teachers who don't plan to stay in the school for very long. They do not value the teacher/family relationships that emerge in communities over time.

Look at the facts

An analysis of 75 **Arizona** charter schools found little evidence the schools were developing new classroom practices.¹

A study of **Colorado** charters found that more than 60% of the schools used reform models that are common elsewhere, and their instructional approaches were already being used in district public schools. Another analysis of charters in that state found their curricular programs were similar to programs already available in public schools.²

A survey of teaching methods in **California** schools found 87% of charter respondents used traditional approaches in their classrooms.³

A study of **Michigan** charters found whatever innovations in teaching and learning that were present in those

schools were “marginal and no more significant or frequent” than practices in public schools.⁴

A **nationwide** analysis of charter school practices found charters are not developing education options outside the range of what is already evident in public schools.⁵

Charter schools in **Massachusetts** claim their extended school day is an innovation, but some public schools in the state have had a longer day way before charters opened in the state.⁶

Another **nationwide** study of charter schools found that when these schools are compared to other schools in their local contexts, there was little evidence of innovation outside of staffing and administration. Among the chief differences were the tendencies of charters to have teacher merit pay and no opportunities for tenure.⁷

Public schools have used **innovative education models**, such as Montessori and project based learning, for decades – well before the advent of charter schools.^{8,9}

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Leading charter **school advocacy organizations** now prioritize replication of existing charter models over creating new schools that trail blaze innovative approaches to teaching and learning.¹⁰ These charter proponents admit market pressures, which were a foundational principle for establishing these schools, are now a reason charters have little incentive to innovate.¹¹

While only 10.7% of teachers in public schools are novice (3 years or less experience), 26.3% of charter school teachers are novice. More public school

teachers have more advanced degrees, with 56.8% holding a master’s degree or higher. Only 43.6% of charter school teachers have master’s degrees or higher.¹²

A **national study** of charter schools found they spend less on instruction, student support services, and teacher salaries and more for administration — both as a percentage of overall spending and in salaries for administrative personnel. While public schools devoted 21.3% of operating expenditures to teacher salaries, charter schools spent 15.1% on teacher pay.¹³

A **Michigan** study found charter schools on average spend \$774 more per pupil per year on administration and \$1141 less on instruction than traditional public schools.¹⁴

Since New Orleans became an all-charter district, instructional spending in the city has stagnated or even decreased, while administrative costs have skyrocketed from about \$1,000 per student in 2005 to \$1,700 in 2014.¹⁵

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools have more freedom to try new things.	Charter schools are less apt to try new practices because they don't value teaching and making a long-term investment in staff.
Charter schools are student centered.	Charter schools are businesses that cut corners on student services to save costs.
Charter school give teachers more flexibility.	Charter schools care more about managing teachers and cutting the cost of instruction.

Bottom Line

The idea of charter schools may have originally been about giving teachers more freedom to try out new ideas, but these schools are now dominated by a business mentality more interested in managing costs, producing high test scores and competing with public schools than serving students. When teachers are considered an expenditure that needs to be reined in – by hiring less experienced staff and emphasizing only “the basics” – the value of classroom teaching is diminished, and students lose in the long run. We need public schools that truly make high-quality education and great teachers the top priority.

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Are online charter schools good options for families?

No. Online charter schools, also called cyber schools and virtual schools, are a poor choice for students almost every time. They're mostly a way for for-profit education operators to cash in by exploiting the most vulnerable families in the public education system.

This is why

Online schools, in general, don't perform well, but online charters are particularly bad. Overall, online schools serving students K-12 have dramatically negative effects on academic achievement.

Graduation rates for online charters are dreadful. While graduation rates for public schools have been trending up nationally, online schools continue to lag significantly.

The online charter sector is dominated by big, for-profit chains. School districts have been increasingly creating their own virtual schools, but these tend to enroll far fewer students than large online charters. The nation's largest online charter chain is K12 Inc., a for-profit company listed on Wall Street. Outsourcing online schools to private companies opens them up to financial fraud, waste, and abuse.

Online charters often prey on the most vulnerable students. The promise of a stay-at-home school is most tempting to students already struggling, but it's generally a false promise.

Look at the facts

A **comprehensive analysis** of online schools nationwide comparing student

performance on assessments in reading and mathematics found 37.8% of district operated online schools had an acceptable proficiency rating compared to only 20% for online charters. Similarly, 23.1% of district online schools had proficiency rates above the state average, while only 16.8% of online charter schools had above average rates.¹

A study of online charters in **Ohio** found students attending these schools perform worse than their peers in bricks-and-mortar schools in all tested grades and subjects.²

A widely cited **national study** found students enrolled in full-time, online-only schools lost an average of about 72 days of learning in reading and 180 days of learning in math over a 180-day school year – meaning, in math, an entire year of lost instruction.³

An investigation of an online charter school in **Colorado** found fewer than one in four students used the school's software every day and the school's leader directed millions of taxpayer dollars to his for-profit company.⁴

Nationally, online schools, both district and charter operated, have graduation rates of just 40%, less than half the national average. In contrast, regular

public high schools have four-year graduation rates of 85%.⁵

Dropout rates at **North Carolina's** two online charters were 25% and 30%. Both schools received grades of "F" in mathematics and "C" in reading on state ratings.⁶

At **Maine's** online charter, 25% of the students dropped out within the first 90 days of operation.⁷

At a **Kansas** school district, an online charter operated by K12 Inc. posted a graduation rate of just 26.3% compared to 88% and 94% for the district's two high schools.⁸

Ohio's largest online charter had graduation rates of only 39% in 2014.⁹ In that same year, the school paid the companies associated with its founder nearly \$23 million, or about one-fifth of the nearly \$115 million in government funds it took in.¹⁰

Online charters run by private education management organizations (EMOs) account for 74.4% of all enrollments in online schools. Virtual schools operated by for-profit EMOs had 44 students per teacher, more than double the national average of 15.¹¹

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An in-depth investigation of an online charter in **California** found the schools are controlled by a for-profit firm that handles almost every aspect of the school's operations, including curriculum, personnel, and marketing. The company compensation can amount to as much as 75% of the school's public funding.¹²

A nationwide review of hundreds of news stories and dozens of state audits found an overwhelming number of negative accounts about online

charter schools. One **Colorado** online charter had a 19% graduation rate. An **Ohio** online charter inflated student attendance by nearly 500%. A **Pennsylvania** online charter founder siphoned off \$8 million in public money, including \$300,000 to buy his own airplane. And a **Hawaii** online charter founder hired her nephew as the athletic director – for a school with no sports teams.¹³

Another study of **Ohio** online charters found that students with low test scores

who enroll in these schools tend to fall even further behind from their peers. Higher-performing students fare better but still do worse than they would have done if they had not enrolled in an online charter.¹⁴

Online charter schools have made prominent headlines in numerous places, including **California** and **Pennsylvania** for allegedly deceiving prospective students into enrolling and defrauding states of millions of dollars.^{15, 16}

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Online charter schools are a good fit for some families.	Online charter schools rarely live up to their promises and open struggling students to exploitation.
Online charter schools belong in the mix of school options available to parents.	Online charter schools siphon precious dollars away from good schools and drag down the performance of the whole system.
Online charter schools are an experiment worth trying.	The track record for online charters is well established and uniformly bad.

Bottom Line

Strong demand for online charters is the result of marketing hype and not evidence of good results. States and school districts continue to adopt these schools believing they can somehow be an exception to their poor track record, but the results are invariably negative, and, in the meantime, more children are cheated out of a quality education while for-private companies add to their profits. Families and communities need high-quality, well-resourced public schools, not false promises.

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Do “Education Savings Accounts” lead to better results for families?

No. “Education Savings Accounts” (ESAs) are another voucher-like scheme that redirects public money for educating all children to private, unaccountable education businesses, homeschoolers, and religious institutions. Privatization advocates created these programs because school vouchers are unpopular and because these programs are a way around prohibitions against using public dollars for religious schools. But just like vouchers, ESA’s bleed public schools of essential funds and do little to improve education options for families.

This is why

ESAs provide a huge loophole for unaccountable use of public money. Parents who withdraw their children from public schools get a proportion of the money the state would otherwise have spent to educate their children deposited into an account. The account comes with a debit card families can use to pay for unaccountable education products and services such as private schools, home schooling, online courses, lessons and private therapists and tutors. These plans often have deceptive names like personal learning scholarship accounts, empowerment scholarship accounts, or individualized education accounts.

ESAs are a risky gamble for parents. Most of these programs release their funds to parents in exchange for the parents agreeing to forego their right to a public education. Parents must sign agreements that hold back money if spending is not approved.

ESAs don’t save money. They drain financial resources from public schools while subsidizing wealthier parents who already homeschool or enroll their children in private schools or online schools. They also add an administrative cost for managing the program, for which taxpayers foot the bill. Florida uses two private companies to “administer” its program.

ESAs, by design, increase segregation of students by ability, income, and other factors. ESA programs generally don’t require private and religious schools receiving the funds to serve students with special needs. Many of these schools can get ESA money and continue to refuse to enroll certain students based on their religious beliefs, language background, or gender preference.

ESAs don’t provide struggling students with a way out of “failed” schools. Families using these programs often leave the better performing schools in the state. These programs do not help families at the lowest rung on the economic ladder. The amount of money ESAs provide per student rarely covers the full cost of tuition, fees, uniforms, books, transportation, and other expenses at private and religious schools. Families may use money for online learning programs with terrible track records.

ESAs open new opportunities for abuse of public funds. State watchdog agencies are generally not resourced enough to adequately monitor parent expenditures of ESA money.

ESAs are a slippery slope to further privatization of public education. Advocates for education savings accounts begin by targeting the program to students with special needs. Then, they invariably push to slowly expand the program to entice other families to leave the public school system.

Look at the facts

An ESA program proposed in **Georgia** would cost the state an estimated \$865 million over its first three years. Administration costs alone are about \$26 million. Wealthier families in urban and suburban communities would benefit the most from the program because they have more access to private schools and services. The proposed legislation doesn’t include a method for eliminating low-performing private schools from receiving money through the program.¹

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Nevada's ESA program has no limit on the income of households that can obtain the funds. The \$5,100 or \$5,710 annual amount provided by the state per student is not sufficient to cover the cost of tuition at the vast majority of private schools or pay for English language instruction or special education services. Service providers receiving ESA money don't have to hire certified teachers, nor do the providers have to follow state academic standards or use the state tests.²

An analysis of Arizona's ESA program found that most families using the program are leaving high-performing public schools in wealthy districts to attend private schools. Students from schools with the fewest students receiving free or reduced-priced lunches received an average ESA benefit of \$15,200 – more than twice the average ESA benefit of \$7,350 given to students from schools with the highest share of children receiving free or reduced-price lunches. Better-performing public schools are punished in the program. Annually, A-rated schools lose \$15,700 average per student from ESA transfers, and B-rated schools lose \$13,450 while C-rated schools lose \$8,300, and D schools lose \$5,850.³

A state auditor's office in Arizona identified more than \$102,000 in misspending on education savings account money in just a 5 month period, including parents who spent program monies after enrolling children in public school, parents who did not submit required quarterly expense reports, and parents who purchased prohibited items. The report recommends the state strengthen safeguards and enforcement measures.⁴

ESAs were first created in Arizona, Tennessee, Florida, and Mississippi to help students with special needs. The Arizona program has since spread to other student populations, including those who attend schools that are rated a D or F in the state's rating system. Nevada's program is open to any child in the state who has spent 100 days or more in a public school. That program's funding mechanism was declared unconstitutional, but the state is trying to figure out a work around. Lawmakers in at least nine states have proposed bills in 2016 to create these programs.⁵

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
ESAs empower parents with more control of their child's education funds.	ESAs are a risk for parents when they have to give up their rights to a guaranteed public education.
ESAs offer parents more options.	ESAs provide options for only some parents, mostly those who are able to pay the extra costs the ESAs don't cover.
ESAs save taxpayer money.	ESAs are an illusion of savings because more money goes to unaccountable sources, administrative costs and more well-off parents.

Bottom Line

ESAs are not truly savings accounts. They give parents ways to spend someone else's – the taxpayers' – money, and they don't provide parents with any incentives to contribute their own money to the accounts. Often, the promise of more "choice" is an empty promise of expensive private schools and education programs with little evidence of success. Worst of all, they place students in unaccountable systems, where many will be under-educated. Rather than diverting tax dollars away from public schools, we should adequately fund our schools so they can have smaller class sizes, more specialized resources for student needs, and more education opportunities to meet the high expectations of parents.

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Do education tax credits scholarships provide opportunity?

No. Privatization advocates have created tax credit programs because school vouchers are unpopular. These programs are a way to get around prohibitions against using public dollars for religious schools which often discriminate on the basis of religion, gender preference, disciplinary history, or ability level.

This is why

Education tax credit programs don't enable families to choose better schools. Parents often opt for private schools – many that are religion-based – that don't perform academically as well as public schools. The amounts of money paid out to families from these programs rarely cover the full cost of private school tuition. Poor families can't make up the difference, especially to high quality private schools, so substandard privates are being subsidized.

Education tax credit programs worsen segregation. Both private and religion-based schools that can receive tax credit money often discriminate on the basis of religion, gender preference, disciplinary history, or ability level.

Education tax credit programs don't provide escape routes from “failing” public schools. Students who use the programs often transfer out of better performing schools, and those students don't perform any better academically than how they performed before their transfer.

Education tax credit programs may discourage charitable giving to worthier causes. Tax credits often provide a dollar-for-dollar reduction of income tax liability, while tax deductions lower taxable income by only the percentage of your marginal tax bracket. Getting a tax credit by donating to a fund for private schools would be far more beneficial as a tax deduction than giving to other charitable causes. This scheme favors one charity—sending students to private schools—more

than others such as children's hospitals, Veterans' organizations, cancer research and other worthy charitable organizations.

Look at the facts

In **Georgia**, a popular tax credit program allows public money to be used for tuition at more than 100 private schools that refuse to enroll gay, lesbian, or bisexual students.¹

In **Pennsylvania**, families can receive money for private school even if they earn more than \$72,000. Some of the state's most prestigious and expensive private schools qualify for the tax-funded program.² An additional \$15,270 allowed for each dependent member of the household makes it possible for a family of four to earn \$106,890 and still qualify. State law prohibits collecting socio-economic and academic data about scholarship recipients and their families, so there is no tracking of whether or not the scholarships go to students living in poverty and there is no data to demonstrate the positive or negative impact of the programs on student achievement.³

An education tax-credit program in **Arizona** costs the state over \$140 million a year, and designates only about 3% of the money to special-needs students and 32% to “low income” families.⁴ School districts with higher percentages of students eligible for free or reduced price lunch received less money per pupil from the program.⁵

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Only 25% of students using **Florida's** tax credit scholarship program are transferring out of the state's lowest performing schools, rated D or F by the state. Only 10% of the students using the program end up performing better on standardized tests, gaining over twenty percentile points. Fourteen percent lose more than twenty percentile points. Students who struggle the most academically in public schools tend to struggle in private schools, too. They are more likely to return to public schools, and when they do, they tend to perform less well than their peers who never participated in the program.⁶

Eighty-two percent of the families using **Florida's** tax credit program use it to transfer their children to religious schools.

The scholarships are not limited to the poorest families. A family of four can earn as much as \$48,600 and qualify for a full scholarship, and \$63,180 for a partial scholarship.⁷

A **national study** comparing public school academic performance to private school performance found that, after accounting for demographic factors, public school math achievement equaled or surpassed math achievement at private school in grades 4 and 8 on the National Assessment of Education Progress. Even though public school students started kindergarten with lower math achievement than demographically similar private school students, by the time they reached the 5th grade, they were outperforming their private school peers.⁸

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Education tax credit scholarships offer parents greater educational choice.	Many parents receiving tax credit scholarships can already afford private school and should pay their own way.
Education tax credit scholarships empower parents to have access to quality educational options that are otherwise out of reach.	Private schools on average do not perform better academically than public schools.
Education tax credit scholarships ensure that children are no longer trapped in schools that are not meeting their needs.	Education tax credit scholarships don't target the neediest students and the most academically struggling schools.
Education tax credit scholarships level the playing field for under-served families.	Education tax credit scholarships send public money to private schools that can discriminate based on race, gender, ability, or religion.

Bottom Line

Redirecting taxpayer money from public education to private schools does little to increase education opportunities, especially for low-income families. Because the amount of scholarship money rarely covers the cost of tuition at the best private schools, the money subsidizes sub-standard private schools that have less accountability than public schools, discriminate against students, and on average, do not provide children with better education opportunities.

¹ "Backed by State Money, Georgia Scholarships Go to Schools Barring Gays," Kim Severson Jan, The New York Times, January 20, 2013.

² "KYW Regional Affairs Council: 'Public Money, Private Schools,'" Pat Loeb, CBS Channel 3/KTW 1060, Philadelphia, PA, November 8, 2012.

³ "Myth busting the \$125 million private and religious school scholarship tax credits in the EITC/OSTC programs: Lots of \$\$\$ with no fiscal or academic performance accountability," Education Voters of Pennsylvania.

⁴ "Arizona private-school families cash in on state's tax-credit program," Alia Beard Rau, The Republic.

⁵ "Do education tax credits improve equity?" (Doctoral dissertation), Paul Louis Melendez, (2009).

⁶ "Evaluation of the Florida Tax Credit Scholarship Program Participation, Compliance and Test Scores in 2014-15," Zahid Kisa, Melissa Dyehouse, Toby Park, Brian Andrews-Larson, and Carolyn Herrington, Learning Systems Institute, Florida State University.

⁷ "Origins of Florida's Tax Credit Vouchers—Or, Don't Buy a Pig in a Poke," Sue Legg, Florida League of Women Voters, March 12, 2017.

⁸ "Public Schools Outperform Private Schools, Book Says," Holly Yettick, May 13, 2014.



Are tax credits scholarships a voucher by a different name?

Yes. Like vouchers, these programs redirect public money for educating all children to private schools, including religion-based schools. Diverting funds from public schools harms our children's education because schools are forced to respond to the lost money by cutting staff and programs.

This is why

Education tax credit scholarship programs are a money-laundering scheme. Whereas vouchers distribute public education funds directly to parents, education tax credit programs use a third party – often called a school tuition organization (STO) – that is set up as a nonprofit by the state or by financial groups connected to the private school industry. Tax credits are issued by the state to private individuals, businesses, or corporations that make donations to the STO. The money from the STO is distributed to selected parents to use for private school tuition, instead of going to public schools that rely on that funding.

Education tax credit scholarship programs don't save money. They drain financial resources from public schools while providing tax benefits to wealthy businesses and individuals. In states like **Georgia**, where every dollar is credited, all the money donated is returned to the donor. The taxpayers of the state are footing the cost of the vouchers to private schools. STO's take part of the funding, adding cost.

Education tax credit scholarship programs are a give-away to the rich. High-income taxpayers are the main beneficiaries of the programs. They not only get their donations back as a tax credit; they also can take a federal charitable tax deduction on top of that.

Education tax credit programs open opportunities for financial fraud and theft of public funds. States mostly don't have personnel and resources to track how the money is spent,

and there are opportunities for middlemen to skim off money that would be better spent on direct services to kids.

Look at the facts

In **Georgia**, the state does not track who is receiving scholarships under the program, and state lawmakers made it a criminal offense to disclose information about the program to the public.¹

Public schools in **Arizona** get about \$4,200 per pupil from the state, but the state's education tax credit program awards \$5,200 on average to parents participating in the program – an additional \$1,000 for every child who leaves a public school for a private or religious school.² Some private schools have received as much as \$18,000 per scholarship. Parents can get multiple scholarships for a child from multiple tuition organizations – something the state doesn't even bother to track.³

To cover the costs of the money transfers through tax credits, **Arizona** skims 10% off for administration – millions of dollars meant for education is diverted and another layer of bureaucracy has been added to the system.⁴

Often, wealthy taxpayers donating to STOs can also claim a federal charitable tax deduction on their donations. This can result in a tax cut as large as \$1.35 for each dollar donated. This is a gift of public funds to the wealthy, masquerading as a "good cause."⁵

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Pennsylvania's tax credit scholarship programs reduce by \$175 million the funding available for the state's general fund budget that includes education. Some businesses that participate in the programs actually make money in the deal by getting a 75-90% credit on their state tax bills plus a state and a federal tax deduction for a "charitable" contribution. STOs can keep 20% of the funding they receive (\$25 million annually) and are not required to report how they spend it.⁶

The education tax-credit program in **Arizona** has been championed by the president of the State Senate who also

owns one of the state's largest voucher-granting STOs, owns the company that provides the computers, data entry, and customer service to the program, and owns the building where the STO is located with his law firm.⁷

The education tax credit program in **Alabama** is directed by a board dominated by the same board members who direct Florida's program. One board member is also chairman and founder of Florida's largest tax credit voucher provider and vice-president of American Federation for Children, a school choice advocacy organization founded by Education Secretary Betsy DeVos.⁸

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Education tax credit scholarships offer low-income parents greater educational choice.	Education tax credit scholarships are a coupon program for parents who can already afford private school and should pay their own way. They are a scheme for the wealthy to save on taxes.
Education tax credit scholarships offer families more education choices for their children.	Education tax credit scholarships offer false choice. Vouchers hardly ever cover the full costs of high-quality private schools.
Education tax credit scholarships save taxpayers money.	Education tax credit scholarships add another layer of administrative costs and open public money to fraud and exploitation by privateers.

Bottom Line

When government funds for education are redirected to private pockets, your schools lose the financial capacity to serve all students with the same level of quality. If the goal is to make more high-quality school choices available for parents, then the emphasis should be on helping current public schools be the best they can be. This is no more than a gift of public funds and a scheme to help the wealthy and corporations avoid paying taxes.

¹ "SPJ announces 'winners' of Black Hole Award," Society of Professional Journalists, March 13, 2012.

² "Arizona private-school families cash in on state's tax-credit program," Alia Beard Rau, The Republic.

³ "School-voucher expansion could cost Arizona \$24M a year or more," Rob O'Dell and Yvonne Wingett Sanchez, The Republic, Feb. 22, 2017.

⁴ "DeVos and Tax Credit Vouchers: Arizona Shows What Can Go Wrong," Kevin Carey, The New York Times, March 2, 2017.

⁵ "How States Turn K-12 Scholarships Into Money-Laundering Schemes," Carl Davis, The American Prospect, March 3, 2017.

⁶ "Myth busting the \$125 million private and religious school scholarship tax credits in the EITC/OSTC programs: Lots of \$\$\$ with no fiscal or academic performance accountability," Education Voters of Pennsylvania.

⁷ "Sen. Steve Yarbrough makes out like a ...legislator ... on tax-credit tuition program," Laurie Roberts, The Republic, July 28, 2015.

⁸ "Alabama Has Its Own Tax Credit Program, Run by Floridians!" Diane Ravitch, blogpost, March 8, 2017.



Do charter schools and vouchers save money?

No. Charter schools increase education costs to taxpayers because they have become a parallel school system that drains money from what's available to serve all students. School voucher programs can add extra layers of administrative costs and make education funds less transparent and accountable. The result of both programs is more money going to more service providers instead of directly to students and classrooms.

This is why

Charter schools and vouchers expand education bureaucracy. Charter school administrative staffing adds another expensive layer of management to school systems. Money to pay for more executive salaries often comes at the expense of resources for classrooms. Vouchers often use public money to reimburse private school expenses formerly borne solely by the private school.

Charter and private school costs are often charged to the public. When students transfer to charters and private schools, the costs to provide those students transportation, free or reduced-priced lunch, and special education are often charged to the public schools or become parents' responsibilities.

Charter and voucher schools can hide their costs. Many charter and voucher schools receive substantial private dollars they either don't have to report or keep hidden from view.

Charter schools and vouchers are a financial burden on public school systems. These programs drain available funds that school districts could use to serve all students and often make it more difficult for public school districts to borrow money and maintain debt.

Look at the facts

A **national study** found charter schools on average spend \$774 more per pupil per year on administration and \$1141 less on instruction than traditional public schools.¹

In **New Orleans**, where all schools converted to charters, administrative spending increased by 66 percent while instructional spending dropped by 10 percent.²

In states like **Connecticut**, public schools pay for costs of transporting students to charter schools and providing those students with special education services. In **New York City**, some charter schools occupy public school buildings practically rent free.³

An analysis of charter schools in **Ohio** found these schools received \$7,141 per pupil in state money—more than twice the \$3,399 traditional public schools received from the state after charter deductions.⁴ Ohio private schools receiving state voucher money collect more than \$414,000 million per year, including \$141.6 million for private schools to cover costs of counseling services, standardized testing, purchasing of secular textbooks, and other “auxiliaries.” \$65.2 million goes to private schools for administrative reimbursements.⁵

A state auditor in **Pennsylvania** released a report in 2012 saying charter schools could be over-funded by more than \$365 million per year.⁶ In 2016, his predecessor said the state's charter school funding laws were the worst in the U.S., wasting millions in tax dollars every year.⁷

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“The whole people must take upon themselves the education of the whole people and be willing to bear the expense of it.” – John Adams



A study in **North Carolina** found that when all funding sources are taken into account, local spending on charters exceeds traditional public schools by \$215 per student. If local funds were truly shared equally, charter schools would have sent \$3 million to local school districts.⁸

School choice advocates in **Indiana** claimed a voucher program would save state taxpayers money. But since the 2013-2014 school year, the small savings turned into a deficit, reaching \$40 million last school year and expected to grow to \$53 million this school year.⁹

Popular charter chains in **New York City**—including KIPP, Achievement First, and Uncommon Schools—spend

substantially more (\$2,000 to \$4,300 per pupil) than similar district schools through access to philanthropy.¹⁰

Credit rating agency **Moody's** has warned that expanding charter school enrollments will likely have a negative credit impact on urban school districts which would lead to adverse credit pressure that threatens the districts' abilities to borrow and manage debt.¹¹

A **national voucher program** could add as much as \$73 billion per year to the cost of education nationwide, according to a 2002 study. Much of the additional cost is due to the shifting of private education costs, currently shouldered by parents, to the state.¹²

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools and vouchers make fiscal sense.	Charter schools and vouchers are a drain on public school budgets.
Charter schools and vouchers are more cost efficient.	Charter schools and vouchers add to education bureaucratic bloat.
Charter schools operate like a sustainable business.	Charter schools need propping up with private foundations and wealthy individuals.

Bottom Line

Charter schools and vouchers are not a way to get better education on the cheap. Because each school or network of schools is its own financial entity, they don't have the economies of scale that public schools have. So charters and private schools supported with vouchers have to continually find more ways to tap into public school budgets or generate funds from the private sector. This drain on resources threatens the capacity of public education budgets to serve all students.

¹ "Is administration leaner in charter schools? Resource allocation in charter and traditional public schools," David Arsen and Yongmei Ni, Education Policy Analysis Archives, 2012.

² "Does School Reform = Spending Reform? The Effect of the New Orleans School Reforms on the Use and Level of School Expenditures," Education Research Alliance for New Orleans, January 17, 2017.

³ "Review of Charter Funding: Equity Expands," Bruce D. Baker, National Education Policy Center, May 2014.

⁴ "Report: Unfair Funding - Charter Schools Cost State Twice as Much per Student as Traditional Schools," Stephen Dyer, Innovation Ohio, Thursday, February 14th, 2013.

⁵ "Private schools' \$400M public check," Hannah Sparling and Jessie Balmert, Cincinnati Enquirer, March 9, 2017.

⁶ "Funding for charter school students irks officials," Peter Cameron, The Citizen's Voice, April 7, 2013.

⁷ "Auditor General: Pa. charter school law is 'absolute worst,'" Rick Kauffman, Delco Times, October 16, 2016.

⁸ "Education Policy Carolina Justice Center Perspectives: Fair Funding for Charter Schools - Mission Accomplished," Kris Nordstrom, North Carolina Justice Center, September 2016.

⁹ "School Voucher Program Cost State \$18 Million More Than Previous Year," Claire McInerney, Indiana Public Media, July 18, 2016.

¹⁰ "Do For-Profit Managers Spend Less on Schools and Instruction? A National Analysis of Charter School Staffing Expenditures," Mark Weber and Bruce Baker, Sage Journals, February 7, 2017.

¹¹ "Moody's: Charter schools pose greatest credit challenge to school districts in economically weak urban areas," Global Credit Research, Oct 2013.

¹² "School Choice Tradeoffs: Liberty, Equity, and Diversity," R. Kenneth Godwin, Frank R. Kemerer, University of Texas Press, Austin, 2002.

