

Charter and Cyber Charter School Reform Update and Comprehensive Reform Legislation

March 2013

Democratic House Education Committee

Representative James R. Roebuck, Chairman

This report will provide you with:

An update on Charter and Cyber Charter Schools regarding academic performance and investigations of irregularities as well as

Representative Roebuck's HB934 of the 2013-14 Session – Comprehensive Reform Legislation regarding the governance, financing and accountability of charter and cyber charter schools.

Charter and Cyber Charter School Reform Update

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CHARTER SCHOOL FAQ

What is a Charter School?

- Charter Schools were established by Act 22 in 1997 to offer alternatives in education of students using innovative strategies meant to improve student performance and save money.
- Charter Schools are self-managed Public Schools that are created and controlled by parents, teachers, community leaders, and colleges or universities.
- Charter Schools are approved and held accountable by School Districts through a 3-5 year charter that can be renewed for up to 5 years
 - Charter Schools Not Approved by School Districts can seek approval from State Charter School Appeals Board
- An existing public school can be converted into a charter school if 50% of the school staff and parents of its students agree to the conversion.

What is a Cyber Charter School?

- A Cyber Charter School primarily delivers instruction to students over the Internet which allows them to enroll students throughout the state
- Cyber Charter Schools are approved and held accountable by the State since the passage of Act 88 in 2002.
- Like Charter Schools, Cyber Charter Schools are approved through a 3-5 year charter that can be renewed for up to 5 years.
- A significant number of cyber school students were formerly home schooled students.

What are some important features about Charter and Cyber Charter Schools?

- Charter and Cyber Charter Schools are relieved of many State Education Mandates, except for those concerning nondiscrimination, health and safety and accountability.
 - Major mandate exemption is up to 25% of Teachers do not have to be certified.
- Charter and Cyber Charter Schools are funded with State and Local Funds through a Funding Formula at 70-80% of a traditional public school funding.
- Like all public schools, Charter and Cyber Charter Schools are responsible for their students taking the PSSA's and are held accountable under the federal No Child Left Behind law.
- There are no enrollment caps on Charter and Cyber Charter School

CHARTER SCHOOL FAQ

How many Charter and Cyber Charter Schools are there?

- 157 brick and mortar Charter schools (as of 9/5/12)
 - 80 Charter Schools in Philadelphia
 - 5 Cyber Charter School based in Philadelphia
- 16 Cyber Charter Schools
 - 5 Cyber Charter Schools Based in Philadelphia
 - ACT Academy Cyber Charter School (07/01/2012)
 - ASPIRA Bilingual Cyber Charter School (07/01/2010)
 - Education Plus Academy Cyber Charter School (07/01/2012)
 - Esperanza Cyber Charter School (07/01/2012)
 - Solomon Charter School Inc. (07/01/2012)
- Charter School Enrollment for 2011-12 = 72,761
 - Special Education population = 6,951 (state = 268,466)
- Cyber Charter Enrollment for 2011-12 = 32,275
 - Special Education population = 5,050 1.9% (state = 268,466)

How are Charter and Cyber Charter Schools Funded?

As public schools, charter and cyber charter schools are funded in the same way that district-run public schools are funded, namely through tax dollars. Charter and Cyber Charter Schools are not allowed to charge tuition.

- Currently, Charter school entities receive from the school district of residence for **non-special education students** the budgeted total expenditure per average daily membership of the prior school year, minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services; and other financing uses, including debt service and fund transfers as provided in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems established by the department.
- For **special education students**, the charter school entities receives for each student enrolled the same funding as for each non-special education student plus an additional amount determined by dividing the district of residence's total special education expenditure by the product of multiplying the combined percentage of the special education payment times the district of residence's total average daily membership for the prior school year.
- School districts paid an average of \$9,205 per ADM in tax payer funds to Charter and Cyber Charter Schools in 2012-2013 school year for non-special education students and an average of \$19,172 per ADM for special education students. Philadelphia School district paid \$8,095 per ADM for non-special education students and \$19,660 per ADM for special Education Students in 2012-2013 school year. The Highest ADM was paid by Bryn Athyn SD in Montgomery County, \$27,225 per ADM for non-special education students and \$93,609 per ADM for special education students. The Lowest ADM was paid by Altoona Area SD in Blair County, \$6,413 per ADM for non-special education students and \$11,029 per ADM for Special Education Students.

When does a school district have to provide transportation to a charter school?

- The law requires school districts to provide transportation to resident students attending a charter school "on such dates and periods that the charter school is in regular session" if:
 - The charter school is located within the district, or
 - The charter school is located not more than ten miles by the nearest public highway beyond the district boundary, or
 - The charter school is a regional charter school in which the district is participating.

Charter Schools in Philadelphia

State law regarding the conversion of a public school to a charter school in Philadelphia differs from the state law for other school districts.

Charter School Law in Philadelphia School District:

Act 83 of 2001 established that The School Reform Commission (SRC) is responsible for the operation, management and education program of the Philadelphia school district. The powers and duties of the board of school directors of the district were suspended.

Act 83 allowed the same provision as under current law for the establishment of a charter school by an individual or entity authorized in law to establish a charter school however the law makes the following changes concerning the conversion of an existing school building in Philadelphia into a charter school:

- The conversion of an existing public school building to a charter school may only be initiated by the SRC, the provision are as follows:
 - An existing school building cannot be converted into a charter school by individuals or entities authorized to establish a charter school, only by the SRC;
 - Removes 50% parent/staff approval requirement to convert an existing building;
 - All provision related to the application, approval/denial, revised application and appeals process are suspended;
 - The charter application required the charter to demonstrate sustainability of support, capability of academic achievement, conformity to legislative intent and ability to serve as a model to other public schools. No longer required.
 - The Charter Appeal Boards exclusive review of denied or non-renewed/revoked charter school appeal is suspended;
 - SRC has the power to approve and deny all charter applications and non-renew or revoke a charter with no review by the appeals board.
 - No public hearing required for conversion of an existing school to charter school;
 - No majority vote by board needed to convert existing school into charter school;
 - Not required to establish alternative arrangements for students attending converted school who do not wish to attend the charter school;
 - Not required to comply with charter school staff provisions which include:
 - Certification requirements for 75% of staff, enrollment in the PSERS, health care benefits and leaves of absence for professional employees.

CHARTER FACT SHEET

School District of Philadelphia

Basic Facts – 2011-12

- 80 Authorized District Charters, including Renaissance Charter Schools
- 77 Approved by School District
- 3 Approved by State Charter Appeal Board

Enrollment

- 57,597 Total number of District students in charters
- 42,677 Enrolled in District charters
- 10,200 Enrolled in Renaissance charters
- 4,720 Enrolled in cyber charters
- 151 Students in non-district charter schools
- 1,528 English Language Learner Students (3.3%)
- 6,359 Students with Disabilities (13.8%)
- 199 Students who are Mentally Gifted (0.4%)

Multiple Operators

- 8 Management Organizations with two or more charters
 - Mastery (10)
 - Belmont Charter (2)
 - Young Scholars (2)
 - Universal Companies (3)
 - KIPP (2)
 - Aspira (4)

AYP Status

- AYP Status (80 schools 2011-2012)
 - 43 Made AYP (54%)
 - 6 Making Progress
 - 18 Warning
 - 6 School Improvement # 1
 - 1 School Improvement # 2
 - 2 Corrective Action # 1
 - 1 Corrective Action # 2
 - 1 Corrective Action # 5
 - 2 Corrective Action # 6

Performance of Charter and Cyber Charter Schools compared to Public Schools 2010-2012

In both the 2010-2011 and 2011-2012 school year traditional public schools performed better than charter schools and significantly better than cyber charter schools in terms of achieving Adequate Yearly Progress (AYP), the federal school performance standard established under the federal No Child Left Behind law. AYP is determined by student academic performance on state reading and math assessments (PSSAs). **For 2011-12, while 61% of school districts met AYP, 50% of public schools met AYP. In stark contrast only 29% of charter schools met AYP and none of the 12 cyber charter schools met AYP.**

The percentage of students performing at grade level in Math and Reading in order for a school to achieve AYP increased from 67% of students in Math in 2010-2011 to 78% in 2011-2012 and increased from 72% in Reading in 2010-2011 to 81% in 2011-2012. NCLB eventually will require that 100% of students by the 2014-2015 school year, likely resulting in very few schools achieving AYP in 2014-2015.

AYP Status 2010-2012

| | 2010-2011 | | | 2011-2012 EXISTING STANDARD | | | 2011-2012 NEW PDE STANDARD | | |
|------------------------------|-----------|----------|------------|-----------------------------|----------|------------|----------------------------|----------|------------|
| | Total | Made AYP | % Made AYP | Total | Made AYP | % Made AYP | Total | Made AYP | % Made AYP |
| School Districts | 499 | 467 | 94% | 499 | 304 | 61% | 499 | 304 | 61% |
| Public Schools | 3096 | 2325 | 75% | 2898 | 1459 | 50% | 2744 | 1368 | 50% |
| Charter Schools | 142 | 86 | 61% | 144 | 43 | 29% | 144 | 76 | 52% |
| Cyber Charter Schools | 12 | 2 | 17% | 12 | 0 | 0% | 12 | 1 | 8% |

These results are based on the existing AYP performance standards for public schools that have existed since the inception of NCLB. **However, when the Department of Education (PDE) released the AYP results for 2011-2012 it decided to change the method of determining whether charter and cyber charter schools met AYP targets under NCLB. PDE made this change even though it application to the US Department of Education to this change under the NCLB law had not been approved by the US Department of Education.**

Instead of using the same method of determining AYP for a traditional public school as is currently under NCLB for determining AYP for charter and cyber charter schools, PDE proposed to determine AYP for charter and cyber charter schools by the method used to determine AYP for a school district.

PDE's Charter School AYP Interpretation for 2011-2012

*The results in the table under **2011-2012 NEW PDE STANDARD** reflect the change in performance of charter and cyber charter schools under the new PDE proposed standard.* The change resulted in a significant increase in the percentage of charter and cyber charter schools meeting AYP, resulting in more charter schools meeting AYP than traditional public schools or school districts.

Under the new method PDE is now applying to charter schools, the school's overall student body would not have to meet PSSA proficiency percentage targets. Instead, a school's student body would be divided into up to three grade spans (elementary grades 3-5, middle grades 6-8, and high school grades 9-12), and if the students in at least one of the those spans met proficiency percentage targets, including the subgroups within that span, the entire school would be regarded as having met that component of AYP. In addition, PDE is not requiring that a single grade span meet targets in both math and reading, but is awarding AYP designation if at least one grade span meets targets in each subject.

Federal Implications to proposed AYP Reporting for 2011-2012

This change for Pennsylvania violates two key principles at the heart of the federal NCLB requirements. First, NCLB requires that every public school is to be evaluated in the same way and in accordance with the same criteria and methodology. Second, NCLB requires that schools be held accountable for the achievement of all students in the school, not just some of them.

In November 2012 the US Department of Education disapproved PDEs request to change the method of determining AYP for charter and cyber charter schools. However, PDE is still planning on publishing the AYP results from both the existing method of determining AYP for schools and their proposed new method.

Fraud Concerns for 2011-2012

It is important to note that the percentage of school districts, schools, charter schools and cyber charter schools that made AYP in 2011-2012 decreased. This is largely due to higher AYP targets that went into effect for the 2011-2012 school year.

While the higher AYP target had the most significant impact on whether schools made AYP, another factor, increased state monitoring of some schools that were suspected of state testing irregularities did result in most of these schools suspected of cheating showing significant decreases in their PSSA scores. These schools included both traditional public schools and charter schools.

Charter & Cyber Charter School Investigations

The review of the selected Charter Schools revealed that the lack of Accountability over the Governance and Financing of Charter Schools across the Commonwealth, As a result of this ineffective oversight taxpayer funds are left extremely vulnerable to fraud, waste and abuse as demonstrated in this investigation. Action by individual school districts, the charter schools, and the legislature, where warranted, is necessary to decrease this vulnerability and improve accountability of public funds.

The fraud issues regarding specific charter and cyber charter schools outlined in the Fraud Charts in the following pages are listed below in more detail:

BOARD GOVERNANCE – CONFLICT OF INTEREST – This issue involves Charter schools’ Boards of Trustees not always fulfilling their independent oversight responsibilities and legal requirements. In these cases the board of trustees is originally selected by the founder of the charter school. The founder/CEO is the primary driver on all decisions and many boards just “rubber stamp” the CEO’s decisions.

CORPORATE SEPARATENESS – RELATIONSHIPS WITH NON PROFIT – This issue involves charters where corporate separateness does not exist between the associated non-profits and the charter Schools with Board members and personnel of the school often intermingled.

INTERMINGLING OF FUNDS – This issue involves charter schools where funds of the charter school, associated entities, and other private school ran by the CEO have funds used for expenses of all entities with no accountability or justification.

EXECUTIVE COMPENSATION – This issue involves charters where school officials including the CEO were receiving salaries in excess comparable school district employees.

MULTIPLE SALARIES – PSERS ISSUES – This issue involves charters where some employees were working “full time” at more than one charter school, also some individuals were listed as charter school employees who were outside professional service providers earning PSERS retirement benefits and where former employees were retained under consultant or services contracts in order to continue to receive salaries while also receiving PSERS retirement payments.

LEASE AGREEMENTS – This issue involves charters which receive state reimbursed rental payments for properties where the schools operate, however through leasing agreements and associated nonprofits, are transferring taxpayer funded assets to non-profits that are not accountable to the school district.

LOAN – MORTGAGE GUARANTEE – This issue involves charters that are guaranteeing loans for facilities owned by others or associated non-profits, thereby obligating taxpayer funds should the associated non-profit not make the required payments.

MANAGEMENT AGREEMENTS – This issue involves charter schools that had management agreements for a percentage of “profits” instead of set fees or other questionable agreements with management companies.

USE OF FUNDS – PROPERTY – This issue involves charters paying for unrelated expenses, such as personal expenses of the CEO or other employees, using charter school funds with little to no justification.

UNSUBSTANTIATED PAYMENTS – This issue involves charters where questionable payments are made to vendors with little or no back up documentation to substantiate the legitimacy of the payments.

RELATED PARTY TRANSACTIONS – This issue involves charters schools that had related party transactions that were not reported on their IRS reports or annual audit reports or other significant information was contradicted by findings.

HIRING ISSUES – This issue involves charters that appeared to be “family businesses” with legacy accession, questionable hiring practices and bonuses.

FINANCIAL DISCLOSURE FORM – This issue involves charter Board of Trustee members and other required employees not filing state mandated financial disclosure forms or forms were not completed correctly or forms had misleading information or were unavailable for review.

TAX ISSUES – IRS 990 FILINGS – This issue involves charters where IRS reports, annual financial statements and salary data on file with PSERS is not consistent or where IRS filings are not including related transactions, some of which they should be aware of or which they are directly involved in.

REFERRED TO ANOTHER AGENCY – This issue involves charters that were referred to outside agency for further investigation of fraud, waste and/or abuse of public funds.

Charter and Cyber Charter School Investigations

Charter and Cyber Charter Schools

Allegations / Concerns

| | | Center for Economics & Law | Agora Cyber School | Planet Abacus Charter | Laboratory Charter School | New Media Technology Charter School | Philadelphia Academy | Frontier Virtual Charter High School | Vitalistic Therapeutic Charter School | Chester Community Charter School | Multi-Cultural Academy Charter School | Graystone Academy Charter School | Martin Luther King High School |
|---|-----|----------------------------|--------------------|-----------------------|---------------------------|-------------------------------------|----------------------|--------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|--------------------------------|
| Board Governance - Conflict of Interest | | X | X | X | | | | | X | | X | | |
| Corporate Separateness - Relationship with Non Profit | | X | X | X | X | X | X | | | | | | |
| Intermingling of Funds | | | | | X | X | X | | | | | | |
| Executive Compensation | | | | | | | X | X | | | | | |
| Multiple Salaries - PSERS Issues | | | | | | | | X | | | | | |
| Lease Agreements | | | | | X | | | X | | | | | |
| Loan - Mortgage Guarantee | | | | | | | | | | | | | |
| Management Agreements | | X | X | X | | | | | | | | | |
| Use of Funds - Property | | X | X | X | X | X | X | | | X | | | |
| Unsubstantiated Payments | X | | | | | | X | | | | | | |
| Related Party Transactions | | | | | | X | | | X | | | | |
| Hiring Issues | | | | | | | | | | | | | |
| Financial Disclosure Form | | | | | | | | X | | | | | |
| Tax Issues - IRS 990 Filings | | | | | | X | | X | | | | | |
| Referred to Another Agency | X | X | X | X | X | X | | | X | | | | |
| PSSA Test Irregularities | | | | | | | | X | | | | | |
| Made AYP 2011-12 | N/A | | X | X | | X | | | | | | | |
| Still operating | | X | X | X | X | X | X | X | X | X | X | | |

See Appendix A for Charter School Investigation Compilation

Charter and Cyber Charter Schools

Allegations / Concerns

| | <div> PA Leadership Charter School Renaissance Academy Charter School PA Cyber Charter School Public Safety Charter School TruBright Science Academy Charter School Imhotep Philadelphia Electrical and Technical Partners Walter Palmer Leadership Learning Northwood Academy Charter School Germantown Settlement Charter School Christopher Columbus Charter Community Academy of Philadelphia Harambee Institute of Science and Technology Charter School </div> | | | | | | | | | | | |
|---|--|---|---|-----|---|---|---|---|---|-----|---|-----|
| Board Governance - Conflict of Interest | | | X | | X | | | | X | | | |
| Corporate Separateness - Relationship with Non Profit | | | X | X | | | | | | X | | X |
| Intermingling of Funds | | | X | | | | | | X | X | | |
| Executive Compensation | | | X | | | | | | X | | | |
| Multiple Salaries - PSERS Issues | | | | | | | | | | | | X |
| Lease Agreements | | | X | | | | | | | | | X |
| Loan - Mortgage Guarantee | | | | | | | | | | | | |
| Management Agreements | | | X | | | | | | | | | X |
| Use of Funds - Property | X | X | X | | X | | | | | X | | X |
| Unsubstantiated Payments | | | | | | | | | | | | X |
| Related Party Transactions | | | X | | X | | | | | | X | X |
| Hiring Issues | | X | | | X | | | | | | X | X |
| Financial Disclosure Form | | | X | | | | | | | | | X |
| Tax Issues - IRS 990 Filings | | | X | | X | | | | | | | X |
| Referred to Another Agency | | | X | | X | | | | | | X | X |
| PSSA Test Irregularities | | | | | | X | X | X | X | | X | |
| Made AYP 2011-12 | | X | | N/A | X | | | | X | N/A | X | N/A |
| Still operating | X | X | X | | X | X | X | X | X | | X | X |

See Appendix A for Charter School Investigation Compilation

Charter and Cyber Charter Schools

Allegations / Concerns

| | <div> <div>Lincoln Leadership Academy</div> <div>Young Scholars of Western Pa Charter School</div> <div>Young Scholars of Central PA Charter School</div> <div>New Foundations Charter School</div> <div>People for People Charter School</div> <div>Franklin Towne Charter School</div> <div>Preparatory Charter School</div> <div>Lincoln Park Performing Arts Charter School</div> <div>Raising Horizons Quest Charter School</div> <div>Mathematics, Civics and Sciences Charter School</div> <div>Mastery Charter School</div> <div>Khepera Charter School</div> </div> | | | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|-----|---|----------------|---|
| Board Governance - Conflict of Interest | X | | | X | X | X | X | | | X | | |
| Corporate Separateness - Relationship with Non Profit | X | | | X | X | | X | | | X | | |
| Intermingling of Funds | | | | | | | X | X | | X | | |
| Executive Compensation | | | | | | X | X | | | X | | X |
| Multiple Salaries - PSERS Issues | | | | | | | X | | | X | | |
| Lease Agreements | X | | | X | X | X | X | X | | | | X |
| Loan - Mortgage Guarantee | X | | | X | X | | X | | | X | | |
| Management Agreements | | | | X | X | X | X | | | X | | X |
| Use of Funds - Property | | X | X | X | | | X | X | X | X | | X |
| Unsubstantiated Payments | | | | | | | | | | X | | |
| Related Party Transactions | | | | | X | X | | | | | | |
| Hiring Issues | | X | X | | X | | | X | X | | X | |
| Financial Disclosure Form | | | | X | | | | X | X | X | | X |
| Tax Issues - IRS 990 Filings | | | | X | X | X | | | X | X | | X |
| Referred to Another Agency | | X | X | | | | | | | X | X | |
| PSSA Test Irregularities | | | | | | | | | | | | |
| Made AYP 2011-12 | | | X | X | X | X | X | X | N/A | X | 4 of 9 schools | X |
| Still operating | X | X | X | X | X | X | X | X | | X | X | X |

See Appendix A for Charter School Investigation Compilation

Charter and Cyber Charter Schools

Allegations / Concerns

| | Imani Charter School School Lane Charter School Fell Charter School Roberto Clemente Charter School Bear Creek Charter School Keystone Charter School Evergreen Charter School Solomon Charter School | | | | | | |
|---|--|---|---|---|---|---|-------|
| Board Governance - Conflict of Interest | X | | | X | | X | X |
| Corporate Separateness - Relationship with Non Profit | | | | | | | |
| Intermingling of Funds | | | | | | | |
| Executive Compensation | | | | | | | |
| Multiple Salaries - PSERS Issues | | | X | | | | |
| Lease Agreements | X | X | X | X | X | X | X |
| Loan - Mortgage Guarantee | | | | | | | |
| Management Agreements | | | | | | | |
| Use of Funds - Property | | | | | | | |
| Unsubstantiated Payments | | | | | | | |
| Related Party Transactions | X | | X | X | X | | |
| Hiring Issues | X | X | X | X | X | | X |
| Financial Disclosure Form | | | | X | | | |
| Tax Issues - IRS 990 Filings | X | | X | | X | | X |
| Referred to Another Agency | | | | | | | |
| PSSA Test Irregularities | | | | | | | |
| Made AYP 2011-12 | | X | X | X | X | | X N/A |
| Still operating | | X | X | X | X | X | X |

See Appendix A for Charter School Investigation Compilation

The History of Major Bills Introduced or Amended in 2011-12 Legislative Session on Charter School Reform

| Bill | Printers Number | Sponsor | Introduced | Final Status |
|--------|-----------------|---------|------------------|--|
| SB1 | PN1711 | Piccola | January 26, 2011 | Passed the Senate and referred to House Education Committee 10/31/11 |
| HB1657 | PN2099 | Roebuck | June 14, 2011 | Referred to House Education Committee 6/14/11 |
| HB2352 | PN3488 | Killion | May 8, 2012 | Referred to House Education Committee 5/8/12 |
| HB2364 | PN3655 | Fleck | June 5, 2012 | Referred to House Education Committee 6/5/12 |
| HB2661 | PN4133 | Roebuck | October 1, 2012 | Referred to House Education Committee 10/1/12 |

Of the above five bills introduced on charter school reform, only SB1 received consideration in the General Assembly. SB1 was a large bill that also contained controversial language regarding private school vouchers. While SB1 was passed by the Senate it was referred to the House Education Committee and received no other consideration by the House. The other four House bills on charter school reform that were introduced were not moved through the Education Committee, but there were hearings held on charter school reform issues.

In 2012, an unsuccessful effort was made to amend charter school reform language into two bills - HB1330 (Quigley) and SB1115 (Browne)

HB1330 was introduced as a bill that increased funding of the EITC program and established a new EITC program providing taxpayer funded vouchers for students to attend non-public schools. HB1330 was amended with charter school language in the Senate and sent back to the House for a concurrence vote but no final vote was ever taken.

SB1115 was introduced as a bill to change the way PA funds special education in public schools. After passage in the Senate, SB1115 was amended with charter school language in the House and sent back to the Senate for a concurrence vote. The Senate concurred but also added more amendments on charter schools. The House brought the amended SB1115 bill to the floor in October 2012 for a concurrence vote, but House Republicans were unable to muster the votes needed for passage.

Ultimately, NO final action was taken in the General Assembly on either HB1330 or SB1115 or any other charter school reform bill.



State Rep. James Roebuck
D-Philadelphia
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Taxpayers could save \$365 million with charter/cyber school reform bill

Amount could be higher if increased transparency requirements unmask more overfunding

HARRISBURG, March 7 – State Rep. James Roebuck, D-Phila., Democratic chairman of the House Education Committee, today unveiled his new charter and cyber charter school reform bill, which would save school districts an estimated \$365 million per year. The estimate is largely based on a [2012 report from the auditor general's office](#).

"While I do support charter schools, I believe major revisions are needed regarding the governance, financing and accountability of charter and cyber charter schools. These revisions will result in significant savings to our school districts, and I believe this is the most far-reaching reform bill of its kind introduced in Pennsylvania in this session," Roebuck said. **A summary of this legislation, HB934, is attached to this press release.**

"Two years ago, Pennsylvania cut about \$900 million from K-12 education, and the governor's new budget proposes to restore only about 10 percent of that cut. **This reform bill would return four times that proposed increase to school district budgets -- without raising taxes,**" Roebuck said. "It's possible the amount might be even higher than this conservative estimate of \$365 million, but we can't know for sure without the increased transparency and accountability requirements in this bill. There are significant unknowns about charter and cyber charter school finances, even though they are public schools."

"If we are overfunding some charter and cyber charter schools, as appears to be the case, that money needs to be returned to the school districts as soon as possible," Roebuck said.

"In October, the latest survey of school districts found that because of the state funding cuts to public education, an estimated 20,000 jobs have been eliminated or left vacant -- along with reductions in early childhood education programs, tutoring assistance and summer school and increased class sizes that have resulted in lower student achievement scores for the first time in several years. These state funding cuts have also forced many districts to raise property taxes," Roebuck said.

Roebuck said the legislation addresses what's needed in reforming the charter and cyber charter school law in four areas:

1. Strengthening local school board and taxpayer ability to approve and have authority over charter schools, unlike other proposed legislation that would weaken school district and taxpayer authority over charter schools and result in higher costs to taxpayers;
2. Changes in the charter school law to address immediate specific financial concerns about the funding of charter and cyber charter schools, including:
 - Limiting surplus fund balances for charter and cyber charter schools. "The law already sets limits on surpluses for traditional public schools in Pennsylvania, ranging from 8 to 12 percent of their budgets. Under this bill, publicly funded charter and cyber charter schools would finally operate under those same surplus limits. And they would have to refund the excess tax dollars back to the school districts. This is just common sense," Roebuck said.

- Removing the "double dip" for pension costs by charter and cyber charter schools. Presently, a school district's cost for retirement expenditure is not subtracted from expenditures in the tuition calculation that determines funding for charters. Roebuck said this sets up a "double dip" since state law guarantees charter schools reimbursement for their retirement costs. This reform alone would save an estimated \$50 million per year.
- Limiting the amount of special education funding that a charter or cyber charter school receives per student to the school district's total per-pupil expenditure for special education services. Roebuck said charters and cybers are getting excessive special education reimbursements from school districts totaling thousands of dollars per student for over identifying students with mild disabilities.
- Requiring the state Department of Education to conduct an annual year-end final reconciliation process of tuition payments from school districts to a charter school against those actual costs of educating a charter school student. Any overpayments would be returned to the school districts. In the 2010-11 school year, non-special education tuition rates per student ranged from \$4,478 to \$16,915.

Roebuck said, "All of these funding accountability measures will provide financial relief to school districts from specific charter school funding mandates placed on school districts. These savings can then be used by school districts and the state to restore funding to public schools and/or keep property taxes from rising. Everyone talks about reducing state mandates on schools. Well, here are some forms of mandate relief that we can do right now."

3. Establishing a Charter School Funding Advisory Commission to determine the actual costs of charter and cyber charter schools as part of developing a new equitable funding formula that is fair to both charter schools and school districts and, most importantly, to taxpayers.
4. Providing better fiscal and academic accountability for charter and cyber charter schools including greater transparency, conflict of interest protections and financial accountability of charter and cyber charter boards and administrators and for-profit management companies contracted to run charter and cyber charter schools.

"The contracting out of charter and cyber charter schools to management companies has increased significantly to where 42 percent of cybers and 30 percent of brick-and-mortar charters paid management companies to manage their schools. Yet lack of transparency and oversight has led in many instances to excessive management fees increasing schools' administrative costs and result in less money being available to educate students. Charter schools were meant to be schools of innovation, not tools for corporate profit," Roebuck said.

The bill has more than 40 bipartisan cosponsors, including House Democratic Leader Frank Dermody, D-Allegheny; and House Democratic Whip Mike Hanna, D-Clinton/Centre.

Roebuck noted that in 2009-10, school districts paid charter schools \$795 million, with only about \$227 million reimbursed to them by the state. The 2011-12 state budget ended that state reimbursement.

The House Education Committee is scheduled to hold a hearing on two charter school bills that are more limited in scope at 10 a.m. March 14 in Room 140 of the Main Capitol in Harrisburg.

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ASSIGNMENT EDITORS/NEWS DESKS:

- **Rep. Roebuck is available for media interviews.**
- **A chart is attached that compares this bill and the House Republican caucus plan.**

REPORT CARD

Pa. charter and cyber charter school reform bills

| | House Republicans | House Democrats |
|--|----------------------|--------------------|
| Addresses funding charter and cyber schools based on their actual costs | | ✓ |
| Limits on surpluses/fund balances | | ✓ |
| Elimination of special education overpayments to charters | | ✓ |
| No taxpayer funding of advertising | | ✓ |
| No double-dip pension payments | ✓ | ✓ |
| Promotes financial accountability for charter schools and eliminates conflicts of interest | | ✓ |
| Greater financial transparency and control over for-profit managers of charter schools | | ✓ |
| Protects local and taxpayer authority over charter schools | | ✓ |

(Chart references House Republican caucus legislative package [as introduced Jan. 25, 2013.](#))

Summary of the Roebuck Proposed Charter School Bill HB934 for the 2013-14 Session

CHARTER AND CYBER CHARTER SCHOOL FUNDING AND ACCOUNTABILITY REFORM

This legislation makes comprehensive amendments to the Charter and Cyber Charter School Law. Most notably this bill improves administrative oversight and accountability for both Charter and Cyber Charter Schools and addresses the Fiscal Accountability and Transparency for Charter & Cyber Charter Schools including accountability measures for Charter & Cyber Charter School contract providers. This bill makes the following major revisions regarding the governance, financing and accountability of charter and cyber charter schools.

Governance:

1. Creates the Office of Charter and Cyber Charter Schools within the Department of Education, which shall have oversight of Charter School and Cyber Charter School functions, including the ability to investigate complaints of fraud, waste and mismanagement.
2. Revises the application procedure for the creation of a Charter School or Cyber Charter School by requiring the newly formed office of Charter and Cyber Charter Schools to create a standardized application to be used by all applicants throughout the state. The application form will also be expanded to capture more information about the charter school's proposed organization structure, standards for performance and curriculum.
3. School districts that do not transport resident students on a daily basis shall also not be required to transport students who attend a charter school or regional charter school.
4. Prohibits the consumption, purchase or sale of alcohol in any charter school facility and proscribes penalties for violations of this prohibition.
5. Prohibits a charter school from contracting out more than 5% of their teaching staff, except of the department approves contracting above 5% for teaching staff in specialized subjects.

Financing:

1. Creates a Statewide Funding Advisory Commission to explore charter and cyber charter school funding issues, including special education funding, and make recommendations to the General Assembly and the Governor. The 15 Member Commission will have equal representation by public school and charter school appointees. The focus of the commission will be on determining the actual cost charter schools; developing a funding formula that provides funding equity and accountability for charter schools and addresses specific financial concerns about the costs of charter schools for the state and school districts.
2. Places unassigned fund balance limits on Charter and Cyber Charter schools based on their budgets, similar to those required under law for school districts.
3. Requires year end audits by the Department of Education to determine the actual costs of education services of a Charter or Cyber Charter School and then conduct an annual year end final reconciliation process of tuition payments against actual costs of education services of a Charter or Cyber Charter School. In determining the actual cost of education services, the amount spent on media advertisement to promote enrollment of the charter may not be used to determine the charter schools actual cost of education services, this would ensure that tax payers are not funding advertising activities of the charter school. If the actual cost of education services exceeds the tuition payments from school district then the Charter or Cyber Charter School would return any overpayments to the school district.

4. Limits the amount special education funding that a Charter or Cyber Charter School receives per student to the total per pupil expenditure for special educational services incurred by the school district.
5. Removes the “double dip” for pension costs by Charter & Cyber Charter Schools. Presently, a school district cost for retirement expenditure is not subtracted from expenditures in the Charter tuition calculation that determines funding for Charter Schools. This sets up a “double dip” for Charter & Cyber Charter Schools since state law guarantees Charter School’s reimbursement for their retirement costs.
6. Eliminate non-instructional services from tuition payments to charters such as expenditures for athletic funds, nonpublic school programs and services, tuition payments for Charter Schools from the Charter School tuition calculation, programs and services funded by federal funds, publicly or privately funded competitive grants and contributions or donations from private sources as they are unrelated to Charter School operational costs.
7. Cyber Funding Reforms. Additional changes to the current cyber charter funding formula for non-special education students:
 - A new “Cyber Program” deduction to spur on competition between school districts and cyber charter schools. School districts will be permitted to deduct 50 percent of the costs of any cyber program they offer to their own resident students.
 - Districts would be allowed to make additional deductions in calculating their payments to cyber charter schools; these deductions represent costs that occur in a brick-and-mortar setting, but not necessarily in a cyber setting. The proposed new deductions are:
 - The “*Extracurricular Activities*” deduction will allow districts to deduct 50 percent of the costs they incur for extracurricular activities. This deduction will not change the availability of extracurricular activities to cyber charter students who choose to participate in their home school district’s activities.
 - The “*District Pupil Services*” deduction will allow districts to deduct 100 hundred percent of the costs associated with certain services that are offered in a brick-and-mortar setting but are not necessarily offered by cyber charter schools. These deductions will include student health services, food services and library services.
8. Allows the charter school to decide if they want to participate in direct pay from the state or continue to receive funding directly from the school district. Keeps the burden of proving enrollment accuracy on the charter school and requires the Department of Education to hold a hearing if a school district disputes the accuracy of a deduction from State payments to the school district made the department in funding a charter school entity and determine if it is accurate.

Accountability:

1. Improves accountability of all charter school administrators and board members by tying their performance to the Pa Ethics Act and other standards of conduct recommended by a national charter school law model.
2. Provides adequate transparency and financial accountability for contractors, including for-profit management companies that provide management, educational or administrative services to charter school entities. Also requires these entities to publicly disclose the use of any monies received from a charter school as well as subject those funds to audit by the state.
3. Improves academic accountability of charter and cyber charter schools by basing renewal of these school's charters on their students meeting academic performance requirements that our public schools must meet. Also requires charter schools to amend their current charter if after approval they seek to contract any services of the charter school including, management, educational or administrative services to an educational service provider.
4. Requires the Office to develop a standard application for parents to apply for their students to any charter school in the commonwealth. This measure will ensure that barriers are removed to ensure that all students have an equal and fair opportunity to apply to the charter school of their choice especially students with special needs and Pennsylvania's most vulnerable students. The choice to attend a charter school belongs to parents and students, charter schools must welcome and serve all students and cannot discourage students from enrolling and must help them to succeed.
5. Requires Charter and Cyber charter schools to ensure their students are in compliance with the compulsory attendance laws and makes them responsible for instituting truancy proceedings as stated in the Public School Code.
6. Charter and Cyber Charter teachers, principals and certified support staff are evaluated under the same system of evaluation as other public schools.

APPENDIX A

| Charter School Investigation Compilation | | | | |
|--|---|--|---|--|
| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
| 1 | Center for Economics & Law - Philadelphia | Curtis Andrews - Principal & Chief Administrative Officer | Indictment charging Curtis Andrews with six counts of wire fraud in connection with a scheme to defraud the Philadelphia School District. Between May 2000 and June 2003 The CAO overcharged the District for students who no longer attended the school. As the principal of CEL, Andrews engaged in a scheme to defraud the School District by causing falsely inflated student enrollment data to be submitted to the School District, thereby causing the School District to provide funding to CEL to which CEL was not entitled. <i>March 21, 2006, Investigative Report released by the U.S. Department of Justice, United States Attorney, Eastern District of Pennsylvania</i> | six (6) counts of wire fraud - \$200,000 |
| 2 | Agora Cyber School - 2005 , Planet Abacus Charter - 2007, Laboratory Charter School - 1997, Ad Prima Charter School | Dorothy June Brown - Founder & CEO, Joan Woods, Michael Slade, Courtney Knight, Anthony Smoot - Charter Executives | Dorothy June Brown, was charged with defrauding three charter schools of more than \$6.5 million between 2007 and April 2011. Brown caused Agora to make fraudulent payments to Cynwyd totaling more than \$5.6 million under a fabricated management contract that had never been approved by the Agora board of trustees. Similarly, the indictment alleges that Brown and Chalker, who was the CEO of Planet Abacus, caused Planet Abacus to make fraudulent payments to AcademicQuest totaling more than \$700,000 under other fabricated contracts that had never been approved by the Planet Abacus board of trustees. In executing the schemes, it is alleged that Brown caused the creation of false documents, including false board meeting minutes, and fabricated contracts to falsely make it appear as if the boards of the schools had held meetings to discuss and authorize contracts with Brown's private companies. Brown allegedly later caused Slade to be named Acting CEO of another school she founded, the Ad Prima Charter School ("Ad Prima"), and then to be named as CEO of Laboratory. The indictment alleges that Brown also caused Knight to be named as CEO of Ad Prima and that she hired Smoot to be the business manager for all of the schools she controlled. <i>"Feds charge Philly charter school mogul in massive fraud." Philadelphia Inquirer (PA), 7/24/2012</i> | 62 counts -\$6.5M |
| 3 | New Media Technology Charter School - 2004 Philadelphia | Hugh Clark - Founder & BOT President, Ina Walker - Founder & CEO | Clark and Walker improperly used approximately \$522,000 in New Media funds to (a) pay expenses at a small private school, Lotus Academy (b) advance Clark and Walker's personal business ventures, including the Black Olive health food store and the Black Olive restaurant, (c) benefit Tekhen, a web design and internet access company that Clark owned and controlled, and (d) pay their own personal expenses. At least \$309,000 was fraudulently diverted from New Media to Lotus Academy, often disguised as prepaid rent or bogus security deposits. Once the funds were deposited into Lotus Academy bank accounts, the defendants spent the money on the expenses of their private school, and on their personal and business ventures. <i>"Phila.'s New Media charter school contends it's not a public school." Philadelphia Inquirer 02 Jul 2011</i> | 27 counts of Conspiracy, wire fraud, bank fraud, theft from a federally funded program - \$522,000 |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|---|-------------------------------------|---|---|--|
| 4 | Philadelphia Academy Charter School | Rosemary DiLacqua - BOT President, Kevin O'Shea - CEO | <p>DiLacqua accepted a total of approximately \$34,000 in payments from codefendant Kevin O'Shea, the former CEO of PACS, and another former school official that she did not disclose on her mandatory statement of financial interest form or to the other board members. After receiving these undisclosed payments, DiLacqua approved a series of salary increases for O'Shea and also a 20-year consulting contract for the other former school official that would have paid him in excess of \$100,000 annually for no more than 90 days of consulting each year. When O'Shea left PACS the following Spring (May 2008), he was earning in excess of \$200,000 in salary from PACS. Ultimately, both the founding CEO of Philadelphia Academy Charter School and his successor were charged with stealing almost \$1 million from the school's coffers, including money students had collected for a Toys for Tots campaign. The two men — one of whom had only a high school education — also allegedly engaged in questionable real estate deals. As a result, the high school paid rent money for its facilities directly to them. They charged really high rental rates for the school to use the building and then they accumulated money through the higher rates. They were using taxpayer money that was supposed to go to the school for other purposes.</p> <p>In addition, both the school's founding CEO and his successor had relatives on the school's payroll. The founding CEO's wife was the head of the board of trustees.</p> <p><i>Charter founder getting consulting fees (The Philadelphia Inquirer, May 14, 2008)</i></p> | (2008) pleading guilty in federal court to Mail Fraud - \$1M former CEO reportedly committed suicide |
| 5 | Philadelphia Academy Charter School | Kevin O'Shea - CEO | <p>O'Shea entered a guilty plea admitting that he stole between \$400,000 and \$1 million from PACS by: (1) using approximately \$710,000 in PACS' funds to purchase a building in the name of his purported non-profit business; (2) demanding kickbacks from PACS vendors; (3) submitting for reimbursement at least \$40,000 in fraudulent invoices for personal meals, entertainment, home improvements, and gas and telephone bills; (4) having approximately \$50,000 worth of home repairs improperly billed to PACS; (5) collecting approximately \$34,000 in rent from entities using PACS facilities; and (6) hiring a computer firm in an attempt to destroy computer evidence to obstruct this investigation. O'Shea also admitted to filing a false tax return for 2006. <i>OFF THE CHARTS: CHARTER-SCHOOL PROBES EXPAND, August 16, 2009, The Philadelphia Inquirer</i></p> | \$400,000 to \$1M |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|---|---|-----------------------------|--|--|
| 6 | Frontier Virtual Charter High School | John Craig, founder and CEO | Besides looking at the financial and academic problems, the state also aims to determine if Craig and the school's board of trustees have violated the Sunshine Act by holding private meetings. Craig released a statement that said that Frontier is "facing the challenges of any new and growing organization." The teaching staff had worked at half-pay for most of the year before being laid off. Craig has said that the school's 85 students were doing "fine" academically and that Frontier didn't have much of a truancy problem. However, the Daily News has reported that most of the students were failing, and many were habitually truant. Although cyber-schools are approved and overseen by the state, their funding comes from local school districts. Frontier is supposed to receive \$435,520 this school year from the city school district for 54 city students. Eller said the state paid Frontier \$38,073 that was owed the school from other districts. <i>"Frontier cyber-school students: All we want is to learn." Philadelphia Daily News (PA), 3/23/2012</i> | |
| 7 | Vitalistic Therapeutic Charter School - Bethlehem | Naomi Grossman - Founder | Using public records and interviews with state and Vitalistic sources, the newspaper found Vitalistic had improperly lent taxpayer money to its nonprofit sister school, had problems documenting students' special education services, and had repeat violations of its licensed mental health program. Vitalistic billed the state for more than \$200,000 in services from the preschool and charter school that auditors could not determine if children and their families had received. The newspaper's investigation found Vitalistic's board of trustees offered little to no oversight of those funds or management decisions. The story showed Vitalistic had problems administering and documenting whether students received services under a welfare department license to provide outpatient partial hospitalization care, according to audits conducted by Magellan Behavioral Health Inc., a Connecticut-based private managed care company that monitors treatment for people on Medicaid with mental health issues... The problems began with the charter school's first state-mandated mental health audit in February 2003 and continued over the next seven years, leading the state auditor general's office to launch an investigation in 2010. Auditor General Jack Wagner is asking the Lehigh County district attorney's office to conduct a criminal investigation into the finances of Vitalistic Therapeutic Charter School from 2006 to 2010. Wagner's audit released Monday concluded founder Naomi Grossman paid herself \$100,000 on top of her salary for running the charter school and its now-shuttered preschool. The audit says the school also made improper loans to the preschool for students with mental health problems and learning disabilities. Grossman operated the preschool before opening the charter. She denies any wrongdoing. The charter school still exists but hasn't opened yet this year. <i>"Bills pile up as Vitalistic charter school's future looks murky; Bethlehem charter school hasn't offered mandatory speech therapy since February, owes creditors \$87,531." The Morning Call (PA), 3/31/2012</i> | 19.2 M in State and Local tax dollars |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|---|--|---|--|--|
| 8 | Chester Community Charter School Chester(1999) | Vahan Gureghian, Head of management company, CSMI L.L.C., | <p>Chester Community Charter was among four charter schools and 10 school districts under investigation by the state for unresolved irregularities on the 2009, 2010, and 2011 PSSAs - the state's academic accountability test. Results for 2012 state tests released last week show that, school wide, scores fell about 30 percentage points in math and reading, with double-digit drops in every grade. Some fell more than 40 percentage points. Crawley blamed the score drop on financing problems created when the Chester Upland School District failed to make its required payments to the charter. He said about 50 aides and other support staff had been laid off last year. The charter school has been controversial because of the way its management company, CSMI L.L.C., has guarded information about its finances, and because Chester Upland administrators blame their financial woes on charter costs. The head of CSMI, Montgomery County lawyer Vahan Gureghian, was Corbett's single largest campaign contributor and served on his transition team.</p> <p><i>Chester Community Charter School investigation closes. Philadelphia Inquirer 10/15/12</i></p> | <p>CSMI's is paid \$5,873 per student last school year, and \$6,445 - for 2012-13. Total contract payments = \$17.6 million due last year to CSMI. That is more than the school spent on instruction and more than a third of the school's total expenditures of \$46.8 million.</p> |
| 9 | Multi-Cultural Academy Charter School Philadelphia | Vuong Thuy - Founder & CEO | <p>The board of the Multi-Cultural Academy Charter School last week voted unanimously to remove Thuy from his leadership position after being besieged by complaints of a rodent infestation, unsanitary bathrooms, and a "toxic" climate in which staff, parents, and students were berated and demeaned. Parents and staff also expressed concern that charter school money was being drained to represent Thuy in connection with a federal probe and a state ethics investigation. Stephanie Johnson, who helped mobilize other parents, said she was even more shocked when the school produced a record indicating it had spent \$222,000 in the last 12 months to represent Thuy in various investigations. The investigations were spawned by a charter school report that the City Controller's Office released last spring. The controller questioned Thuy's ties to a related organization that owns Multi-Cultural's building.</p> <p><i>"Charter's board ousts its founder: Vuong Thuy had been the subject of amonth of complaints from parents and staff about the school." Philadelphia Inquirer 5/8/11</i></p> | |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|----|--|-----------------------------------|---|--|
| 10 | Graystone Academy Charter School - Coatesville | Jack Stollsteimer - BOT President | <p>The allegations - set out in a March 16 letter from Coatesville Board President J. Neil Campbell - state that Graystone had failed to carry out several promised academic programs and policies. The school was also accused of not meeting certain academic benchmarks and fiscal-management standards. Graystone's board president - Jack Stollsteimer, the former Philadelphia Safe Schools Advocate - said the district wanted to close the school to save money. School districts are required to pay the tuition of their students who attend charters. Coatesville, which is working to close a multimillion-dollar gap in next year's budget, sent about \$4.6 million last year to Graystone in tuition fees.</p> <p><i>COATESVILLE DISTRICT BEGINS HEARINGS ON REVOKING GRAYSTONE CHARTER; April 28, 2011; Philadelphia Inquirer</i></p> | |
| 11 | Martin Luther King High School - Philadelphia | | <p>The New Jersey-based nonprofit that has overseen Martin Luther King High School for the last seven years has withdrawn its bid to run the school as a charter, amid a controversy. Citing a climate of "unrelenting hostility," Foundations Inc. Chief Executive Officer Rhonda H. Lauer in a letter to Archie and Superintendent Arlene Ackerman sent Wednesday night said her organization no longer was interested in participating in the district's "Renaissance" school reform plan. The School Reform Commission in March had voted to give Mosaica, an Atlanta-based for-profit charter school company, the right to negotiate the charter for King. But Mosaica later withdrew its application. Mosaica's abrupt about-face left Foundations Inc., a New Jersey-based nonprofit, as the only bidder for the King charter. King is being transformed as part of Superintendent Arlene Ackerman's signature Renaissance Schools initiative. For the past eight years, Foundations has been managing King under contract with the District.</p> <p>Nutter orders an investigation of the King charter school flap. Mayor Nutter has launched a city investigation into the withdrawal of an Atlanta charter school company from operating Martin Luther King High School, amid allegations of conflict of interest and political wrangling. The development follows a week of disclosures about a closed-door meeting, one charter operator who later backed out of King, and the subsequent departure of a second charter operator. It also follows requests by some King parents for a state investigation.</p> <p><i>Nutter orders an investigation of the King charter school flap. Philadelphia Inquirer 04/26/11</i></p> | The charter, which would be for five years, is estimated to be worth approximately \$12 million dollars a year |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|----|---|--------------------------|--|--|
| 12 | PA Leadership Charter School - Chester | Jay Cohen - Assistant IT | <p>An arrest has been made after the PA Leadership Charter School reported 37 laptops — valued at almost \$30,000 — went missing from the school. The women told police they bought the laptops from Nakesha Wallace, who works at a Sunoco, according to police. Wallace told police she bought three laptops from a customer named Jay who lives close to the Sunoco. When police interviewed Cohen, he said he knew nothing about the stolen laptops and denied having anything to do with them, police said. Police later charged Cohen with two counts of theft by unlawful taking and two counts of receiving stolen property.</p> <p>ARREST MADE IN CHARTER SCHOOL LAPTOP THEFT; September 16, 2010; The Daily Local News (Chester County, PA)</p> | |
| 13 | Renaissance Academy Charter School - 2007 in Pittsburgh | | <p>The Pittsburgh school board voted last night to shut down an East Liberty charter school. Officials cited financial concerns, a lack of criminal background checks on employees and other problems with Renaissance Academy of Pittsburgh Alternative of Hope, an elementary school. Board members voted 8-0 against granting the school a five-year renewal of its charter, with Mark Brentley abstaining. The board in November signaled its desire to close the school, which opened in 2003. The school may appeal the board's ruling to the state.</p> <p>BOARD DENIES RENEWAL OF E. LIBERTY CHARTER SCHOOL; April 26, 2007; Pittsburgh Post-Gazette (PA)</p> | |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|----|---|--|--|--|
| 14 | PA Cyber School - 2000 in Beaver | Nick Trombetta Founder & Former CEO | <p>The amount of public money that flows to PA Cyber and then out through its spin-offs has grown dramatically as the school's enrollment has surged to around 11,300 students statewide. During the 2010-11 school year, the last for which data are available, PA Cyber got \$103 million from school districts whose students enrolled in its home-based, Internet-delivered program. PA Cyber then paid \$44 million to the National Network of Digital Schools Management Foundation, or NNDS, a nonprofit entity that once shared PA Cyber's top executive and three of its board members. NNDS turned around and paid \$6.7 million to for-profit Avanti Management Group, run by four ex-PA Cyber executives, according to NNDS's disclosures to the Internal Revenue Service. NNDS paid millions more to other firms created by former PA Cyber executives. PA Cyber spokesman Fred Miller said executives, including the school's recently retired founder, Nick Trombetta, recognized years ago that they needed to exercise care in the relationships between the entities. In 2005, PA Cyber found a way to shift some of the work of running the school, and a big chunk of the revenue, off of its books. The National Network of Digital Schools Management Foundation was created on Aug. 9, 2005, with Trombetta as its president. Seventeen days later, the PA Cyber board voted to contract with NNDS to manage its burgeoning charter school, in return for 12 percent of the school's income. From 2005 through April of this year, PA Cyber paid NNDS \$207.2 million, according to a list of payments provided by PA Cyber to the Post-Gazette under the right-to-know law. During the 2010-11 school year, PA Cyber paid NNDS \$13.1 million as a management fee, and \$31 million for curriculum.</p> <p><i>FBI searches PA Cyber School. July 13, 2012, The Herald-Star</i></p> | FBI Raid - 07/2012 |
| 15 | Public Safety Charter School (not yet opened) | Thomas Tolstoy, chief executive officer | <p>One of five Philadelphia narcotics field officers at the center of a 2009 corruption scandal and ongoing federal investigation into allegations of planted evidence, illegal searches, and theft, is planning to open a charter high school for aspiring police officers. In addition to being the subject of a high-profile corruption investigation, Tolstoy has been accused of groping or sexually assaulting several women while conducting searches of their homes. The school, which Kolins said was Tolstoy's concept, has not applied for a charter through the Philadelphia School District, and spokesman Fernando Gallard said the district's charter office had not heard of the school. The School Reform Commission has not acted on applications for new charter schools for four years.</p> <p><i>Officer under investigation hopes to open charter school. Philadelphia Inquirer 09/25/12</i></p> | |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|----|--|------------------------------------|---|--|
| 16 | Truebright Science Academy Charter School Philadelphia | Bekir Duz, chief executive officer | <p>Truebright is one of more than 130 charters nationwide run by followers of Imam M. Fetullah Gulen, who lives in self-imposed exile in the Poconos. The FBI and the U.S. Departments of Labor and Education are looking into allegations of kickbacks by Turkish teachers at the charters nationwide, according to sources with knowledge of the inquiry. In April, the School Reform Commission said it would not grant the school a new operating charter on 18 grounds, including poor academic performance and lack of certified teachers. The charter school's administrators and board members and many of its teachers are Turkish nationals, many of whom are working in the United States on nonimmigrant visas.</p> <p><i>"Allegations raised over N. Phila. charter school run by followers of Turkish imam." Philadelphia Inquirer (PA), 4/19/2012</i></p> | |
| 17 | Imhotep - Philadelphia | | <p>Last summer, PDE launched an investigation of 38 traditional school districts and 10 charters. The goal was to determine whether student answer sheets on state exams had been tampered with. At least 30 of those have been officially cleared. Others will face more intense scrutiny when administering the exams this year. The only such investigations that are still active are in the Philadelphia District and at Philadelphia Electrical and Technical Charter High School and Imhotep Institute Charter High School, also in Philadelphia. Efforts to determine whether specific educators cheated may be continuing, however. Eller has said that an inquiry remains open into possible cheating at the Walter D. Palmer Leadership Learning Partners Charter School even though school officials say they've been told the investigation is over. Eller would not comment on the Palmer case, saying only that there are "multiple facets to the PSSA investigations." On Sept. 21, the state released the 2011-12 PSSA scores and said that cases were ongoing in nine districts and schools, including Pittsburgh, Hazleton, Scranton, Reading, and Harrisburg.</p> <p><i>State PSSA cheating investigation now limited to Philly by thenotebook on Nov 29 2012</i></p> | |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
|----|---|------------------|---|--|
| 18 | Philadelphia Electrical and Technical - Philadelphia | | <p>Last summer, PDE launched an investigation of 38 traditional school districts and 10 charters. The goal was to determine whether student answer sheets on state exams had been tampered with. At least 30 of those have been officially cleared. Others will face more intense scrutiny when administering the exams this year. The only such investigations that are still active are in the Philadelphia District and at Philadelphia Electrical and Technical Charter High School and Imhotep Institute Charter High School, also in Philadelphia. Efforts to determine whether specific educators cheated may be continuing, however. Eller has said that an inquiry remains open into possible cheating at the Walter D. Palmer Leadership Learning Partners Charter School even though school officials say they've been told the investigation is over. Eller would not comment on the Palmer case, saying only that there are "multiple facets to the PSSA investigations." On Sept. 21, the state released the 2011-12 PSSA scores and said that cases were ongoing in nine districts and schools, including Pittsburgh, Hazleton, Scranton, Reading, and Harrisburg.</p> <p><i>State PSSA cheating investigation now limited to Philly by thenotebook on Nov 29 2012</i></p> | |
| 19 | Walter Palmer Leadership Learning Partners - Philadelphia | | <p>Last summer, PDE launched an investigation of 38 traditional school districts and 10 charters. The goal was to determine whether student answer sheets on state exams had been tampered with. At least 30 of those have been officially cleared. Others will face more intense scrutiny when administering the exams this year. The only such investigations that are still active are in the Philadelphia District and at Philadelphia Electrical and Technical Charter High School and Imhotep Institute Charter High School, also in Philadelphia. Efforts to determine whether specific educators cheated may be continuing, however. Eller has said that an inquiry remains open into possible cheating at the Walter D. Palmer Leadership Learning Partners Charter School even though school officials say they've been told the investigation is over. Eller would not comment on the Palmer case, saying only that there are "multiple facets to the PSSA investigations." On Sept. 21, the state released the 2011-12 PSSA scores and said that cases were ongoing in nine districts and schools, including Pittsburgh, Hazleton, Scranton, Reading, and Harrisburg.</p> <p><i>State PSSA cheating investigation now limited to Philly by thenotebook on Nov 29 2012</i></p> | |

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|----|---|-------------------|--|--|
| 20 | Northwood Academy Charter - Philadelphia School | Brien N. Gardiner | <p>PSSA Cheating Investigation.</p> <p>Northwood Academy Charter School is Brien N. Gardiner's other charter school.</p> <p>Since the scandal erupted at Philadelphia Academy Charter School in April, Northwood has been trying to extricate itself from Gardiner, his associates, and the business entities he created.</p> <p>Nonetheless, Northwood, an elementary school with 775 students at two sites, has been drawn into the widening federal criminal investigation of Gardiner and other former top administrators at Philadelphia Academy.</p> <p>Northwood received a federal subpoena for school records in May. Additional subpoenas sought documents related to its buildings.</p> <p>Gardiner, who founded Philadelphia Academy in 1999, opened Northwood in 2005 to relieve overcrowding at Carnell Elementary School.</p> <p>For a time, Gardiner, a former district principal, was chief executive officer at both schools. But he exercised unusual control over Northwood.</p> <p>CHARTER SEEKS FREEDOM FROM GARDINER'S WEB: NORTHWOOD ACADEMY HAS BEEN STRUGGLING FOR SEPARATION SINCE SCANDAL ERUPTED IN APRIL, September 17, 2008, The Philadelphia Inquirer</p> | |
| 21 | Germantown Settlement Charter School - Philadelphia | | <p>In Germantown, authorities are trying to determine whether the charter school diverted some of the \$31 million in taxpayer money it received over nine years to prop up other nonprofits operated by its sponsor, Germantown Settlement.</p> <p>The school closed in June after the School Reform Commission denied it a new operating charter because of financial mismanagement and poor academics.</p> <p>OFF THE CHARTS: CHARTER-SCHOOL PROBES EXPAND, August 16, 2009, The Philadelphia Inquirer</p> | |
| 22 | Christopher Columbus Charter - Philadelphia | | <p>The Philadelphia Controller chose not to select Christopher Columbus Charter to investigate due to its association with Citizen's Alliance for Better Neighborhoods and an ongoing state review of that non-profit. The Charter School has ties with ex senator fumo's non profit that was convicted of defrauding tax payers - Founded in 1991 and staffed by Fumo aides, Citizens Alliance has bought storefronts along Passyunk Avenue to revitalize a business strip in Fumo's district. It has supported Christopher Columbus Charter School in South Philadelphia and lent money - \$750,000, interest-free - to another, the Independence Charter School in Center City.</p> <p>Philadelphia City Controllers 2010 Charter School Review Report.</p> <p>Future murky for Citizens Alliance, the Fumo-founded nonprofit that owns property. Daily News 07/14/09</p> | |

| | Charter School | Persons involved | Descriptions (Quotes / Summaries from News Articles) | Charges Filed & Total Loss of Taxpayer Funds |
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| 23 | Community Academy of Philadelphia Charter School Philadelphia | Joseph Proietta, the charter founder and chief executive officer; Anna Duvivier, the chief operating officer; and International Education & Community Initiatives | <p>A former administrator at Community Academy Charter School has filed a whistle-blower suit alleging that she was improperly fired the day after federal agents raided the school in August.</p> <p>Adorable Harper, a 1999 graduate, charges that officials at the Kensington charter retaliated against her for filing a complaint with federal investigators detailing "a pattern of criminal misuse of local, state, and federal funds."</p> <p>Dave Frankel, one of Harper's attorneys, said the suit, filed recently in Common Pleas Court, contends that the defendants "illegally retaliated against our client for blowing the whistle."</p> <p>The suit names Joseph Proietta, the charter founder and chief executive officer; Anna Duvivier, the chief operating officer; and International Education & Community Initiatives, a related nonprofit that does business under the name One Bright Ray Inc.</p> <p>The officials, the complaint alleges, ran the charter and the nonprofit "like private fiefdoms or family businesses rather than the publicly funded school and nonprofit entities they are."</p> <p>The Inquirer reported in October that Proietta had five relatives on the charter's payroll and that his wife was a consultant to the school.</p> <p><i>Whistle-blower suit filed in charter probe (The Philadelphia Inquirer, February 6, 2010)</i></p> | |
| 24 | Harambee Institute of Science and Technology Charter School | | <p>(2008)The charter school cafeteria was used as a night club on nights and weekends through an arrangement with Club Damani which had been operating on the premises during off hours despite an expired liquor license.</p> <p>(2010) City Controller Alan Butkovitz says his office has found questionable spending at the Harambee Institute of Science and Technology Charter School.</p> <p><i>Philadelphia charter school will close nightclub that operated in cafeteria during off-hours (Washington Examiner, April 2, 2010)</i></p> | Harambee receives about \$3.5 million annually in public funds but operates independently of the school district. |
| 25 | Lincoln Leadership Academy - Allentown | | <p>Despite concerns about its operations and close affiliation with a city church, the Allentown School Board has renewed a five-year agreement with the Lincoln Leadership Academy Charter School. Among the largest concerns are charter school's close affiliation with Life church, an Allentown church at 1401 E. Cedar St., with whom Lincoln Leadership is seeking to buy or rent additional space. Smith said there is concern that Life church families are getting preferential treatment when it comes to choosing prospective students, even choosing non-Allentown residents from the church over city children seeking to apply. The ties with Life church seem just a little too close," he said. "Lincoln Leadership Academy reminds me a little too much of a private school. My concern is if our funds are being diverted for students not really part of the Allentown School District.</p> <p><i>"Allentown School Board renews charter school despite concerns about operation, ties with church." The Express-Times (PA), 3/23/2012</i></p> | |

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| 26 | Young Scholars of Western Pa Charter School - Pittsburgh | Feridun Ayata, a.k.a. Frank Ayata - Business Manager, Ali Demirci - Founder, Levent Kaya - CEO | <p>Affiliated with the Gulen Movement - Several readers are reporting a potential bias in Young Scholars' applications process. However, several readers have sent the Baldwin-Whitehall Patch news tips claiming that mailings from Young Scholars to their homes over the past few weeks may show a bias toward potential applicants. Readers are claiming that they have received mailings inviting them to apply for their children to enroll at Young Scholars even though some of their neighbors with eligible children have not received them. The concern is if Young Scholars is targeting specific students given that receiving an invitation to apply to the school through the mail is a more direct method of communication than a posted application on the school's website.</p> <p>RESIDENTS CONCERNED OVER CHARTER SCHOOL'S MAILINGS- SEVERAL READERS ARE REPORTING A POTENTIAL BIAS IN YOUNG SCHOLARS' APPLICATIONS PROCESS; April 13, 2011; Baldwin-Whitehall Patch (Pittsburg, PA)</p> | |
| 27 | Young Scholars of Central PA Charter School - State College | Melih Demirkan - Founder | <p>Affiliated with the Gulen Movement - the schools are run for the benefit of the Gulen Movement, not for the benefit of students or the public. federal agencies, including the Department of Labor, the Department of Education and the FBI, are investigating the Gulen charter schools because of concerns that Gulenist employees are systematically kicking back part of their salaries to the Movement.</p> <p>YOUNG SCHOLARS CHARTER SCHOOL FACES SCRUTINY OVER TIES WITH ISLAMIC LEADER: FEDERAL AUTHORITIES EXAMINING POSSIBLE EMPLOYEE KICKBACKS, ACCORDING TO REPORT; March 22, 2011; Centre Daily News (State College, PA)</p> | |

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| 28 | New Foundations Charter School Philadelphia | Paul Stadelberger - CEO, Sheryl S. Perzel, wife of former State Rep. John Perzel - founder 2000 | <p>The school leases its building from 8001 Torresdale Corp., a related nonprofit for \$750,000. Under the terms of a lease that runs until 2022, the charter is responsible for all taxes, insurance and utilities.</p> <p>Paul Stadelberger, New Foundation's CEO, is secretary of the nonprofit. The charter gave the nonprofit a \$500,000 advance and guaranteed a \$7.1 million loan, which the nonprofit took out on the school facility. New Foundations has a contract with Santilli & Thomson LLC for consulting, business management and accounting. The charter declined to give Butkovitz's office a copy of the agreement, but tax filings show the charter paid the firm \$122,848 in 2008.</p> <p>Gerald Santilli and Michael Thomson are former board members of the nonprofit.</p> <p>In addition to the contract with Santilli and Thomson, New Foundations contracts with The School Therapy Zone LLC, for occupational therapy services for students. In 2008, the bill came to \$65,820. Santilli is president of the company; Thomson is vice president.</p> <p>Santilli said Wednesday both contracts were with the charter school and not the nonprofit.</p> <p>The controller's office report also pointed out that New Foundations received three grants totaling \$529,747 from another charter school, the First Philadelphia Charter School for Literacy, between 2005 and the 2007. Santilli founded First Philadelphia and was board president until last year.</p> <p>The grants came when Santilli & Thomson began providing services to New Foundations.</p> <p>Santilli said the money was New Foundation's share of a joint grant the two schools received from the state Department of Education for after-school and tutoring programs. He said Butkovitz's office had not asked for an explanation.</p> <p><i>BUTKOVITZ CITES CHARTER SCHOOL PROFITEERING, April 7, 2010, Philadelphia (PA) Inquirer</i></p> | |

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| 29 | People for People Charter School - Philadelphia | Rev. Herbert H. Lusk II - Founder | <p>The charter is just one of the projects created by the Rev. Herbert H. Lusk II, pastor of Greater Exodus Baptist Church. Lusk, a former Eagles player, founded People for People Inc. as a community nonprofit in 1991 and established the charter school a decade later. He is president of the nonprofit and board chairman of the charter school.</p> <p>Several of the charter's administrators and board members have ties with the nonprofit and Lusk's church. The nonprofit owns the charter's building. Omnivest Management LLC, a for-profit education management company in Newtown, Bucks County, rents the second through sixth floors at 800 N. Broad from the nonprofit. Omnivest, which has provided services to several charter schools, sublets 41,000 square feet to the charter school. Lusk has signed the various lease documents as both CEO of the nonprofit and the charter school, the controller's office said. The nonprofit's tax returns show Lusk was paid \$155,400 in the 2007 fiscal year and \$162,129 in 2008.</p> <p>Omnivest was founded in 2001 by B. Robin Eglin, who is the nonprofit's chief financial officer. The charter school pays Eglin's firm 9 percent of its total revenues for management services. In the 2008 fiscal year, the amount was \$626,344.</p> <p>Rather than paying based on a percentage of revenues, the charter should pay fees based on services it receives, the controller said. Otherwise, Omnivest would be entitled to collect 9 percent if the charter receives a donation, "even if it provided no services whatsoever. . ."</p> <p>Eglin could not be reached for comment.</p> <p>The controller also found that Lusk's charter school had guaranteed the nonprofit's \$7.3 million loans, including mortgages for properties the school did not use.</p> <p>The charter, the draft report says, "is obligating future taxpayer funds to pay off loans on facilities owned by entities not controlled by the school."</p> <p>BUTKOVITZ CITES CHARTER SCHOOL PROFITEERING, April 7, 2010, Philadelphia (PA) Inquirer</p> | |

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| 30 | Franklin Towne Charter High School - Philadelphia | Joseph Venditti - BOT President & CEO | <p>After Joseph Venditti, an attorney, stepped down as board president in 2005, he became the school's chief executive with a \$108,173 salary. His salary and benefits rose rapidly, and his total compensation was \$236,281 in 2008.</p> <p>At Franklin Towne, the controller's office also found several questionable practices, in addition to Venditti more than doubling his compensation in three years.</p> <p>The charter with 929 students owns its building in the former Frankford Arsenal and rents the property to Franklin Towne Holdings LLC. Venditti created that for-profit company which sublets the building back to the school. Venditti signed the lease and sublease as manager of the company and CEO of the school.</p> <p>The circular arrangement enables the school to obtain state rent reimbursement. Venditti did not respond to e-mail and phone messages.</p> <p><i>BUTKOVITZ CITES CHARTER SCHOOL PROFITEERING, April 7, 2010, Philadelphia (PA) Inquirer</i></p> | |
| 31 | Preparatory Charter School - Philadelphia (1998) | John Badagliacco - CEO | <p>The charter took CEO John Badagliacco off the payroll Sept. 1, 2007, so he could retire and collect his state pension. Badagliacco remained as CEO under the terms of a five-year management contract with a management firm he created, Education First, Inc. In 2003 the charter bought its current facility, then a vacant former grocery store at 1928 Point Breeze Ave., for \$875,000. The charter spent \$2.6 million to gut it and convert it into a school. Joseph G. Caruso, an attorney on staff at the charter school, said Wednesday that ownership of the property was transferred to the nonprofit before it was rehabbed. Prep Charter has a 14-year-lease with the nonprofit, and records show the school pays \$660,000 annual rent. Caruso said the money pays the construction [sic] loans. According to the nonprofit's records, its only income is charter rent and investments. Before obtaining the Point Breeze property, the nonprofit had zero assets. By 2008, its assets totaled \$5.4 million.</p> <p>Caruso was paid a salary of \$79,256, according to 2008 tax records. Like other employees at the school, he participates in the state teachers' retirement system.</p> <p>Butkovitz's office questioned his participation, saying school counsels are not covered by the retirement system. Caruso said he was hired by the charter's board to handle all the school's legal matters. He said no one else has questioned his participation in the pension system.</p> <p>The next year, the school transferred ownership to the nonprofit Friends of the Preparatory Charter School for \$1, the report said. The charter and the nonprofit have the same board members. The controller's office found that Badagliacco was paid \$198,220 in 2009. In addition, state pension records obtained by The Inquirer show he also collected a monthly pension of \$7,100, bringing his total salary and pension to \$283,420 a year.</p> <p><i>BUTKOVITZ CITES CHARTER SCHOOL PROFITEERING, April 7, 2010, Philadelphia (PA) Inquirer</i></p> | |

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| 32 | Lincoln Park Performing Arts Charter School - Beaver | Nick Trombetta Stephen Catanzarite, Lincoln Center's managing director | <p>A grand jury sitting in Pittsburgh is investigating allegations of double billing, excessive management fees, questionable payments to building contractors and misuse of tax dollars at the cyber school. The grand jury has been investigating since October. The Lincoln Park charter school, located in the \$23.5 million Lincoln Park Performing Arts Center, opened in September but billed school districts for students attending in the 2005-06 school year, the education department alleges. The charter school has about 300 students and 200 employees. Through its investigation, the department found that a portion of Lincoln Park's operations during the 2006-07 school year were improper because some students enrolled there actually received some or all of their instruction from teachers in the Midland Borough School District. In October 2007 PDE reached a settlement agreement. The secretary said the agreement adequately resolves concerns about the charter school's operations. Under the settlement, Lincoln Park Performing Arts Charter School agrees to:</p> <ul style="list-style-type: none"> · No longer send its students to the Western Beaver and Midland Borough school districts for their education. · Return per-pupil payments made by Beaver Area, South Side Area and West Allegheny for the 2005-06 school year. · Not make any attempt to collect funds from six western Pennsylvania school districts (Aliquippa, Beaver Area, Big Beaver Falls, Rochester, West Allegheny and Western Beaver) that had resident students enrolled in the charter school and educated at Midland in the 2006-07 school year. In addition, Midland Borough School District will not receive reimbursement from the commonwealth for Midland resident students who were enrolled at the Lincoln Park charter school in the 2005-06 school year. <p>DEPARTMENT OF EDUCATION REACHES SETTLEMENT WITH LINCOLN PARK CHARTER SCHOOL, October 18, 2007, US Fed News Service</p> | Lincoln Center's costs totaled at least \$28.7 million, money supplied by the state, Beaver County, the Midland Pennsylvania Cyber Charter School and Midland School District. |
| 33 | Raising Horizons Quest Charter School - Philadelphia (2000) | Martha Russell, Founder Viola Bush, the former chief financial officer | <p>Two former charter school administrators pleaded guilty in U.S. District Court yesterday to charges of conspiracy and altering documents in 2006 to cover up their use of more than \$14,000 in taxpayer money for personal expenses, including restaurants, gasoline, travel and alcohol. Martha Russell, the founder and former chief executive of the Raising Horizons Quest Charter School, and her sister, Viola J. Bush, the former finance officer, were indicted by a federal grand jury in April for falsifying credit-card statements to obstruct a Philadelphia School District audit of the school.</p> <p>FORMER CHARTER SCHOOL OFFICIALS PLEAD GUILTY FOR MISUSING FUNDS (Philadelphia Inquirer, October 23, 2008)</p> | Plead Guilty to covering up theft - \$14,000 |

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| 34 | Mathematics, Civics and Sciences Charter School Philadelphia (1999) | VERONICA JOYNER - Founder | <p>The FBI, as many know by now, is investigating Rhonda Sharif, the business manager at MCS. She appears to have been paid by two other charter schools at the same time.</p> <p>The school is among 13 charters being investigated by City Controller Alan Butkovitz, who will release his final report in two weeks. But among his findings so far, the Inquirer reported yesterday, is that Joyner, as head of MCS, rents the school's property from Parents United, which she also heads.</p> <p>That makes her both landlord and tenant, an odd arrangement according to Ben Rayer, who oversees charter schools for the Philadelphia School District.</p> <p>"The positions should not overlap," he said.</p> <p>I'll leave that for Butkovitz to puzzle out. While he's at it, maybe he can get to the bottom of the \$536,093 in costs for travel and conferences that, according to the Inquirer, Joyner acknowledged that the MCS board approved - even though the school wasn't able to document them.</p> <p><i>Ronnie Polaneczky: A fed probe and a suddenly shy Veronica Joyner (Philadelphia Daily News, April 6, 2010)</i></p> | |
| 35 | Mastery Charter School Philadelphia | Antonio Dandridge - Dean of Students | <p>The married man was allegedly caught having sex with another woman in one of the school's offices. Janitors stumbled into the alleged tryst when they opened the door to clean the office.</p> <p>Dandridge was forced to resign. But, the story doesn't end there. Authorities say he went back to the school over the weekend, not once, but twice to burglarize the place. In addition, Sgt. Brian Sprowal of the Philadelphia Police tells Action News, "It was captured on video tape and we have some still footage as well."</p> <p>Dandridge, who holds two masters degrees from Cheney University, allegedly stole roughly \$2,500 in cash, some \$3,000 in septa bus tokens and \$750 in trans passes that are provided to under privileged children so they can get to and from school.</p> <p>Police served a search warrant on Dandridge's West Philadelphia home. "As a result of serving that search warrant, we recovered approximately 90 to 95-percent of what was reported as taken in that burglary," says Sprowal.</p> <p><i>Charter school dean facing charges (WPVI-TV, December 12, 2007)</i></p> | |

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| 36 | Imani Charter School - Philadelphia | Francine Fulton - Founder | <p>The City Controller's Office also found several questionable practices when it reviewed the operations of Imani Circle Charter School. Among other things, Imani bought its site at 100-126 W. Cheltenham Ave. in August 2007 for \$8 million, the draft states. The sale included adjacent buildings with for-profit business tenants and a parking lot. Investigators in Butkovitz's office found that after the school purchased the property, it leased it to the related Imani Foundation Inc. for \$595,000 annual rent. Charter-school founder Francine Fulton signed the rental agreement as landlord; her husband, Howard J. Fulton, signed as foundation president and tenant. On the same day, the foundation leased 39,247 square feet of the building back to the charter school for \$470,000. Mary Moragne Shule L.L.C., which operates a preschool, was one of six businesses in the adjacent building that was part of the land deal. The company had been paying about \$1.37 per square foot each month in rent before Imani purchased the building. After it changed hands, the preschool rented more space, but its monthly rate dropped to 56 cents per square foot, the controller said. State records show Fulton, the school's chief executive, is the president of the business that runs the preschool. During a visit to Imani, the Controller's Office also discovered that the school was running a private, unlicensed parking lot that charges \$5 per day. No income was reported on the tax forms by either the school or the nonprofit. Jack L. Gruenstein, Imani's lawyer, would not comment.</p> <p><i>Report cites questionable charter-school practices. Philadelphia Inquirer June 24, 2011</i></p> | |
| 37 | Khepera Charter School - Philadelphia | Rhonda Sharif - Accountant | <p>An accountant was paid \$700,561 over four years by three city charter schools and claimed to have worked more than 365 days in each year. In addition, the accountant, Rhonda Sharif, collected \$101,587 in 2008 for "unspecified" credit-card expenses from one of the schools, and authorized paying thousands of dollars for conferences and staff retreats but could provide no documentation for the expenses. Records show that Sharif was the business manager of the Harambee Institute of Science and Technology Charter School in West Philadelphia at the same time she held that position at the Khepera Charter School in West Mount Airy and served as the chief financial officer of the Mathematics, Civics and Sciences Charter School.</p> <p><i>City Controller questions payments to charter-school accountant (Philadelphia Inquirer, March 31, 2010)</i></p> | |

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| 38 | School Lane Charter School - 1998 - Bensalem, Bucks County | | The charter school improperly received \$60,248 in state lease reimbursements for school years 2006 to 2009 for one building that was ineligible for those payments because it was owned by the school lane foundation created by the charter school. The other leased building whose use of the premises was a parking area for the Charter School was not used for educational purposes. Also the charter school did not employ highly qualified teachers in two of its core subjects during the 2005-06 school year. <i>Auditor General Performance Audit Reports, March 2013</i> | \$60,248 |
| 39 | Fell Charter School - 2002 - Carbondale, Lackawanna County | | Charter school improperly received \$94,266 in state lease reimbursements for three buildings that were ineligible due to being modular classrooms, which were leased from a related party to the school's management company. Charter entered into a non cancelable escalating lease agreement with a related party to the school's management company, the charter signed a promissory note to borrow \$672,803 and \$475,278 from its management company for start up costs creating a conflict of interest and possible ethics violation. <i>Auditor General Performance Audit Report, March 2013</i> | \$94,266 |
| 40 | Roberto Clemente Charter School - 1999 - Allentown, Lehigh County | | The charter school improperly received \$191,267 for the school years 2006-07 through 2009-10 in state lease reimbursements for their building that was ineligible because it was owned by the organization that founded the charter school and that shares common officer in charge of both entities. The charter in 2006-2010 did not meet the 75% certification requirement for its teachers and a principal and special education teacher were employed without proper certification in 2009-10. <i>Auditor General Performance Audit Report, March 2013</i> | \$191,267 |
| 41 | Bear Creek Charter School - 2004 - Bear Creek Township, Luzerne County | | From 2008 to 2010 the charter school improperly received \$106,332 in state lease reimbursements for two buildings that were ineligible for those payments because they were previously owned by a related party and also included modular classrooms. The BOT approved the transfer of properties owned by the bear creek foundation to the charter school and the foundation entered into a lease agreement for these same properties. Also a special education coordinator was employed without proper certification during the 2008-09 school year. <i>Auditor General Performance Audit Report, March 2013</i> | \$106,332 |
| 42 | Keystone Charter School - 1997 - Greenville, Mercer County | | The charter school between 2008 & 2010 may have improperly received \$85,375 in state lease reimbursements resulting from related party landlord tenant agreements between the charter school and a for profit entity that the charter school's executive director founded and is simultaneously holding the position of president. <i>Auditor General Performance Audit Report, March 2013</i> | \$85,375 |

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| 43 | Evergreen Charter School - 2006 - Cresco, Monroe County | | The charter school improperly received \$20,360 in state lease reimbursements for the 2006 to 2009 school years for a building that was ineligible for those payments because it was owned by the evergreen community school, a related party to the charter school. <i>Auditor General Performance Audit Report, March 2013</i> | \$20,360 |
| 44 | Solomon Cyber Charter School - 2012 - Philadelphia County | | The Secretary of Education, Ron Tomalis, is seeking to revoke the charter due to sever violations of the public school code, the charter officials have been unable to adhere to the school's governing charter and operate within the confines of the charter school law by delivering a significant portion of their curriculum through the internet or other electronic means. Instead the cyber school has primarily operated as a brick and mortar charter school, circumventing the brick and mortar charter school authorization process and negating the essential basis on which the charter was granted, to provide a cyber education to its students. <i>Secretary of Education Seeks Revocation of Philadelphia-Based Solomon Charter School's Charter, PDE press release, March 15, 2013.</i> | |