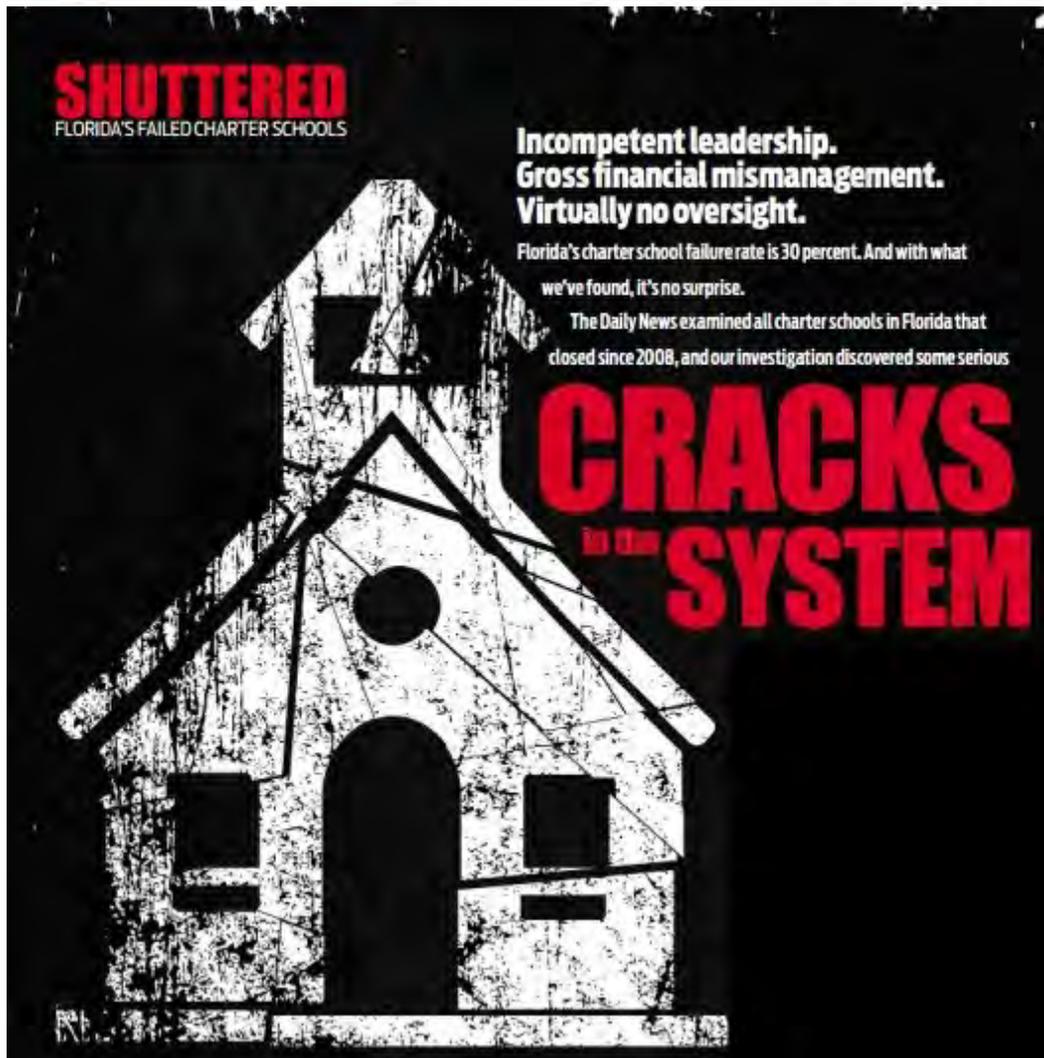


Naples Daily News

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By Jacob Carpenter ■ Printed on Page A1

Seven times since 2006, Richard Milburn Academy of Florida has failed at running a charter school. In Lee County, two RMA schools closed after administrators manipulated student grades. In the Tampa Bay area, two RMA schools shut down because of poor academic performance. In Manatee County, one RMA school was shuttered after half of the graduating class received diplomas without earning enough credits.

Yet, in Florida's charter school system, RMA of Florida is allowed to continue operating and opening new campuses. Many of the same people responsible for the seven failures are now running two charter schools near Daytona Beach, receiving about \$2.8 million in taxpayer money last school year.

"For a company to close down these schools here and keep running schools somewhere else, why are they allowed to do that?" asked Van Mitchell, whose son, Tyler, attended a now-closed RMA campus in Lee County.

That RMA still does business in Florida is but one example of cracks in the state's charter system, a world in which critics say too many ill-prepared and ill-intentioned operators are failing students and taxpayers.

As charter schools have boomed in Florida — 622 operated in 2013-14, up from 257 in 2003-04 —

many have also busted. Since charter schools were first permitted in 1996, 269 out of nearly 900 opened charter schools have closed, a failure rate of about 30 percent. That tally includes six schools closed in Lee County and two closed in Collier County.

The trend shows no sign of stopping, with the calendar year 2013 marking the most charter school failures to date, at 26.

To better understand Florida’s charter school failings, the Daily News undertook a first-of-its-kind task, examining all charter schools that have closed since 2008. The newspaper reviewed hundreds of closure documents and financial records, analyzed academic performance data and interviewed more than 60 people invested in the charter school system.

Among the findings:

- Since 2008, 119 charter schools have closed because of financial reasons, academic failures, student safety concerns or administrative mismanagement. Before closing, those schools taught an estimated 14,000-plus students, the vast majority of whom were forced to relocate to neighboring schools, sometimes in the middle of the academic year.

- Financial shortfalls were the most common reason for closure, affecting 64 of the 114 schools, yet the state requires zero upfront funding commitment to open a charter campus. In addition, 38 charter school governing boards mismanaged funds, provided lax oversight or failed to properly account for their spending. Despite this, the state doesn’t allow county school districts, which review and approve charter applications, to dig into the financial background of applicants.

REASONS FOR CLOSURE OF FLORIDA CHARTER SCHOOLS

Financial, academic and facility problems have most often prompted the closure of 119 Florida charter schools since 2008. These are the most common reasons for closure and the number of schools affected by each issue.

Reason for closure	Number of schools
Financial issues	64
Academic failures	45
Financial mismanagement	38
Curriculum/instruction issues	26
Facilities issues	22
Student safety concerns	17
Governance issues	17
Staffing issues	14
Other	11
Fraud/misrepresentation	10

The "number of schools" doesn't add up to 119 because schools with multiple issues were counted for each reason that contributed to closure.
Sources: Daily News reviews of county school board documents, charter school documents, interviews and other sources

- Academic failures prompted the closure of 45 schools, most of which received back-to-back state-issued “F” grades. Poor academic performance continues to dog the state’s worst-performing charter schools, about 7 percent of which received an “F” in 2012-13, compared to about 3 percent of all traditional public schools.

- There’s little in state law to prevent charter school operators that have already failed from receiving taxpayer money to try again. Should an applicant that has previously failed in Florida apply for a new school, its prior failure can’t be cited as a reason to deny its application.

- There are virtually no qualification requirements for serving on a charter school governing board, which bears the ultimate responsibility for managing the tax dollars it receives in the form of per-student funding. In addition, once a charter application is approved and a contract is signed, neither the county school district nor the state has any control over who can serve as a charter school governing board member.

- While the state has heralded accomplishments by its many successful charter schools, it does little to docu-

ment and inform parents about charter school failures. The only easily accessible, up-to-date information available to parents is a list buried on the Florida Department of Education’s Web site. That list has just three pieces of information: the school’s name, its home county and its date of closure.

“Right now, the charter school movement in Florida is the Wild West in every sense,” said Bill Sublette, chairman of the Orange County School Board and a former Republican chairman of the Florida House of Representatives’ Education Appropriations Subcommittee. “There’s very little accountability, almost no control, and I think the Legislature is going to have to decide how to put in accountability measures.”

Nearly two decades ago, the Florida Legislature allowed the creation of charter schools, hoping to foster educational innovation and offer parents alternative choices for their kids. Like traditional public schools, charter schools are tuition-free and receive state tax dollars for operation. Unlike traditional

public schools, they're overseen by independent, nonprofit governing boards and free of some state curriculum constraints.

Many of Florida's charter schools have proven successful both academically and financially.

In fact, 42 percent of graded charter schools received an "A" from the state in 2013, compared to 31 percent of traditional public schools. In 2012, the most recent year with available data, 88 percent of the nearly 500 charter schools with financial audits were operating in the black, according to the Florida Auditor General. And as charter advocates often argue, school failures are proof of the free market at work, weeding out bad operators while good operators succeed.

"The beauty of the movement is that it allows for greater success and flexibility, and it does allow for failure," said state Rep. George Moraitis Jr., R-Fort Lauderdale, vice chairman of a Florida House committee dealing with school choice. "Unlike a traditional public school that requires a heroic act to close it down, parents can vote with their feet on charter schools."

Still, it's the bottom fringes that most concern many familiar with the charter school system. State laws, they say, don't allow for enough scrutiny of charter applicants or oversight of opened schools. As a result, too many charter operators incapable of running a school are getting into the market, and county school districts aren't allowed to intervene when problems pop up, they say..

Some state legislators and education officials say they've made significant progress keeping potential failures out of the market, with the results likely to be seen in the near future. A model charter school application implemented in 2010, for example, has helped county school districts better scrutinize applicants. As evidence, only one-quarter of applications were approved in 2012, compared to about one-half in the mid-2000s.

"I think we're all working to get to a place where there's a zero rate of failure, and I think we're moving in the right direction," said Adam Miller, executive director of the Florida Department of Education's Office of Independent Education and Parental Choice. "I think we've seen improvements not only in the process, but we've also seen improvement in terms of results and performance."

But Florida is far from close to Miller's goal of zero failures. And some of those failures have been spectacular, none more so than The Community Green charter school in DeSoto County.

The worst-case scenario

By the end of her two kids' first week at The Community Green, during which her daughter had four different kindergarten teachers, Debbie Sopko knew DeSoto County's newest charter school was doomed to fail.

Billed as a unique learning environment, with a curriculum that returned students to the rural region's farming roots, The Community Green attracted more than 150 students when school started in August 2011.

"They had a lot of ideas for positive programs for the kids, getting the kids out of the classroom and



Chris Sopko, now 14, left, stands next to his mother, Debbie, and sister Victoria, front left, outside the former site of The Community Green charter school in Lake Suzy. They're joined by Grethel Mancha and her daughter Rebecca, now 10. The three children attended the now-closed charter school, which shut down amid serious safety concerns in January 2012. (Corey Perrine/Staff)

working together,” Sopko recalled earlier this year.

The DeSoto County School District rejected the school’s application three times, concerned that its academic framework didn’t meet state standards. The Community Green’s founders appealed twice to the Florida Charter School Appeal Commission and the Florida Board of Education, the two arbiters of all application appeals.

Both appeals boards agreed with the county in 2010. But in early 2011, after The Community Green’s team resubmitted its revised application, the two state boards sided with the charter school, saying its curriculum and performance measurement processes now met state requirements. It opened the following August.

Immediately, the district’s fears were realized. A week after school started, Daniel Dubbert, a DeSoto County School District administrator, toured the campus and documented his visit in a letter. It read in part:

“One classroom had visibly dirty floors [actual small mounds of dirt]. It is evident and common that the students sit on the floor for instruction.”

“Dirty dishes were evident outside of several classrooms in the open corridors.”

“Within [the school director’s] office, there were two female students lying face down on the floor whom the director indicated were ill.”

In reality, the problems were even worse.

Students went without pens, pencils and paper. Children bullied teachers and peers, shouting slurs based on race and sexual orientation, and those sent for punishment received “food, hugs and other positive attention from the administration,” parents told school district administrators. Parents also reported kids swam unattended in a pond where alligators had been seen. And a county health inspector wrote one bathroom had “dried feces on the toilet and soiled paper on the floor with foul odor.”

The Community Green’s governing board voted to voluntarily close the school before the start of the second semester, but it didn’t take responsibility. Rather, the governing board chairman, Robert Kluson, listed several “shortcomings” by the DeSoto County School District and failings of Florida law as the reasons for shutting down.

“The inadequate working relationship with the district was a strain, however the lack of services and the accompanying monetary impact proved to be too great to continue school services,” Kluson wrote.

To Sopko, who placed blame squarely on the charter school operators, the experience was a lesson in the potential pitfalls of charter schools.

“When you send your kids to a school, you think they’re going to be safe, they’re going to learn,” Sopko said. “I didn’t think to check up on everything because I assumed that if a school was allowed to open, my kids were going to be OK there.”

The application conundrum

To most involved in Florida’s charter school system, preventing cases like The Community Green begins well before the first bell rings.

To open a charter school, an individual or group submits an application, which addresses 19 key components of operation, ranging from curriculum to financial budgeting to governance.

It’s up to county school districts to review those applications, which often cover a few hundred pages, and judge whether the written proposal meets a state rubric covering those 19 components. Based on that review, the county school district then makes a recommendation to its school board, which votes on whether to approve each charter application.

To school districts, it’s a setup fraught with problems.

To start, school districts aren’t allowed to make judgment calls on whether they believe an applicant can actually execute what’s put down on paper.

Some charter application reviewers said they can nibble on the edges of what’s allowed, often by conducting interviews with applicants. A bad interview, marked by a lack of knowledge about the proposed school or ignorance about Florida’s charter school law, can result in extra scrutiny on the written application. That added scrutiny can, in turn, lead to a denial for more minor application issues.

But in the end, should an applicant appeal a denial to the state’s two review boards, what’s written

in the application is all that matters.

“We believe (the rubric) is not specific enough for us to tease out if an organization or individual has the skills necessary for educating the children,” said Leslie Brown, who oversees the Broward County School District’s charter schools department. “If it does not counter what the rubric requires, there’s very little chance of us actually denying it.”

For school districts, there’s also little assurance that a charter applicant will deliver on what’s promised. Once an application is approved and a contract is signed, school districts lose virtually all control over finances, academics and management.

In fact, the day after a contract is signed, the applicants can legally abandon the project and turn it over to a new governing board that received no scrutiny from the school district. At iGeneration Empowerment Academy of Davie, a Broward County charter school that planned to open in August, only one of the five board members was listed in the original application. (The school didn’t open due to facility issues.)

“It sounds absolutely crazy, but we don’t know who’s actually going to open the school on Aug. 19, just because an application says it’s a certain entity that’s applying,” Brown said.

In large part due to the application system, school districts have approved charters that can’t even survive more than a few months. Of the 119 charter schools that have closed since 2008, 14 never finished their first school year, 46 shut down after completing two years or less, and 65 couldn’t make it to a fifth year.

For supporters of the current application system, there are reasons for its setup. Too often, they say, county school districts have been antagonistic and inflexible toward charter schools, seeing them as competition for coveted tax dollars. (When a student leaves a traditional public school for a charter, the money follows the child.)

Left with too much power to subjectively judge charter applicants, some county school districts could severely limit options for students and parents. The two appeals boards have provided a back-stop for charter operators, approving 49 applications previously rejected by school districts. Of those 49, three schools have closed and 15 remain open. The remaining 31 either never opened, changed their school name or are scheduled to open in the future.

“I think the appeal process works, and some of the overreaching we’ve seen, we’re not seeing that as much anymore,” said Moraitis, the Fort Lauderdale state representative.

The repeat offenders

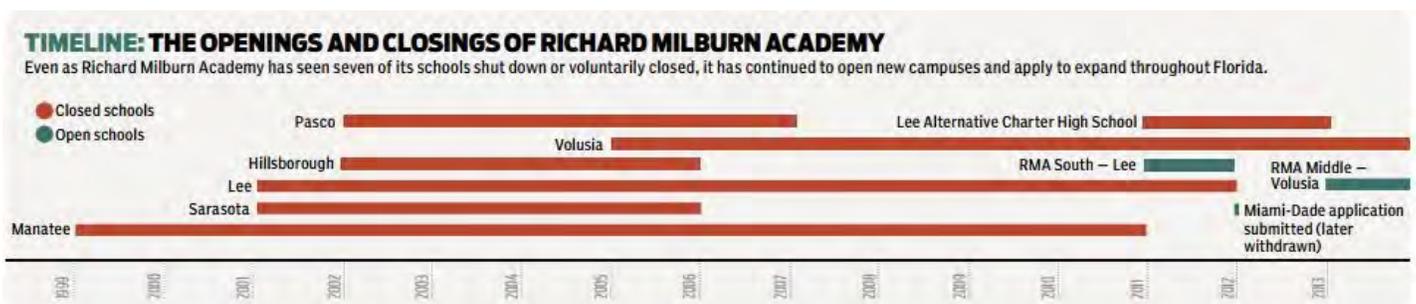
In the application process, there’s another loophole causing concern.

In approving an application, a school district can’t judge an applicant based on a governing board member’s prior successes or failures at other Florida charter schools.

The result is that charter school board members like Houston Conley and Jeffrey Baker continue to run schools, even after repeated flagrant mismanagement.

Conley serves as chairman of Richard Milburn Academy of Florida Inc., the nonprofit governing board responsible for three alternative schools — two in Lee County, one in Manatee County — that closed between October 2011 and February 2013 amid allegations of academic fraud.

Between the three schools, which served at-risk students between the ages of 16 and 21, 64 students were given diplomas despite failing to earn the necessary requirements, investigators found. At the two Lee County campuses, county school district investigators said credits and grades were



“systematically adjusted to fit the diploma requirements” by RMA staff. They cited one student who had six grades changed from “F” to “incomplete” on the same day by the same administrator, which pushed the student’s GPA above the minimum required for graduation.

Conley was also at the helm of a third Lee County school, RMA South in Bonita Springs, that closed for financial reasons after one year of operation, reporting an operating loss of \$280,000. And in 2006, Conley served as a board member of an RMA campus in Hillsborough that shut down due to low student performance and inaccurate reporting of student enrollment, which dictates state funding.

Despite his leadership of four failed charter schools and membership on the governing board of a fifth, Conley continues to serve as chairman of two RMA campuses in Volusia County. And in July 2012, just 26 days after being notified that an RMA school was being shut down due to academic fraud, Conley submitted another charter school application in Miami-Dade County. He later withdrew the application.

Conley declined to comment and directed questions about the organization to Donna Eldridge, a consultant for Richard Milburn Academy of Florida. Eldridge said the schools’ governing boards have helped provide hundreds of at-risk students with a final chance to earn a diploma.

“I think the board members have an enormous amount of experience in the field of education in various capacities and a world of knowledge and an understanding of education,” Eldridge said. “So I think you really couldn’t have a stronger board.”

In Baker’s case, he served as board chairman of two schools that failed in 2013, yet continued to serve on another charter board in 2014.

First, the iGeneration Empowerment Academy of Palm Beach closed last September after students were shuttled to an unapproved commercial building suite, proper safety records were never obtained and one student disappeared for seven hours.

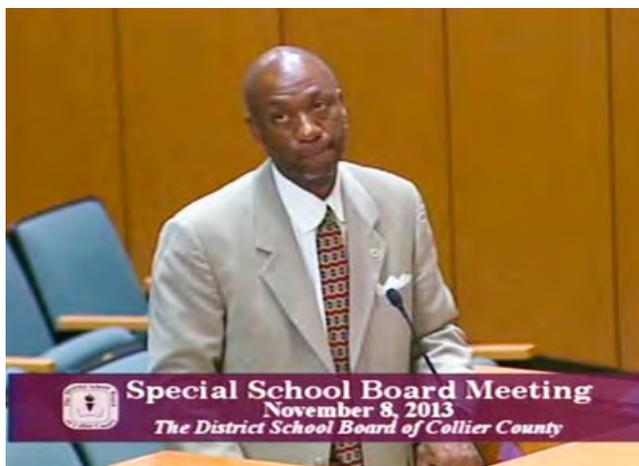
Two months later, Baker’s iGeneration Empowerment Academy of Collier County in Immokalee crumbled, accused of creating an unsafe environment for students. Classrooms had more than 75 kids in them. Students slept as teachers fiddled with iPads. Lunch came from McDonald’s and Little Caesars.

Despite those failures, Baker was allowed to serve as a governing board member of iGeneration Empowerment Academy of Davie, helping orchestrate the 2014-15 opening of the Broward County charter school. Baker was one of five board members with the authority to vote on how to spend taxpayer money. At one board meeting, he advised fellow members about how to best attract students, citing what he did at the Collier County campus.

“It’s horrific. How could they even propose that they’re able to do this?” said Daria Doubek-Thompson, whose daughter Sierra, now in the 11th grade, attended iGeneration Empowerment Academy of Palm Beach. “Obviously it was gross incompetence here. I fully expected the state would come in and make sure it didn’t happen again.”

Efforts to interview Baker by phone, email and in person were unsuccessful. Baker acknowledged receiving interview requests from the Daily News three times, never agreeing to answer questions. At one point, he accused the Daily News of harassment. His Broward school didn’t open in August because its facility, located in an aging industrial park, couldn’t be properly permitted and secured in time.

Neither the county school district nor the state can oust a sitting charter school governing board member. And should Conley, Baker or any other potential charter founder submit another charter application, their past failures can’t be held against them.



A screenshot from a November 2012 Collier County School Board meeting video of iGeneration Empowerment Academy’s Jeffrey Baker.

A matter of competence

In the charter school system, there's near unanimous agreement: the single greatest predictor of a school's fate is the competency of its leadership.

"Success is probably 95 percent about the leadership team — the board of directors and the principal," said Ronald Renna, founder of The Villages-based Charter Schools Consultant Services. He's helped open about 20 Florida charter schools, including a now-closed one in Lehigh Acres and the still-open Gulf Coast Charter Academy South in East Naples.

Yet there's little in state law preventing potentially incompetent governing boards, as well as board members that have already failed, from gaining access to the charter school system and the billion-plus dollars flowing into it. Governing board members are required to undergo four hours of state-mandated training, but that often does little to preempt closures.

"I think governance is a huge piece, and I think it's what we're least trained in," said Jenna Hodgens, supervisor of charter schools at the Hillsborough County School District. "There's no training for what is a good governing board, and there's nothing in state law that says, 'A governing board should include...'"

Like charter school governing boards, there are no competency requirements to run for a county school board, which aren't immune to incompetence and corruption. But candidates for county school boards are elected, often undergoing public scrutiny.

The charter application does require potential board members to provide background information "that highlights the contribution he/she intends to make" to the school. The application, however, doesn't give examples of what should be highlighted.

As a result, applications sometimes have sketchy or incomplete information about who will govern a new school.

When Conley, the Richard Milburn Academy of Florida chairman, applied for the school in Miami-Dade County in July 2012, he didn't mention his involvement in two closed schools, or that a Lee County RMA campus at which he was chairman was in the process of being shut down.

When Trayvon Mitchell, founder of two Ivy Academy charter schools in Broward County, submitted his two applications in August 2012, he wrote he had obtained three degrees, including a Doctor of Education. But Mitchell didn't list the schools from which he purportedly graduated. Those two charter campuses closed after six weeks of operation, and Mitchell is under a criminal investigation related to \$240,000 in unreturned funds disbursed to the Ivy Academy schools, a State Attorney's Office spokeswoman said. He couldn't be reached for comment.

In Collier County, school district staff said they ran into several roadblocks trying to track down information about potential board members for iGeneration Empowerment Academy. For example, Baker, the charter school's founder, listed himself as a graduate of Collins University, which doesn't appear to exist. His LinkedIn profile says he graduated with a doctorate degree from Corllins University, an online school that isn't accredited by any nationally recognized agency.

Still, the Collier County School District and Board approved the iGeneration application in 2011, and it probably still would today, said Nicole Hughes, director of charter schools for the Collier County School District.

"I think the committee did a fine job reviewing it, and I'm not sure my committee (today) would have rated it any differently," Hughes said.

Each charter school governing board carries its own risk, regardless of credentials. Many charter schools have succeeded with board members who don't possess multiple degrees. At the same time,



Board chairman Jack Gonzalez, center, listens on a conference call with governing board member Jeffrey Baker at a July meeting for board members of the iGeneration Empowerment Academy of Davie, a planned charter school in Broward County. (Corey Perrine/Staff)

several board members at failed schools have held accomplished positions: state representative, county commissioner, college professor, school superintendent.

Ultimately, it's about seating board members who combine competency with a dedication to students, an often arduous task.

"We find sometimes the governing board members may or may not understand the depth of responsibility they have for those children. It's a mixed bag," said Brown, the Broward charter schools supervisor.

"I'm not so sure all governing board members have looked into the eyes of the children they are representing and understand their incredibly important role in that child's education."

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SHUTTERED FLORIDA'S FAILED CHARTER SCHOOLS
A DAILY NEWS INVESTIGATION

Money management woes doom many charter schools



Life Skills Center director John Wyche, right, talks to his attorney, Barry Beroset, in February 2011 after being sentenced to 75 months in state prison for his involvement in misappropriation of public funds in connection with the Pensacola school. (Pensacola News Journal file photo)

By Jacob Carpenter ■ Printed on Page A1

At the end of his tour of Cambridge Christian School, a private academy in northwest Tampa, first-grader Giovanni Scanio had a question.

“How long will the school be open?” Giovanni asked, according to his mother, Lisa.

Giovanni wanted to know because a few weeks earlier, in July 2012, the charter school he loved abruptly shut down.

After just two years in operation, A.T. Jones Math, Science & Technology Academy had fallen about \$121,000 into debt. The charter’s governing board members kept promising parents that a private investor would pump \$100,000 into the school, but when the money never materialized, A.T. Jones became yet another charter casualty.

“I can tell you that two years later, my son still misses the school, he still wishes he went there,” Lisa Scanio said.

For Florida’s 600-plus charter schools, which get more than \$1 billion each year from taxpayers, no topic presents more problems than money.

As part of its wide-ranging investigation of Florida’s charter school system, the Daily News found dozens of Sunshine State schools have been shuttered due to poor financial planning, lax record keeping and fiscal mismanagement — with little consequence for those responsible.

The investigation centered on Florida’s 119 charter school closures since 2008, with an eye on how charter school finances work, who controls the purse strings, why so many schools can’t survive financially and how state policy affects charter schools’ bottom line.

Among the findings:

■ Since 2008, 75 Florida charter schools teaching an estimated 7,000-plus students have closed amid money troubles. Sixty-four of those 75 suffered from financial shortfalls, often leaving behind large debts. Most often, founders of those schools overestimated how many students they would attract, resulting in less per-student funding than expected from the state.

■ Many financially insolvent schools start and end earnestly, but 38 closed amid poor financial management, accounting and oversight. Several schools were shut down following negligent, sometimes fraudulent, money management.

■ Florida has seen a rash of schools closing after just a few years in operation, and money problems are the biggest reason why. Since 2008, 11 financially troubled schools didn't even finish a single academic year, while another 28 didn't make it past a third year.

■ Even for well-intentioned charter school operators, staying afloat isn't easy. Two reports suggest charter schools receive 70 to 80 percent of the per-student revenues that traditional public schools get, a hardship exacerbated by the high lease and rent costs for school facilities.

■ Despite these persistent money problems, the state requires no upfront investment — a line of credit, surety bond, collateral or private donation — from charter applicants and operators at any point. While governing boards and management companies often incur and are responsible for their own debts, some schools close with no negative financial impact on those running the school.

"We're opening (charter schools), which is fine, but if you're not holding them accountable for teaching our most prized possessions, that's a problem," said Florida Rep. Shevrin Jones, D-West Park. "We're creating a huge disruption in the lives of our children and our neighborhood schools."

Money issues and administrative greed aren't unique to charter schools. The Manatee County School District posted an \$8.5 million deficit in fiscal 2013, the result of poor financial oversight and record keeping, auditors found in February. In Broward County, one former public school board member served 32 months in prison for bribery and another awaits trial later this year on four corruption-related felony charges.

The financially distressed closed schools also represent a sliver of the state's charter system populated by more than 600 schools, the vast majority of which operate in the black.

Still, critics of Florida's system say too many charter operators who don't have sufficient financial backing and accounting knowledge are allowed into the market. In addition to the closure of 75 financially distressed schools since 2008, auditors found 58 charters had a deficit at the end of the 2011-12 academic year, the most recent year of available data.

In most cases, a charter school failure means little harm to taxpayers. At those schools, money went to teachers, administrators, landlords, vendors — all people paid for their goods and services.

But on several occasions, charter operators never returned excess taxpayer dollars they received just before closure, money that remains unrecovered.

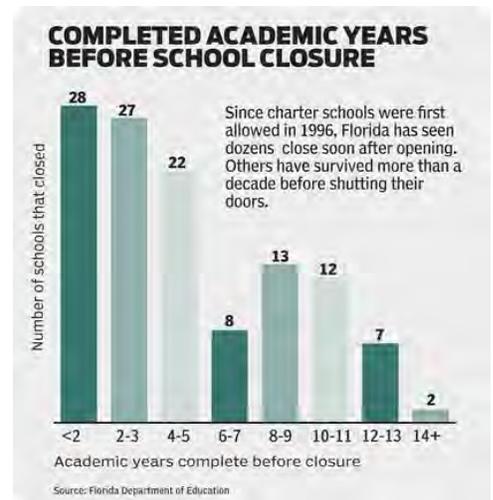
In Palm Beach County, operators of LaMensa Academy – New Generation School still owe \$113,000 in per-student funding overpayments more than two years after closing, according to the school district there.

In Lee County, the school board plans to sue Richard Milburn Academy of Florida Inc. for about \$100,000 in per-student overpayments and unpaid debts for district-provided services.

In Collier County, school district staff still don't know how operators of iGeneration Empowerment Academy spent about \$200,000 before closing in November 2013, just three months after opening.

The iGeneration imbroglio

In September 2011, 14 Collier County School District staffers gathered to consider the 308-page



application of iGeneration Empowerment Academy, a tech-intensive charter school at a to-be-determined location in the area.

In its first year, according to the application, iGeneration would enroll 200 students, resulting in a projected \$1.2 million in per-pupil funding from the state. InterVisual Education Management Services of Florida, a Hollywood-based for-profit company, would provide the curriculum, staff and other support services. A four-member governing board comprised of Cecil and Dolores Harris, part-time residents of Marco Island, and Jeffrey and Holly Baker, residents of central Florida, would oversee the operation.

Following state protocol, the district team reviewed the 19-part application, finding it met state standards on 15 parts and partially met the standard on four. The team voted 13-1 to recommend the county school board give the green light to iGeneration, which the board unanimously did the next month.

Two years later, when iGeneration opened its doors in Immokalee, one of Collier County's poorest areas, it looked nothing like the well-received proposal.

"Instruction wasn't taking place. Classes were too large. Technology wasn't working. I couldn't read the schedules," Collier County School District Attorney Jon Fishbane said earlier this year. "That was within four days (of opening). So could we have predicted that? I don't think so."

Beyond the classroom, governance and financial management had become a mess, Fishbane said.

Of the four governing board members listed in the application, only Jeffrey Baker remained. With only about 100 students enrolled, half the projected number from the initial budget proposal, finances were tight.

And with the money the governing board did receive — about \$200,000 in state funding upon opening — it failed to properly account for it. The governing board didn't submit the required financial statements, and district staff couldn't find documents to validate expenditures.

"It's only at the end, when they actually hired an accounting firm, did we begin to really get a sense the incompleteness of the financial statements was just the tip of the iceberg," Fishbane said. "To this day, we're still trying to understand where it all went."

'Messing with taxpayers' money'

Although cases like iGeneration are rare among Florida's charter schools, they're hardly unprecedented.

A Daily News review found about three dozen closed schools that failed to properly manage money. In most cases, governing boards of those schools didn't properly document expenditures or turn in mandatory monthly financial statements or yearly audits. In a few cases, board members were busted for inappropriately spending taxpayer dollars.

Among the most notable failures:

■ The director and chief financial officer of the now-defunct Life Skills Center in Pensacola were arrested on charges of funneling nearly \$500,000 in state money, as well as loans and grants, to prop up their financially floundering land trust. As a result, the alternative school, which served 145 at-risk students, many of whom had already dropped out of high school, closed in the summer of 2008. Director John Wyche is two years into a six-year prison sentence on racketeering and money laundering

In this February 2011 file photo, O.J. Rembert is led out of court after being sentenced to 12 months for his role in misappropriation of public funds in connection with Life Skills Center in Pensacola. (Pensacola News Journal file photo)



charges, while CFO O.J. Rembert received a one-year jail sentence and five years of probation.

- In less than one year of operation, Orange County's Imani Elementary Charter Academy misused more than \$160,000 in federal grants, ran up more than \$400,000 in debts and failed to pay the IRS about \$90,000 in taxes. To cover some of these expenses, the governing board took a loan — against the county school district's direction — from Ardonnis Lumpkin, a tutoring company founder and former principal of two closed charter schools. Between 1992 and 2011, Lumpkin was arrested eight times in Florida on theft, DUI and other misdemeanor charges.

- A major financial miscalculation led to the closure of two charter schools governed by the city of Palm Bay in Brevard County. The city, working in conjunction with for-profit management company Charter Schools USA, issued \$21 million in bonds to pay for a facility for the schools. But after five years, the city hadn't even paid down \$1 million of its debt, prompting the school's closure and displacement of nearly 750 students. Bondholders were left holding the bag.

- In 2009, Charter School Institute and Training Center in Broward County shut down after it ran up a \$131,990 deficit, didn't pay its payroll taxes for two years and failed to provide an inventory of property purchased with taxpayer money. Two years later, another Broward campus run by the same governing board was shuttered amid academic and financial problems deemed "wide-ranging" and "long-standing" by the county school district. Those issues included a failure to report budget information and delinquent payroll taxes.

Such mismanagement has been a source of frustration even to charter school proponents. Tim Kitts, CEO of Bay Haven Charter Academy Inc., which governs five Panama City charter schools, said financially failing schools are a black eye on the charter movement, overshadowing the hundreds of schools successfully filling academic niches in Florida.

"If you're going to start a school, you better have the right stuff," said Kitts, who also chairs the Florida Consortium of Public Charter Schools' advocacy committee. "You're not just messing with taxpayers' money. You're dealing with children's lives. Every time I see somebody doing something wrong, you just want to go down there and beat them over the head."

In several cases across the state, school districts, creditors, vendors and even staff members have sued charter school governing boards for unpaid debts.

But without such debts, charter operators can walk away from schools without financial consequence. Florida requires no private investment or access to credit before opening a charter school, meaning operators can rely solely on taxpayer dollars for funding, then abandon the project if they can't make ends meet.

It's part of the reason why a statewide task force comprised of school district staff and charter operators has proposed requiring a \$250,000 surety bond or other type of credit before opening a school.

"To be frank, if you can't get people to support you with \$250,000 and believe in you, you probably shouldn't be going out into this game to begin with," said Kitts, a member of the task force.

The measure, however, has run up against resistance. When introduced as an amendment to a bill this year in the Florida House of Representatives, the Republican-controlled body shot the proposal down along party lines.

"I think the idea of a surety bond or a line of credit is one that can be explored," said state Rep. Manny Diaz Jr., R-Hialeah, a chief legislative proponent of charter schools. "I don't think it's mature yet, and because of that, before I put something in statute, I want to know that in reality it can actually be achieved by someone."

Seeing red

Even for well-intentioned charter governing boards, the economics of charter schools can be troublesome.

In 2012, the Florida Auditor General found 58 out of nearly 500 charter schools were operating in the red, and 145 schools had lapses in financial management.

While most financially distressed schools also post poor test scores, a handful appeared succeeded academically. In Broward County, for example, Paragon Elementary Charter School and Pompano Char-

ter Middle School posted all “A” and “B” grades, educating students in high-poverty, high-minority areas. Both schools shut down in August 2012 for financial reasons.

So why can’t these schools stay in the black?

To start, there’s no requirement of financial expertise on a governing board. While those in the charter school system recommend including board members with strong accounting and financial planning skills, neither the state nor county school districts can dictate any necessary credentials.

Getting a school off the ground isn’t cheap, either. Startup costs and annual leases often reach six figures, sometimes topping a quarter-million dollars. A teacher’s salary and benefits average about \$50,000 per year, administrators about \$70,000. For-profit management companies can help, but they often get a percentage share of revenues (and under Florida law, they aren’t required to disclose how much they keep as profit).

Then, once the school has opened, most financially strapped charters fail to meet their enrollment projections. With too few students, state and federal per-pupil funding, which often constitutes the vast majority of revenue, isn’t enough to cover expenses.

“A lot of these schools go in signing a lease, projecting 300 or 400 kids. Next thing you know, you have 100 kids,” said Richard Moreno, executive director for Florida of Building Hope, a national non-profit that has loaned more than \$100 million to 90-plus charter schools. “Most of the non-professionally managed ones almost always under-enroll what they thought they would.”

In addition, facility costs often eat up significant chunks of budgets. For example, at Broward County’s Touchdowns4Life, a now-closed charter school founded by former Miami Dolphins football player Terry Kirby, rent and facility upkeep cost about \$110,000, slightly more than 20 percent of expenses. Kirby is now delinquent on more than \$145,000 owed to the landlord.

For new schools, building costs are particularly burdensome. While Florida charters have access to a federal startup grant, which averages about \$400,000 per school, it can’t be used for construction costs or rent payments after the first day of classes. Securing that grant has also become more competitive as more charter schools open each year.

Without that startup grant or an upfront private investment, paying the bills can be challenging. It’s a main reason why more than two dozen charter schools have closed before finishing three years of classes.

In Flager County, for example, Global Outreach Charter Academy of Palm Coast didn’t receive the startup grant and shut down after just one semester — even though it was given about \$321,000 in state funding that year. About 110 students were left in the cold.

The state also doesn’t require hard budget numbers in the application stage, but rather rough estimates that can have little resemblance to reality.

When board members of Lee County’s Lehigh Charter School of Excellence, for example, submitted their application in October 2009, plans called for 254 students and about \$1.9 million in revenues by 2012-13. But enrollment never topped 100, and when the school closed in early 2013, it had just 26 students and \$300,000 in revenues.

A matter of equity

Then there’s a question of fairness in funding.

Without private or other outside donations, nearly all Florida charter schools receive less per-pupil funding compared to traditional public schools.



Touchdowns4Life
Principal Lori
Bitar speaks to
parents and stu-
dents during a
meeting for the
opening of the
charter school in
Broward County
in August 2004.
(Miami Herald file
photo)

First, county school districts can take between 2 and 5 percent of per-student state funding as an administrative cost for providing oversight.

Then, charter schools can't collect any portions of local bond and millage revenues. That money often goes into a capital outlay budget, where funds are allocated for facilities, machinery and other nonsalary costs. In Broward County, for example, local millage revenues for the 2013-14 capital outlay budget totaled \$204.5 million, or about \$780 per student — money the county's charter schools won't see.

Florida's Legislature has sought to even the field, allocating a record \$90.6 million in capital outlay dollars for charter schools in 2013-14. Still, that only came out to just shy of \$400 per student, and charter schools aren't eligible for capital outlay funding until their fourth year of operation.

Adam Miller, the top school choice director for the Florida Department of Education, said charter schools typically receive relatively equal funding for operations when compared to traditional schools. It's facilities funding, Miller said, where there's the greatest discrepancy — an issue as more charter schools enter the market each year.

"The number of schools that are eligible is increasing, so that pot just gets diluted when new schools come on board," Miller said. "Last year's increase in the capital outlay was appreciated by schools and will help schools that were eligible. It doesn't erase that gap on the facilities/revenue side."

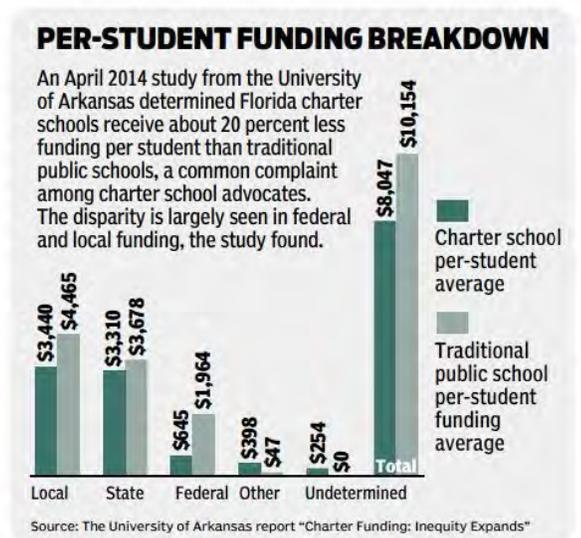
The size of that revenue gap has become a matter of debate.

Florida TaxWatch, a nonpartisan research organization, reported in February 2012 that the state's charter schools receive about 30 percent less total funding per student than traditional public schools. In April, a University of Arkansas study found a smaller gap, at about 20 percent.

As critics of the Arkansas report have noted, charter schools often have fewer expenses in some respects than traditional public schools. Most notably, many charters don't have long-term employee pension obligations or transportation costs.

The question, then, becomes what amount of funding is fair. And as Moreno, the Building Hope executive director, noted, a key tenant of charter schools "is that you can do better with less."

"I'm not an advocate for total, equal funding — but close," Moreno said. "I think if we were at 90 to 95 percent, that would be a fair alternative."



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By Jacob Carpenter ■ Printed on Page A1

New Life Charter Academy's classes end at 3 p.m., sending about 50 students out the front door of a strip mall near Fort Lauderdale.

It wasn't supposed to be like this, a smattering of elementary school students filtering out of a 5,500-square-foot building shared with a chiropractor's office.

When they applied to open a charter school, New Life Charter Academy's founders planned to enroll 550 students, bringing in almost \$3.5 million in state tax dollars. The money would pay for 36 teachers and a building with 30 classrooms, a resource room, a kitchen and a playground.

But after the first couple months of school, less than one-tenth of the projected number of students enrolled. Unless something changes, history suggests New Life Charter Academy could join the 75-plus Florida charter schools that have closed for financial reasons since 2008.

New Life Charter Academy isn't alone in drastically missing its student enrollment projections, resulting in low revenues that threaten a school's viability. A Daily News analysis of 48 Florida charter schools that opened this year shows many came nowhere close to enrolling what they said they would in their applications, which serve as the basis of whether school districts green light them to open.

In fact, those 48 schools enrolled about 10,000 students after projecting just under 19,000 — 54 percent of what they estimated. Thirteen of those schools failed to get one-third of the students they expected. Twenty-four didn't get half.

As a result of those missed projections, budgets submitted during the application process often were wildly off. A conservative Daily News estimate, using the state's base per-student funding allocation, shows schools overestimated revenues by at least \$35 million. That figure doesn't include extra money schools would receive for special education students, English as a Second Language students

and transportation costs.

The data from this year validates a concern raised by many involved in the charter school system: that charter applicants often make budget and enrollment projections with little clue about the demand for their school. Despite the recent spate of charter school closures and history of under-enrollment, the state requires no upfront funding commitment or line of credit to ensure viability in the early going.

“It matters because all of those deep questions — what your curriculum is going to be, how you’re going to train your teachers, what kind of programs you’re going to offer — all of that is going to have to be decided on the fly,” said Jeff McCullers, who oversees charter schools for the Lee County School District.

“You want to do all that when you’re calm and sitting in a relaxed environment and able to think all your problems through.”

Big dreams, small enrollment

A handful of charters were on the money when projecting their enrollments during the application process.

In Collier County, Mason Classical Academy whizzed by its 276-student projection, enrolling about 415 children. Sarasota Military Academy Prep hit its 425-student estimate right on the nose.

But several fell woefully short. Among the most notable:

- Palm Beach Maritime Academy High School missed the mark most, getting 63 students, or 8 percent of its 808- student projection.

- Avant Garde Academy of Broward ended up with 85 students this year after planning for 750 children, who would be “challenged intellectually, artistically and personally” at its school.

- East Windsor Middle Academy in St. Petersburg, which projected 600 students, enrolled only 126 students, barely above its contractual minimum requirement of 120.

Many board members responsible for running these taxpayer-funded schools declined to comment or didn’t return multiple messages seeking comment.

Shirley Brunache, founder and principal of New Life Charter Academy, didn’t return several calls for comment. When reached in person at her school last week, Brunache said she was too busy running the campus to return calls and declined to comment about her school’s operations.

Avant Garde Academy of Broward’s board chairwoman, Julia Valent, said only the school’s director could speak. The director, Frank Bolaños, didn’t return multiple calls for comment.

History shows some of the state’s new schools struggling with low enrollment will shut down in the coming months and years.

Since 2008, 34 Florida charter schools have closed because of financial issues after completing two academic years or less, a Daily News analysis shows. Together, those 34 schools taught an estimated 2,650 students, the vast majority of whom were forced to relocate to new schools after closing.

As Lee County School Board member Cathleen O’Daniel Morgan noted, students in closed charter schools often return to traditional public schools, where the curriculum can be dramatically different.

“It’s painful to watch what happens to the kids,” O’Daniel Morgan said.

Surviving on little

To some, missed enrollment projections are proof of the charter school market at work. If a charter offers a poorly-received curriculum or suffers from inept management, it doesn’t get students and



Parents pick up their students from New Life Charter Academy on Thursday in Hollywood. (Max Reed/Special to the Daily News)

eventually will fail. If there's demand among parents, and students perform well, a charter stays open.

Low enrollment numbers aren't necessarily a death knell to a school, but school leaders have to make budget adjustments if they miss enrollment targets.

For a decade, Dee Wolfe-Sullivan has been the principal of an Escambia County charter school, Byrneville Elementary School, with an annual enrollment between 150 and 200 students. Adhering to a strict budget — which, unlike many charter schools, doesn't include money for construction or rent — has kept the lights on at Byrneville, which has received an "A" or "B" grade in 11 out of 12 years.

"Most schools have an assistant principal, a guidance counselor, a librarian. I can't afford those things. I basically depend on all my teachers to help do those things," said Wolfe-Sullivan, a board member of the Florida Consortium of Public Charter Schools. "We all just pick up the slack. We're all in this to make it work."

In some cases, charter schools have rebounded after slow starts, including those run by Accelerated Learning Solutions, a for-profit management company with almost 20 alternative schools in Florida.

When ALS' Coronado High School opened in Fort Myers in 2008, it attracted about 120 students, not even one-third of its projected 400 students. Today, it's home to about 335 students.

ALS' two new campuses this year, Island Park High School in south Fort Myers and Town and Country Charter High School in Tampa, find themselves in similar situations, with about 120 and 105 students, respectively. Each projected 400 students in their applications.



Island Park High School Principal A.J. Nauss, left, and Dragica Motic talk with one of the school's students on Thursday (Scott McIntyre/Staff)

ALS CEO Randle Richardson said his schools can survive low enrollment numbers in the first two years because his company can prop them up until they're profitable. But sole operators without a strong line of credit can struggle without sufficient enrollment, he said.

"If you said you're going to serve 250 students and built a budget around 250 and you get 100, you're in trouble," Richardson said.

The application process

County school district staffers have dealt with unrealistic projections, and eventual closures, for years. The challenge has become how to fix the problem.

Charter applicants are required to submit projected enrollment figures and a description of how they arrived at those figures. But often, their reasoning is vague, with allusions to dropout rates and performance of nearby schools.

"I do not believe that the level of detail provided in the state-required application gives the authorizer enough information to determine how the charter school came to its projections," said Chris Bernier, associate superintendent of school choice for Orange County Public Schools.

School district staff, which review and grade charter applications using a state-mandated rubric, rarely mark down an application because of far-off projections. The common explanation: who's to say what's realistic and what's not?

"It's hard to get a low score in that section unless you just say things that are preposterous or don't make sense," said McCullers, the Lee County School District charter supervisor.

The charter application does, however, require a description of how the applicant will address revenue shortfalls caused by lower than expected enrollment. In some cases, school boards have approved applicants that provided little detail. Broward County's school board, for example, gave the green light to New Life Charter Academy, even though it provided just a one-sentence response to how it would cope with low enrollment.

"I think authorizers do bear responsibility for what we approve," McCullers said. "Now, I don't like the state process."

Changing the system

Several suggestions for tweaks to Florida's charter system have been floated to address low early enrollments.

Requiring some proof of the community's interest in a new campus could help weed out those with pie-in-the-sky projections. In its model laws, The National Alliance for Public Charter Schools, a pro-charter organization, states applications should include "evidence of need and community support for the proposed public charter school."

"I believe the applicant should be able to show something in writing, whether it's a signature on a survey from parents in the community where they're planning to open, or something else," said Osvaldo Garcia, principal of Passport School, an Orlando charter.

Others have pitched requiring multiple budgets in applications, with contingency plans for less-than-projected enrollment. Bernier said Orange County Public Schools requires three budgets: one each for if enrollment meets 100 percent, 75 percent and 50 percent of what's projected.

Another proposed fallback has been requiring a \$250,000 surety bond or other line of credit, which would help struggling charters stay afloat in their early years.

That idea came before the Florida House of Representatives this year as an amendment to a charter school bill, but the proposal was shot down. Some Republican legislators expressed concern that the \$250,000 amount would price out so-called "mom and pop" applicants, smaller groups that might struggle to get that level of credit.

For now, McCullers tells charter applicants to dream big while also staying grounded. Opening a new school requires great ambition, he said, with an eye on what's realistic.

"My advice is to be cautious and conservative," McCullers said. "It helps to have a good line of credit or a good financial supporter, too. Something to get you through those first few semesters."