

JUNE 22, 2014

CHARTER SCHOOLS UNSUPERVISED

Taxpayers, students pay when school operators exploit weak laws governing the system

BY KAREN YI AND AMY SHIPLEY | Staff writers

Unchecked charter-school operators are exploiting South Florida's public school system, collecting taxpayer dollars for schools that quickly shut down.

A recent spate of charter-school closings illustrates weaknesses in state law: virtually anyone can open or run a charter school and spend public education money with near impunity, a Sun Sentinel investigation found.

Florida requires local school districts to oversee charter schools but gives them limited power to intervene when cash is mismanaged or students are deprived of basic supplies – even classrooms.

Once schools close, the newspaper found, districts struggle to retrieve public money not spent on students.

Among the cases the newspaper reviewed:

- An Oakland Park man received \$450,000 in tax dollars to open two new charter schools just months after his first collapsed. The schools shuttled students among more than four locations in Broward County, including a park, an event hall and two churches. The schools closed in seven weeks.

- A Boca Raton woman convicted of taking kickbacks when she ran a federal meal program was hired to manage a start-up charter school in Lauderdale Lakes.

- A Coral Springs man with a history of foreclosures, court-ordered payments, and bankruptcy received \$100,000 to start a charter school in Margate. It closed in two months.

- A Hollywood company that founded three short-lived charters in Palm Beach and Collier counties will open a new school this fall. The two Palm Beach County schools did not return nearly \$200,000 they owe the district.

South Florida is home to more than 260 charter schools, many of them high-performing. Some cater to students with interests in the performing arts, science and technology, or those with special needs.

Like traditional public schools, charter schools are funded with tax money. But these independent public schools can be opened and operated by individuals, companies or cities, and they are controlled by volunteer governing boards, not local elected school boards.

When conceived two decades ago, charter schools were designed to be free from heavy oversight to encourage innovative approaches to education.

But that lack of regulation also can allow abuses.

In recent years, South Florida has seen a rise in charter-school closings because of spikes primari-

ly in Broward and Palm Beach counties.

Fifteen charter schools in Broward have closed in the last two years. That number doubled the county's total closures since charter schools first opened in Florida 18 years ago. Seven charter schools have closed in Palm Beach County in the last two years. That's more than a quarter of the district's historic total.

Eight of those failed schools lasted about a year or less. Five didn't survive three months.

"These are our tax dollars," said state Sen. Jeff Clemens, D-Lake Worth. "And to let them be used for a school that is only going to survive for one or two years is a huge waste of resources."

Another 29 charter schools are expected to open in South Florida this fall.

Easy to open

State law requires local school districts to approve or deny new charters based solely on appli-

cations that outline their plans in areas including instruction, mission and budget. The statutes don't address background checks on charter applicants. Because of the lack of guidelines, school officials in South Florida say, they do not conduct criminal screenings or examine candidates' financial or educational pasts.

That means individuals with a history of failed schools, shaky personal finances or no experience running schools can open or operate charters.

"The law doesn't limit who can open a charter school. If they can write a good application ... it's supposed to stand alone," said Jim Pegg, director of the charter schools department for the Palm Beach County school district. "You're approving an idea."

That's why the Broward school district did not weigh Winston A. Thompson's financial background — a long history of court-ordered payments to creditors, foreclosures and a bankruptcy — before it gave him more than \$100,000 in public money in 2013 to start a charter school.

Thompson, a longtime dean at Broward College, had pitched an innovative idea: a charter school for students interested in taking college courses.

He welcomed students to College Bound Academy of Excellence in Margate last fall. Two months later, Thompson shut down the charter, forcing 60 students to find new schools in the middle of the year.

Thompson said he could not afford buses to transport students. One teacher complained of owed wages and said students lacked textbooks.

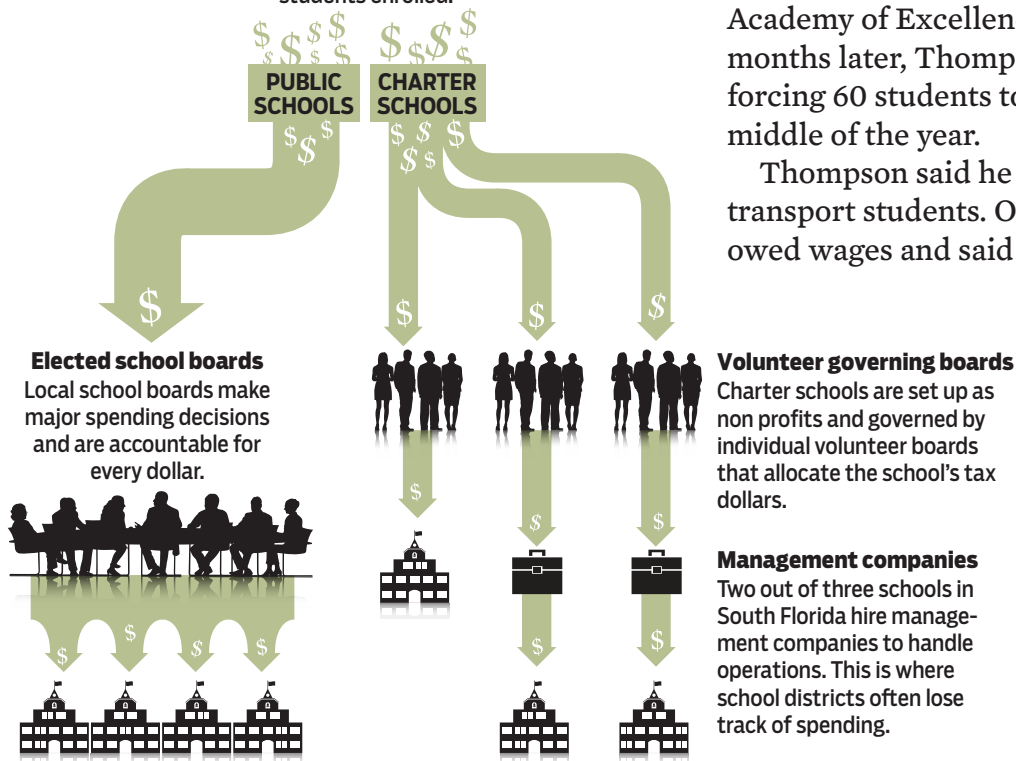
Records show the school owed about \$141,000 to its landlord.

"The thinking and planning was not done adequately ... I'm not blaming anyone except myself," said Thompson, 61. "In my case, I put my own money into the project; I wasn't

How charter schools work

SCHOOL DISTRICTS

Local school districts divide tax money between traditional public schools and charter schools, based on the number of students enrolled.



looking to make a living off of that project.”

Charter-school advocates say the complexity of the application, which can run more than 400 pages, weeds out frivolous candidates. But school officials in Broward and Palm Beach counties told the Sun Sentinel some applicants simply cut and paste from previously approved applications available online.

Palm Beach County school officials say they received, and rejected, an application for Premier Palm Charter High School in 2013. The application had references to “Lee County” and even used student demographics for the wrong school district.

Local districts also must approve applicants before they’ve identified buildings for their schools. State law prohibits districts from requiring charter operators to provide certificates of occupancy until 15 days prior to the first day of school.

In the case of the two iGeneration Empowerment Academies in West Palm Beach, district officials requested a certificate of occupancy for their shared building for several weeks but never received it. Difficulties securing a facility triggered a host of problems that led to the schools’ quick closure.

The iGeneration Academies opened 11 days after classes were supposed to begin in 2013.

As students showed up for class, parts of the building remained under construction. Classrooms had not undergone required fire inspections and sometimes lacked air conditioning, district documents show. The iGeneration charters bused their high schoolers on unauthorized daily field trips because they didn’t have enough seats at the school, records show.

On one trip, they lost a student. Though she was found four hours later, district officials immediately shut down the schools.

Because of the quick shut-down, the iGeneration charter schools were overpaid nearly \$200,000, according to the Palm Beach County school district. The schools have not returned the money.

The company that founded the iGeneration charter schools, InterVisual Education, blamed the schools’ demise on the management company

THE APPLICATION

Florida requires charter-school applicants to outline their education plans and budgets, but they are not asked to disclose their experience in running schools or their financial or criminal backgrounds, if they have any.

Key requirements

- Proposed budget
- A research-based curriculum plan
- Educational mission and target student

population

- Services offered for students with special needs

- Management plan and governance structure

Not required

- Disclosure of criminal record
- Financial history
- Experience in running schools
- Previous affiliation with failed schools
- Identification of the facility where classes

will be held

it hired to operate the schools months before they closed.

“What was supposed to get done, never got done,” said Stephanie Velez, manager of operations for InterVisual Technology, the parent company of InterVisual Education. “There was nothing we could do at that point.”

InterVisual founded and managed another school in Immokalee. That school also was shut down by the Collier County school district last December. District officials cited the school for employing uncertified teachers and failing to submit required financial reports, documents show.

InterVisual will open another school this fall in Davie, but company officials have no plans to manage it.

“We’ve had our taste, and we didn’t like it,” Velez said.

Students pay the price

A former teacher at the Ivy Academies stored her classroom supplies in the trunk of her car.

Every morning, she'd wait for a phone call to find out where classes would be held that day.

"I would never know where we [were] going," said teacher and former middle school dean Kimberly Kyle-Jones. "It was chaotic."

The two Ivy Academies lasted only seven weeks.

The schools, managed by Trayvon Mitchell of Oakland Park, opened in 2013 at the Signature Grand reception hall in Davie.

Evicted over a bounced check, the schools relocated to a Fort Lauderdale church that did not have enough classrooms.

That's when the daily field trips began.

Some days, students went to the Miami Seaquarium or local museums. Other days were spent at Holiday Park in Fort Lauderdale.

The schools then moved to a second church a few miles away.

Teachers complained of no school supplies and not enough drinking water for students.

"It was extremely impossible [to teach]," Kyle-Jones said.

Teachers and creditors alerted the Broward school district about the nomad campuses.

"We just couldn't find them," said Leslie Brown, a district official who helps oversee charter schools in Broward.

When the Broward school district located the schools, district officials shut the charters down.

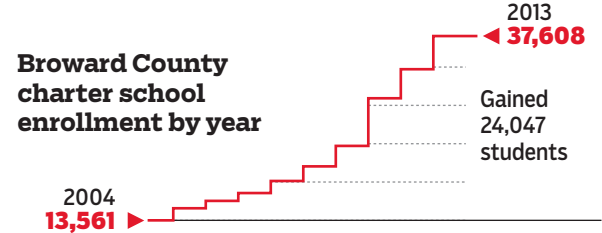
"The biggest tragedy is what happened to those students during the course of time they were in that charter," Broward Schools Superintendent Robert Runcie said. "When you get a lot of private actors coming into the marketplace, folks are in it to make money ... Public education is not a place for you to come to make money."

Florida allows districts to immediately close charter schools only when students' health or welfare are threatened. Otherwise, districts must offer charters a 90-day window to remedy problems. Even then, charter schools can appeal to the state.

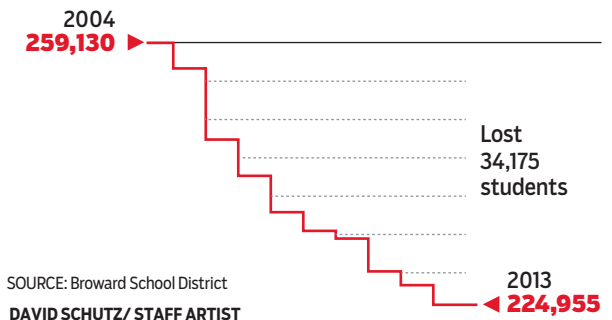
Every time a charter school closes, dozens of children are displaced — in some instances, mid-month. Many return to their neighborhood schools where some struggle to catch up because

School enrollment

Broward County has seen a dramatic shift over the last decade in its public school population. New charter schools have lured students from traditional public schools with promises of innovative programs and no tuition.



Public school enrollment



their charters did not provide required testing, instruction in basic subjects or adequate services for those with special needs.

"This isn't just a regular business. This isn't a restaurant that you just open up, you serve your food, people don't like it, you close it and move on," said Krystal Castellano, a former teacher at the now-closed Next Generation charter school. "This is education; this is students getting left in the middle of the year without a school to go to."

Next Generation, an elementary school in Lauderdale Lakes, sometimes had no toilet paper, soap or paper towels in the student bathrooms during the 2012-13 school year, teachers said. Students sometimes ate hours after their designated lunchtimes, often from fast-food restaurants. A parent complained of a revolving door of teachers.

"Things were horrible," said Cynthia Hazlewood, who helped build the school's curriculum and has worked at other charter schools. "One day FPL came in and shut the lights off."

The school shuttered weeks before the last day of school.

Despite the closures, parents increasingly are turning to charters as an alternative to traditional public schools, particularly in neighborhoods with low-performing schools.

“Especially in urban communities, people are disillusioned with the [public] schools and they want a change for their child,” said Bonnie Clem-on Jr., a former governing board member of a now-closed Pompano Beach charter. “Charters open up ... and they flock to them.”

Missing money

A handful of South Florida charter schools that failed in the past five years owe a total of at least \$1 million in public education money to local school districts, records show. The actual amount may be much higher. Districts struggle to track spending at troubled schools.

Charter schools, which receive public money in monthly installments based on student enrollment, can be overpaid if they overestimate their expected attendance or shut down abruptly.

State law requires that furniture, computers and unspent money be returned to the districts, but when officials attempt to collect, charter operators sometimes cannot be found.

“We do know there have been a few [charter schools] ... where hundreds of thousands of dollars were never spent on kids, and we don’t know where that money went,” said Pegg, who oversees charters in Palm Beach County. “As soon as we close the door on those schools, those people scatter ... We can’t find them.”

When a Broward school district auditor and a school detective went searching for Mitchell at the Ivy Academies in September 2013, he left through a back door, records show. District officials said they have yet to find him, or to collect the \$240,000 in public money the schools received for students they never had.

The Broward State Attorney’s Office is also investigating Mitchell and his involvement with the Ivy Academies.

The Palm Beach County school district never got back the \$113,000 it overpaid La Mensa Academy in Palm Beach Gardens, which closed after a

year. La Mensa projected it would have far more students than the five who showed up on the first day of school in 2011.

My Choice Academy has not returned \$56,000 to the Palm Beach County school district but is seeking to reopen in the fall. It closed in January 2013 after four months in Riviera Beach because of problems with its lease. The school’s founder, Altermease Kendrick, said the start-up challenges were overwhelming.

“A small company that just has a heart for making a difference, they don’t [necessarily] have the dollars or backing to support that vision,” Kendrick said.

A few South Florida schools reported that they could not return equipment to the district because it had been stolen.

Kathleen C. Wright charter school in Tamarac, which closed last year, reported \$13,600 worth of stolen technology after it was ordered to close by the school district because of low academic performance. According to a Broward Sheriff’s Office report, officials from the charter school said 17 laptops were stripped from the school’s shelves.

When the Miami-Dade school district demanded the return of more than \$100,000 it overpaid the Tree of Knowledge Learning Academy in 2009, the year-old charter school ceased operations. The district did not recoup the money.

“It’s almost mind-blowing what’s going on,” said Rosalind Osgood, a Broward School Board member. “They just get away with it.”

Difficult to monitor

School districts have virtually no control over a charter school’s day-to-day operations. Charters are required to submit financial reports, but some don’t file them or turn in unreliable paperwork, the Sun Sentinel found.

Management companies, hired by two-thirds of South Florida’s charter schools, further complicate the school districts’ ability to monitor spending and discern who controls the purse strings, the newspaper found. These companies provide services ranging from targeted assignments to wholesale management of schools, and

have received anywhere from 10 to 97 percent of a school's budget, records show.

"They're public schools in the front door; they're for-profit closed entities in the back door," said Kathleen Oropeza, who co-founded FundEducationNow.org, an education advocacy group based in Orlando. "There's no transparency; the public has no ability to see where the profits are, how the money is spent."

Some large management companies, such as Academica and Charter Schools USA, both based in South Florida, oversee multiple schools and continue to open more schools across Florida. Many are high-performing, offering proven alternatives for children.

But how they spend tax money and whom they hire are out of public view. At regular public schools, nearly every dollar can be followed and every hire tracked.

It's unclear how Next Generation spent the nearly \$1 million it received in tax money before closing down in April 2013. The charter school failed to file several required monthly financial reports and a mandatory end-of-the-year audit. Records show the school owed more than \$2 million to creditors and \$55,000 to the Broward school district.

Two management companies separately operated the school during its eight-month tenure.

Cory MacNeille founded Next Generation and created the first for-profit company to operate it. She then hired her mother, Judy Perlin of Boca Raton, to join her in managing the school, records show.

In the previous decade, state investigators repeatedly had cited the two with misusing federal money under a program to provide meals for low-income children in South Florida, state public records and court documents show. The two ran Riverwood Youth Opportunities, Inc., a nonprofit.

In 2004, state officials found Perlin's nonprofit improperly used federal dollars to lease two Mercedes Benz vehicles for her and her daughter; pay for lodging and meals at a Club Med; and purchase two airfares and lodging for travel to Garden City, N.Y. The organization was ordered to

repay the state.

In 2005, the state health department said Perlin, the nonprofit's CEO, let her daughter use federal dollars to advertise a personal business. The state temporarily barred both from the meal program.

In 2010, Perlin pleaded guilty to bribery charges related to the meals program and admitted taking \$40,000 in kickbacks. She was ordered to pay a \$3,000 fine and placed on two years' probation.

Three months into the school year, the charter school's governing board fired the management company run by Perlin and MacNeille. Perlin's integrity and the company's inexperience were among six issues board members cited for the decision, brief meeting minutes show. The two left the charter with a bare-bones staff and unpaid vendors, according to district documents and interviews with teachers.

Once Perlin and her daughter departed, the board hired a new management company, headed by Trayvon Mitchell.

Teachers said the school continued to decline, failing to prepare students for required state tests and neglecting students with special needs.

The school shut its doors weeks before the last day of school.

Mitchell could not be reached for comment. MacNeille and Perlin did not respond to specific questions about the state's findings against them or the school's finances.

"I think charter schools are very difficult, and I think they are underfunded," MacNeille said.

Both charters and traditional public schools are funded based on the number of students they enroll; they receive about \$6,000 per student from the state. Charters, however, receive a smaller share as district officials keep a small percentage for administrative costs.

Charter advocates say they also bear additional costs, such as renting or building facilities, that stress their schools' bank accounts. Charter schools can't claim state dollars for facilities until after their third year.

"There's been this big expansion, and not everybody is ready and not everybody realizes what

it takes to run a school,” said Melissa Gross-Arnold, an attorney in Jacksonville who advises Florida charter schools. “They can put together a charter application and hit all the legal requirements, but there are a lot of challenges when you open.”

South Florida could see even more problems. A Sun Sentinel analysis of more than 230 audits found about 100 of South Florida’s charter schools spent more money last year than they brought in.

Explosive growth, few limits

Charters regularly pop up within blocks of each other — or in the same building — offering similar programs as neighboring schools. With such wild growth, district officials say, many new charters no longer fill a niche or offer innovation.

Yet Florida lawmakers repeatedly have declined to tighten charter-school regulations.

More than 20 states cap or allow districts to restrict the number of charters that can open, according to the National Alliance for Public Charter Schools. Washington limits the number of charter schools to 40; Illinois and Massachusetts, 120; New York, 460; and California, 1,750.

Connecticut must consider whether an area has too many charter schools before it can approve a new one. Washington allows only nonprofit management companies and requires financial and criminal background checks of schools’ management.

Florida, which has about 620 charter schools, has few limits.

In fact, state lawmakers nearly amended charter-school rules to simplify their contracts last month. Lawmakers also took a pass when presented with proposed legislation that would have tightened the application process and increased control by local school districts.

Kin Griffith, a 20-year charter operator in Colorado and Florida, cautioned that increasing regulations could stamp out the mom-and-pop charter start-ups that have fewer resources than the large for-profit companies that manage many schools.

“Rather than adding more regulation, more red tape, more barrier to entry, the other option is

ABOUT THE SERIES

The Sun Sentinel reviewed hundreds of annual audits, accountability reports, charter applications, complaints and public school district documents related to South Florida’s closed and existing charter schools.

Reporters called dozens of current and former charter-school employees and governing-board members to piece together the final weeks of the most short-lived schools. Reporters also reviewed the educational, financial and criminal backgrounds of charter-school applicants, governing-board members and management-company operators.

For the second part of the series, the newspaper sifted through bank statements, contracts, financial reports, audits, lease agreements, emails, letters and meeting minutes documenting the business relationship between three South Florida charters and an entrepreneur, Steve Gallon III, who had been banned from working in New Jersey’s public schools.

to provide more support,” he said. “If you try to eliminate all the risk, you’re going to eliminate all the choices.”

Roughly one out of 10 students in Palm Beach County and one of seven in Broward attend a charter school. In the next five years, district officials predict, that percentage will nearly double in Palm Beach County. In Broward, one in five students will attend a charter.

With such rapid growth, school district officials say, the need for change is urgent.

They clamor for stiffer rules. They want applicants to show financial backing. They want more power to intervene with floundering schools. They also call for more transparency from — or the elimination of — for-profit management companies.

“The way the system is currently structured, it focuses on creating quantity and just letting as many players come through the pipeline” as possible, said Runcie, the Broward schools superintendent. “What we really should be doing is controlling for quality.”

Staff researchers John Maines and Barbara Hijek contributed to this report.

CHARTER SCHOOLS UNSUPERVISED

JUNE 23, 2014

Schools hire banned educator

Struggling South Florida charter schools brought in leader despite arrest and record of troubles in N.J.

BY AMY SHIPLEY AND KAREN YI | Staff writers

New Jersey authorities banned educator Steve Gallon III from working in their public schools. Five months later, three South Florida charter schools welcomed him.

The struggling schools gave Gallon's company \$500,000 in taxpayer dollars over two years, allowing him to give jobs and double payments to his cronies, a Sun Sentinel investigation found.

Records obtained by the newspaper reveal questionable decisions at the schools as their finances unraveled, providing a rare look into the perils of Florida's loosely regulated charter-school industry.

Florida has more than 600 charter schools, which are independently operated but funded with tax dollars. Because they face less regulation, charter schools have more freedom to innovate.

State law gives oversight of these schools to individual volunteer governing boards, rather than the district's school board. But such boards sometimes fail to monitor public money and control the private companies they hire, the Sun Sentinel found.

The governing boards for three charter schools in Broward, Palm Beach and Miami-Dade coun-

ties hired Gallon and his company, Tri-Star Leadership, in June 2011.

The boards were undeterred by Gallon's troubles as a school superintendent in New Jersey, where back-to-back investigations prompted the governor and police to get involved. Gallon had been accused of hiring unqualified friends and then lying about their residences so their children could attend schools outside their district.

In the next 18 months, documents show, the South Florida charter school boards stood by as Gallon:

- Hired two associates who, along with Gallon, had been arrested and banned from working in New Jersey schools. One became principal of the Palm Beach County school at a salary of \$80,000 a year; the other was paid \$60,000 a year for consulting work.
- Made payroll decisions without prior authorization from the charter schools' governing boards, drawing rebukes from the schools' financial consultants.
- Hired a \$40,000-a-year consultant who listed her residence as a Georgia home owned by Gallon.

• Launched a business venture with one of the volunteer board members responsible for overseeing Gallon's work for the charter schools. The venture was later deemed a conflict of interest by Miami-Dade school district investigators.

At least three consultants contracted by the governing boards warned their bosses of inappropriate actions under Gallon, records show. Yet Gallon stayed on as those who complained quit — or were fired.

"Once we found out there were problems in these schools, we warned the boards of directors of these schools," said Katrina Lunsford, a Lakeland-based consultant hired by the schools' governing boards to provide financial and budget management services.

She also said: "How many warnings do you have to give? How much documentation do you have to give?" she said. "We went from one school to the next school to the next school."

Lunsford resigned from one school and then was fired from two others in late 2012.

Success Leadership Academy in Fort Lauderdale and Excel Leadership Academy in West Palm Beach closed in the summer of 2013. Stellar Leadership Academy in Miami faced financial struggles but rebounded and continues to employ Gallon's company.

The Sun Sentinel examined hundreds of documents including payroll, correspondence, and other records attached to complaints filed by Lunsford and an associate with the Florida Attorney General's Office and other state and local entities.

State ethics officials who investigated the complaints last year found no laws had been broken, but the documents reviewed by the newspaper detailed lax oversight and a host of failings at the three charters.

They also underscore a key weakness in Florida's law, the newspaper found: State statutes governing the conduct of public officials do not apply to the private operators that often gain power at charter schools, even though public money is at stake.

Both traditional public schools and charter schools receive public dollars based on their



TRACING ADMINISTRATOR'S PATH

JULY 2008 Dr. Steve Gallon III takes over as schools superintendent in Plainfield, N.J., a district of about 7,000 students.

JANUARY 2011 Gallon and Plainfield colleagues Angela Kemp and Lalelei Kelly are banned from working in New Jersey's schools in connection with their 2010 arrests on charges of stealing more than \$10,500 in education services.

JUNE 2011 Three charter schools in Broward, Palm Beach and Miami-Dade counties hire Gallon's company, Tri-Star Leadership.

APRIL 2012 Gallon hires two colleagues from New Jersey — Kelly and Lenee Clarke—to work with the South Florida schools.

JUNE 2012 Gallon enters a side business partnership with Reggie R. Lewis, the board president of the Broward charter and vice president at the Miami-Dade school.

AUGUST 2012 Gallon hires a third New Jersey colleague, Kemp, as principal at the Palm Beach County school, Excel Leadership Academy.

SEPTEMBER 2012 The schools' payroll administrator quits a day after questioning Gallon about a payment to Kelly.

OCTOBER 2012 The schools' accountant, Jim D. Lee, writes letters to board members accusing Gallon of committing "an illegal act" related to his handling of the payroll.

NOVEMBER 2012 The boards of all three schools declare states of fiscal urgency and begin cutting vendor contracts.

MARCH-MAY 2013 Creditors complain the Broward and Palm Beach schools owe them money.

JUNE 2013 The Broward school voluntarily closes. It fails to repay more than \$80,000 owed to the Broward school district.

JULY 2013 The Palm Beach County school district does not renew the contract with Excel Leadership Academy, citing its debt and lack of teachers, books and study guides.

CURRENT Stellar Leadership Academy in Miami faced financial struggles but rebounded and continues to employ Gallon's company.

enrollment, and don't charge tuition. Administrators at traditional public schools are accountable for every penny spent. But the private companies hired by many charter school governing boards

don't have to open their books.

The Sun Sentinel left messages with several board members who were at the three schools during Gallon's tenure, but only one responded. Reggie R. Lewis, president of the board at the Broward school and board vice president at the Miami-Dade charter, attributed the Broward school's decline to issues beyond the board's or Gallon's control.

Gallon, 45, declined to answer questions from the Sun Sentinel, but issued two statements through a Tri-Star spokesperson. The spokesperson wrote that the company supported the "mission of serving and supporting the educational needs of at-risk and underserved students" and ensured "that only qualified, experienced, and credentialed consultants provide support to the Board and school."

The spokesperson also stated: "Despite accusations and subsequent independent inquiries and investigations, there has been and remains no determination of any wrongdoing or improprieties on the part of any present or former board members or educational professionals that were subjects of your inquiry."

The three high schools for at-risk students were reeling when their boards hired Gallon. The schools opened in 2005 under a private management company that selected the original board members and handled all school operations, from real estate and payroll to busing and curriculum. That company, White Hat Management of Ohio, operated a number of charter schools throughout Florida and began pulling out of the state in 2011.

While many of the company's Florida schools folded, the boards of these three charters decided to carry on. They turned to Gallon to help get them on track.

Trouble in New Jersey

Gallon began his career as a middle-school teacher in Miami, ascended to principal of Miami's Northwestern Senior High, and then served as a district administrator in the Miami-Dade school district.

Plainfield, N.J., schools hired him as superin-

tendent in 2008, paying him \$198,000 a year to oversee the central New Jersey district of about 7,000 students.

The back-to-back scandals quickly erupted.

Soon after his arrival, Gallon brought on three colleagues from Miami at six-figure salaries. Investigators from the New Jersey Department of Education concluded that two lacked proper state certification and one of those two lacked a required degree.

To address the issue, Gallon recommended hiring them under different titles that did not require certification.

Gov. Chris Christie then stepped in, calling for New Jersey's education commissioner to take action, according to news reports. A day later, the School Board fired the pair, Lalelei Kelly and Lesly Borge.

Less than a month later, in May 2010, police arrested Gallon, Kelly and Angela Kemp, the third Miami hire. The state Attorney General said Gallon falsely claimed the women lived at his address in South Plainfield — a school district in which they neither lived nor worked.

The trio's lies, prosecutors said, enabled both women's children to attend South Plainfield schools illegally and cost taxpayers \$10,500 over four months.

In January 2011, Gallon and the two women agreed to serve probation and never again work in New Jersey's public schools. In exchange, the charges were dismissed.

The following year, the three reunited — in Florida's charter-school system.

Friends in Florida

Gallon knew one of the board members at the three South Florida charters; they'd worked together years before in the Miami-Dade public school system. He also knew a consultant who worked for the schools, Tonya Deal, who recalled Gallon from their days as students at Florida A&M University in Tallahassee as a bright mind with great potential.

Deal said she believed his version of the New Jersey scandal — the story was overblown by the

media — and urged the schools to hire him.

Gallon fully disclosed his past to the boards, said another board member, Lewis. She told the Sun Sentinel she believed Gallon's arrest had nothing to do with his official duties in New Jersey, and noted that he had not been convicted of any crime.

Gallon got the job. He was hired as a \$135-per-hour consultant in June 2011. His mission: improving student performance at the three schools.

The boards hired other contractors, including a payroll administrator, a security company, and Lunsford for financial management services. None of them, records show, rivaled Gallon in power.

Increasing authority

Within a year, by April 2012, the boards gave Tri-Star more responsibility and roughly 15 percent of the state dollars allocated to the three schools. The company was assisting with day-to-day operations, and receiving as much as \$60,000 a month from the three schools, records show.

Deal had joined forces with Gallon by then, becoming his business partner at Tri-Star.

Gallon also teamed with Lewis, one of his bosses on two of the boards, to work on a side business venture — a charter application for another school — for \$9,000, records show.

Investigators with the Miami-Dade school district later deemed that collaboration a conflict of interest, chiding Lewis but taking no action. Lewis acknowledged to state ethics investigators that she worked with Gallon on the project, but said she saw no problem with the collaboration because she did not pay Gallon. She said she paid only Tri-Star business partner Deal as an independent contractor.

By the end of summer 2012, Gallon had secured jobs for three of his former colleagues-- including the two women arrested and banned from working in New Jersey, Lalelei Kelly and Angela Kemp.

Kelly signed a \$60,000-a-year contract with Tri-Star to provide compliance, accountability and other services to the Broward and Miami-Dade schools.

Gallon signed a contract on behalf of the Palm Beach County school making Kemp principal for \$80,000 a year.

And he brought on a third employee, Lenée Clarke, a former compensation administrator for the Plainfield Board of Education, for \$40,000 annually to provide Tri-Star with various support services.

Clarke listed a residence in Lithonia, Ga., registered to Gallon, according to payroll and property records.

Lewis told the Sun Sentinel the schools did not manage the hiring decisions of their vendors.

Payments questioned

The schools' financial team began to caution the boards against overspending, flag certain payments, and raise concerns about Gallon's seemingly unchecked authority.

"I started warning board members," said Lunsford, the financial manager.

She also said: "He, from an overall standpoint, just started taking charge and taking over."

Records show the boards at times responded with indifference or hostility to issues raised by Lunsford and the accountant she hired to help her with the schools, Jim D. Lee.

When Lunsford requested documentation for a \$625 bank transaction on Sept. 25 from Dorothy Gay, the board president for the Palm Beach County school, Gay provided it — along with an indignant email:

"Let the record reflect the following, which I will make perfectly clear this one time only and never again question me about any 'funds' or state to me, 'show documentation'..."

Other questioned payments in September elicited an outcry from consultants, two of whom promptly resigned. A pair of extra payments to Kelly that doubled her wages from \$5,000 to \$10,000 that month angered even school employees.

"They're asking me to cut staff, telling me they don't have any funds, and I find out somebody is getting \$10,000 in one month," Cynthia Hazlewood, the Broward school's interim principal,

said in an interview with the Sun Sentinel.

Kelly received the additional \$5,000 from the Broward school even though its board approved only a \$2,500 monthly boost. And that approval came weeks after Gallon already had authorized the pay hike by signing a contract on the school's behalf, records show.

Thomas Brown, the payroll administrator for all three schools, questioned the first extra payment, according to emails. Clarke also received payments in September that were later questioned by several consultants, district documents show. Gallon approved those payrolls, interviews and records show.

"He paid people when the warnings were out," Lunsford said. "He paid people when we said, 'Hold up, there's no money.'"

Gallon, however, authorized no extra payments for himself, and Tri-Star received significantly less than its contract guaranteed from the Broward school that month, records show. About that time, Gallon also stated in emails that he did not wish to have payroll duties.

Deal said she began to second-guess her push to bring Gallon to the schools. She resigned that month from Tri-Star. Brown, the payroll administrator, also quit. In letters to the schools' boards, he wrote:

"Due to our inability and unwillingness to continue to effectively collaborate with Dr. Steve Gallon we are discontinuing our payroll services ..."

As fall neared, the financial team's phone calls and emails gave way to written complaints lodged with board members.

Tabled at Red Lobster

Faced with a mounting crisis, the governing board of the Palm Beach County school assembled for its October public meeting. By law, such meetings must be accessible to the public and allow an opportunity for input.

Board members, however, did not gather at the school. They went to a Red Lobster.

Lee, the Lakeland accountant, joined the meeting via conference call. Lee had warned

that month in letters to the Palm Beach and Miami-Dade county schools that Gallon committed an "illegal act" when he made payroll decisions without board authorization. To all three schools, Lee made a series of recommendations to tighten financial controls, among them transferring payroll matters from Gallon's company.

But at the meeting in West Palm Beach, Lee was cut short, several people in attendance said. Gay said she had already discussed Lee's letter with the board and "would be tabling the item until a later date," according to meeting minutes.

One of the board members who was present, Anthony G. Allen, resigned three days later. Neither he nor Gay responded to requests for comment.

The boards for the Broward and Miami-Dade charters adopted most of Lee's recommendations during their October meetings, including transferring payroll services from Tri-Star.

The Broward board also rescinded the questioned stipends. That school's attorney warned Tri-Star in a letter that its contract would be terminated if the alleged double payments and payment errors were not corrected or explained.

But no extra payments were returned, financial team members said.

The Miami-Dade school district later reviewed allegations that Gallon authorized payments and signed a contract without board approval but concluded the charges were not substantiated — citing only board minutes from the Miami-Dade school's October 2012 meeting.

Tri-Star remained under contract with all three schools, records show.

The end of the line

By the end of 2012, the boards for the charters declared states of fiscal urgency. Though the Miami-Dade school would recover in the coming months, the end was near for the Broward and Palm Beach county schools.

Attendance at both schools fell dramatically from the prior year, in part because of moves to new facilities, dropping from 202 to 92 at the Palm school and from 241 to 88 at the Broward

school. Because the schools receive public money based on their student population, the drop in enrollment resulted in a plunge in school income.

The Broward school took a hit when its lease expired and a new charter took over its building, absorbing some of its students. The school moved from Oakland Park to Fort Lauderdale. The Palm Beach County school blamed the opening of another charter near its original location for its decline, according to state records. It, too, relocated.

Gallon took no pay from the Broward school and reduced payments from the Palm Beach County charter in the final months of 2012. But both schools made occasional payments to him in early 2013 – even as debt accrued and teachers and staff quit.

By spring, records show, a church that housed the Broward school demanded \$15,000 in past-due rent; a security company claimed the Broward and Palm Beach county schools owed it nearly \$20,000; and the Broward school district said it was owed more than \$80,000 – an overpayment because of smaller-than-expected enrollment numbers.

The two schools also were crumbling academically – the area Gallon had been hired to improve.

The Broward school showed no evidence of a reading program, English language instruction for non-native speakers or services for students with disabilities, district officials reported. The school also provided false information about teachers, the officials said.

The Palm Beach County school lacked a science

teacher and did not offer core courses, district officials reported. A state administrative law judge found the school lacked reading lesson plans, study guides or even textbooks; “neglected” biology and math; and “failed in its most basic duties to educate its students.”

Board member Lewis said Gallon and Kelly tried to help until the end, and were “the ONLY persons that continued to stay and work to try to save” the Broward school. Lewis said the pair worked without compensation for some time, and Gallon donated “nearly \$8,000 in his own resources” to the school.

“A person who has done wrong hides and runs, they don’t stay and stand,” Lewis said in an email to the Sun Sentinel.

The financial team, Lunsford and Lee, lodged complaints in early 2013 with agencies across the state, which forwarded them to the Broward and Palm Beach county school districts. Neither district investigated.

In June, the Broward school voluntarily shut its doors. In July, the Palm Beach County school was shut down by its district.

Staff researchers John Maines and Barbara Hijek contributed to this report.

The original version of this article, which reported that Lalelei Kelly and Angela Kemp were arrested on charges they sent their children to South Plainfield, N.J., schools illegally, costing taxpayers \$10,500, should have mentioned that Kelly and Kemp repaid the money, records show.

CHARTER SCHOOLS UNSUPERVISED

AUGUST 24, 2014

School operators want 2nd chance

Some charter applicants have troubled histories

BY KAREN YI AND AMY SHIPLEY | Staff writers

At least seven groups of applicants with ties to failed or floundering charter schools are seeking second chances and public money to open 18 more.

Odds are, most will prevail.

School districts say that they can't deny applicants solely because of past problems running charter schools. State laws tell them to evaluate what they see on paper — academic plans, budget proposals, student services — not previous school collapses or controversial professional histories.

District officials are currently reviewing applications for next year.

Among those vying to open new charter schools, which are privately operated but publicly funded:

- A group that managed three new charter schools in Broward and Palm Beach counties that opened this year — and then shut down on the first day of school.
- The founder of two charter schools that failed in 2007 amid accusations of stolen money, shoddy record keeping and parent complaints, according to state and local records. A state investigation later chastised school directors for “virtually non-

existent” oversight, though prosecutors filed no criminal charges.

- An educator who was banned from New Jersey public schools, then consulted for two schools in Broward and Palm Beach counties that shuttered in 2013. The Palm Beach County school district closed one of the schools because of poor academics and financial difficulties; the Broward school chose to cease operations amid dwindling enrollment, according to school district reports.

The Sun Sentinel also found three applications from leaders at two charter schools that were ordered to close this year for poor academics. Another three proposals came from a director at an existing charter school chided for its deteriorating financial condition. An entrepreneur who has consulted for a handful of failed schools is also listed on an application.

“We’re asking ourselves, ‘How do we follow the law, yet make professional decisions in the best interests of students?’” said Jim Pegg, director of the charter school department for the Palm Beach County School district.

A Sun Sentinel investigation in June found state law allows virtually anyone who can fill out

a lengthy application to open a charter school. If school districts veer too far outside the guidelines to reject applications, they risk having their decisions overturned by the state.

Broward Schools Superintendent Robert Runcie said he might be willing to take that risk given the range of applicants.

“If we have to, we’ll deny some applications and bring them to the state and still fight,” Runcie said. “We can’t continue to go with the bad actors that are out there and have them to continue to operate.”

Broward, Palm Beach and Miami-Dade counties have received 90 applications to open charter schools in 2015-16. Applicants include charter-school operators with established records, small startups and those who have struggled in the past.

The number of charter schools in Florida has more than doubled in the last decade; there are now more than 620.

Charter schools are publicly funded but can be operated by individuals, companies or cities. State law gives local school districts responsibility for approving and overseeing charter schools, but limited ability to intervene when problems arise. The idea behind charter schools is to spur educational innovation; many offer successful and specialized alternatives for public school students. But the Sun Sentinel found those intentionally loose rules also can foster problems.

Approved schools begin receiving taxpayer dollars — about \$6,000 per enrolled student — in the summer before their scheduled openings. A school with 250 students would receive about \$1.5 million by the end of its first year.

In the coming weeks, school districts will review the applications — some running more than 1,000 pages — and, in some cases, interview candidates. District officials will make recommendations to their school boards by November.

Starting up, shutting down

Eight hours before students were to report for classes at the new Broward County Charter High on the first day of school this year, Richard

E. Durr emailed a Broward school district official saying the school would not open “due to circumstances beyond our control.” Durr is a director at the school’s management company, American Charter Schools, Inc.

By day’s end, two more schools managed by that same company had shut down. One school in Riviera Beach failed to attract students; the other in Delray Beach enrolled only a few, a district official said. The applications for the two Palm Beach County schools were rejected by the school district in 2012, but those decisions were reversed by the state.

The Palm Beach County schools did not receive any taxpayer dollars; the Broward school received nearly \$8,000, district officials said. Durr said the money would be returned.

He said school directors had difficulty securing buildings, resulting in less time to recruit new students.

Yet Durr’s company, American Charter Schools, Inc., is listed as the education service provider on applications for four proposed charter schools in Palm Beach County. An education service provider is often referred to as a school’s management company.

Durr said he and his business partner were assessing whether to move forward with the applications.

“As you know, a lot of new charter schools are opening,” Durr said. “A lot of them are competing for the same students.”

American Charter Schools provides a range of services to nearly a dozen South Florida charter schools, according to the applications.

Troubled history

Steve Gallon III is listed as a consultant and point of contact on applications for four new schools in Miami-Dade County and one in Broward. One of the Miami-Dade schools says it will contract with Gallon’s company, Tri-Star Leadership, an educational services and support provider.

Gallon was arrested in Plainfield, N.J., in 2010 for allegedly lying about the residences of col-

leagues so their children could attend school outside their districts. Prosecutors dropped the charges in 2011 after Gallon agreed never to work again in New Jersey's public schools. He had been school superintendent in Plainfield for two years.

Gallon then began offering a range of services to three South Florida charter schools. The Broward and Palm Beach County schools closed last summer; the Miami-Dade school remains open.

Gallon declined to be interviewed for this article, but a spokesperson offered a written statement outlining Gallon's dedication to education and at-risk students.

The statement said in part that Gallon and his company have never been directly responsible for any failed school. It said he joined the closed schools when they were already struggling and remained until the end, at times working without compensation.

"There is nothing wrong, illegal, or improper with falling down and getting back up and trying again," the statement said. "That reflects some of the core values of our society and what we try to instill in our children. This is a great nation of second chances and lessons learned."

Try, try again

Ann-Marie Manzano also faced controversy during her time at two Sunshine Academy charter schools in Broward and Miami-Dade counties. Both shut down in 2007.

Manzano, who founded both schools and worked as the Broward principal, was arrested on theft charges after a governing board member accused her of mismanaging tax dollars and misusing school funds, including buying a Lincoln SUV.

The Broward State Attorney's Office declined to prosecute the case in 2011 after it found Manzano paid the Broward school's rent out of her own pocket, loaned the schools cash and purchased the SUV with allowable funds. Still, state authorities chided school officials for poor record-keeping and oversight.

"We are supposed to learn from our experiences," said Manzano, who is applying for two new charter schools. She said that if applicants "haven't done anything intentional and if they have been a victim" they should be given another shot at opening a school.

CHARTER SCHOOLS UNSUPERVISED

OCTOBER 12, 2014

Mavericks in Education: Failing to make the grade

BY KAREN YI AND AMY SHIPLEY | Staff writers

Mavericks in Education Florida launched a network of charter schools more than five years ago, drumming up publicity with prominent pitchmen and pledging to turn dropouts into graduates.

But more than a thousand pages of public records obtained by the Sun Sentinel raise questions about the private company's management of its six charter high schools, including five in South Florida, which are publicly funded but independently operated.

Many of the company's schools have been investigated and asked to return public dollars. Three have closed. Local, state or federal officials have flagged academic or other problems at Mavericks schools, including:

- Overcharging taxpayers \$2 million by overstating attendance and hours taught. The involved schools have appealed the findings.
- Submitting questionable low-income school meal applications to improperly collect \$350,000 in state dollars at two now-closed Pinellas County schools.
- Frequent academic errors that include skipping state tests for special-needs students, failing to provide textbooks and using outdated materials.

The schools are overseen by volunteer gov-

erning boards, which pay the West Palm Beach-based company to manage the schools' academics, finances and operations.

A board member and a representative of the management company acknowledged past problems but disputed many of the issues authorities have cited. They've pledged a turnaround to include improved school programs and better relationships with their districts and community leaders. They say the company has evolved and is now better equipped to handle the challenges that come with such a difficult population of students.

Lauren Hollander, chief executive officer of Mavericks in Education, did not reply to repeated requests to comment publicly for this article.

Some teachers and principals say the schools' mission and successes outweigh any operational failings. They trumpet a motivating atmosphere, family environment and small class sizes that offer struggling students a fresh start.

"These are students who would have left the traditional [public school] setting for different reasons: because they were kicked out, because they were locked up, because life happened," said Nadine LeBlanc, principal at the Mavericks school in Fort Lauderdale.

Mavericks' commitment to improve comes

amid heightened scrutiny as South Florida school districts consider whether the Mavericks schools should remain open. Charter schools typically operate on five-year contracts with their local districts.

The Miami-Dade School Board this summer renewed its contracts with its two Mavericks schools — but included terms for immediate shut-down if academic or financial problems are not fixed. Broward will begin considering the issue later this year with its Fort Lauderdale school, and Palm Beach County will weigh in next year.

“They really are trying to clean up their act all of a sudden,” said Jim Pegg, who oversees charter schools for the Palm Beach County school district.

Overbilling taxpayers

Mavericks schools have been repeatedly cited for flawed enrollment and attendance numbers, which Florida uses to determine how much public money charter schools get.

The Miami-Dade school district counted no more than 200 students during four visits to the Homestead school in February 2011. Yet the school had reported a 400-student count and 100-percent attendance on those days, the district found.

A Broward school district official discussed a similar discrepancy in a June 2012 email to district staff members. Broward school district officials accused the Fort Lauderdale school of inflating attendance numbers, according to the email.

An audit released by the Palm Beach County school district in 2013 found 300 discrepancies between the attendance records logged by teachers and those reported to the school district, and no evidence that 14 students enrolled by the Palm Springs school were actually taking classes, the report states. The school was forced to return \$158,815.

Similar allegations were raised by two former teachers and one administrator who accused the Homestead or Palm Springs schools of cheating on attendance, grades and enrollment in three separate lawsuits. The lawsuits were settled and dismissed late in 2012, but other teachers made

similar claims in interviews with the Sun Sentinel.

“They would have kids [on the attendance roster] who were withdrawn for months, kids I’ve never seen before,” said Mitcheal Pearl, 28, a teacher who worked at one of the now-closed Pinellas Mavericks schools in 2010-2012. “Not a single day was an attendance roster correct.”

Pegg, who oversees charter schools for the Palm Beach County school district, said problems with Mavericks in Education have frustrated district officials. State charter-school laws do not address the performance of management companies.

“The statute doesn’t give any kind of authority to hold those management companies accountable; we can only hold the schools accountable,” Pegg said. “We need to be able to have some authority with [management companies]. They are the ones taking the tax dollars.”

Mavericks in Education is the management company for five schools in South Florida and another in Kissimmee in central Florida. That school has not been cited for any major violations, records show. Mavericks also operated two schools in Pinellas County and one in Leon County that recently closed.

Concerns escalate

In the last two years, complaints from school district officials evolved into more serious investigations by state and federal authorities.

The two Mavericks schools in Pinellas last year gave back \$350,000 in state money after federal and state investigators looked into allegations of fraud.

The investigations began when a Pinellas parent complained that her son was pulled from class to complete an application for a low-income meal program — even though her family made too much money to qualify, according to U.S. Department of Education records. The students were told filling out the forms would help the school receive more money, the records allege.

The federal education department found “questionable, possible fraudulent, activities

occurred with regard to Free & Reduced-price applications.” But because state tax dollars were involved, the agency forwarded the case to state investigators in January 2013.

By April, the Pinellas schools had returned the money. One went out of business and the other reorganized under new management.

An investigator from the state Department of Financial Services asked the Florida Department of Education to help determine whether other Mavericks schools had engaged in similar practices, records show. But state education officials said they had not received complaints from other school districts and declined to call the districts on behalf of the investigator.

In South Florida, three probes released by the state Auditor General’s office in 2013 and 2014 found Mavericks schools in Fort Lauderdale, Pompano Beach, Palm Springs and Homestead were collecting dollars for students who did not attend the school and not teaching enough hours to meet state requirements.

The Florida Department of Education will hear appeals from the Broward and Palm Beach County schools this month. The Miami-Dade schools have indicated they also will appeal, according to a school district spokesman.

The South Florida schools could be forced to return \$2 million, but a recent ruling in a similar case could bode well for Mavericks.

Central to the issue are the double-session schedules at Mavericks, where some students attend a morning session and others attend an afternoon session. Mavericks said that additional work-study hours outside the classroom and other measures made up for the shorter school days, but state auditors said Mavericks failed to prove students were actually attending the work-study sessions and other extra classes.

In a similar case in Lee County, state commissioner of education Pam Stewart sided with two charter schools, saying state law permits schools that offer double sessions to teach students for fewer hours. Stewart, however, noted that such exceptions had historically been allowed only during extenuating circumstances such as natural disasters — and weren’t intended to get schools

off the hook when students didn’t take enough class hours.

Team Graduate

Getting students to come to class has been among the Mavericks schools’ biggest challenges and at the root of the most damning charge made against them over the years: that they have inflated attendance figures.

Some Mavericks schools offer incentives to encourage students to show up.

LeBlanc said the Fort Lauderdale school provides free breakfast to the first 20 students each morning. It awards \$5 gift cards to the best-dressed students on weekly dress-up days.

Posters plastered around school last month advertised in-school raffles for a 32-inch TV, \$50 gift cards, \$200 headphones and a Google tablet. Students must show up to win. The drawings take place on days when attendance must be reported to the state to help determine how much money a school receives.

LeBlanc walked through brightly painted classrooms wallpapered with motivational posters and partly filled with students hunched over computers on a recent morning.

In a classroom dubbed “Team Graduate,” LeBlanc passed a sign that said “Excuses Stop Here.” A white cap and gown were tacked to the wall. She said she expects 92 students to graduate this year.

“They believe that we care,” she said. “We’re not here to kick them out.”

At a recent governing board meeting, the principal of the North Miami Mavericks said students were excited about school this year and showing up in higher numbers — he reported an average attendance of nearly 75 percent.

But Mavericks schools also have faced complaints about their performance in the classroom, drawing rebukes from school district officials for failing to meet student needs.

A review of the Mavericks in Homestead for the 2010-11 school year cited a lack of textbooks and noted many students were sleeping, texting, socializing and rarely interacting with teachers,

records show.

That same year, Broward school district officials notified the Fort Lauderdale Mavericks school that it failed to administer required state tests for special-needs students.

In a 2013-14 mid-year review, the Palm Beach County school district noted that a reading teacher was using a work sheet created in 1984. Mavericks school officials disputed the finding, arguing that the work sheet was used only for reading comprehension, not to demonstrate obsolete standards.

Despite the shortcomings authorities have cited, teachers told the Sun Sentinel they devoted themselves to their students, looking for them at their homes, on the streets or at homeless shelters when they missed class.

“Those individuals had a high mindset to help failing students,” said Zema Florence, a former principal at Mavericks schools in Miami-Dade and Pinellas. “If you help one child that the district let go, or would not serve, you have done what you needed to do.”

Mavericks’ overall performance academically remains a question mark.

The Mavericks schools have received more than \$70 million in state money — and have directed \$9 million of that to the management company — yet determining whether taxpayers have received their money’s worth is nearly impossible. The schools have repeatedly failed to earn state-issued grades or ratings.

Officials at Mavericks and its schools say the state’s approach to grading schools is unfair to those that cater to dropout students.

State law requires that schools test a minimum number of students who meet certain state requirements to receive a rating. In some cases, Mavericks simply didn’t have enough students who met those requirements. In other cases, however, Mavericks failed to test enough students.

Since 2009, the current Mavericks schools have received just four assessments — all poor. Individual Mavericks schools have received “declining” ratings three times and one F.

Charter schools that receive back-to-back low scores are subject to closure, according to state

law.

Those that rarely receive assessments, like Mavericks, face no such consequences.

The company

Mavericks CEO Lauren Hollander assumed leadership of the company soon after its first schools opened in 2009.

Long-time charter school operator Mark Thimmig created Mavericks in Education in 2007, partnering with Mark Rodberg, formerly a restaurant developer and Hollander’s brother. Hollander took over as chief executive after Thimmig’s departure in 2009.

The company in its early days tapped Miami Heat star Dwyane Wade; former state lawmakers Ralph Arza and Frank Attkisson; and Frank Biden, the vice president’s brother, to rally support for the schools.

Biden, once a company employee and a frequent presence, is now off the payroll but still listed as a lobbyist for Mavericks in Education, according to state records.

The company has lost some support in recent years.

The governing board for two Pinellas schools declared Mavericks in Education had “failed the school” and later complained that “their lack of management and oversight has left the schools in serious financial condition,” meeting minutes show. The board terminated its contract with the company in 2012. Both of the schools eventually closed.

In Tallahassee, Leon County moved to terminate the Mavericks school for poor academics, prompting the charter school’s governing board to voluntarily shut down the school in June, district officials said.

Despite concerns elsewhere in the state, the governing boards of Mavericks schools in South Florida are standing behind their management company. During public meetings last month, Mavericks board members for the Miami-Dade, Broward and Palm Beach county schools touted their schools’ successes and commitment to helping students in high-need communities.

“That’s the beauty [of] our program: is giving these kids an opportunity they wouldn’t have at traditional schools,” said Debbie Schatz, a governing board member for the Broward schools.

“That’s why we continue to have success with these students.”

Board members said they are determined to keep their schools open and continue helping dropout students.

“It’s easy to be a critic,” governing board member Steven Bracy said during one of the September meetings. “If you shut us down or don’t give us money, where are these kids going to go?”

CHARTER SCHOOLS UNSUPERVISED

OCTOBER 26, 2014

Charter school problems mount

Closures in South Florida point to challenges

BY AMY SHIPLEY AND KAREN YI | Staff writers

Broward's decision to shut down two more struggling charter schools this week brought to nine the number of South Florida charter schools slated for closure since classes began in August.

Six charter schools in Broward, two in Palm Beach and one in Miami-Dade counties have shuttered or been ordered to close in just over two months.

The rash of closings spotlights the rising challenges for Florida's fast-growing charter-school industry. A Sun Sentinel investigation in June found almost anyone who can adequately fill out a lengthy application can collect taxpayer dollars to open a charter school, but it's difficult to track how those dollars are spent.

The Broward School Board on Tuesday voted to shut down The Obama Academy for Boys and The Red Shoe Charter School for Girls in Fort Lauderdale after the schools failed to document how they spent \$876,000 in public money, district officials said.

The district also said the schools, both in their third year, failed to serve students with special needs and provide adequate reading programs. They enroll more than 250 students in kindergarten through eighth grade.

The schools' founder, Corey Alston, has disput-

ed the findings and said he will appeal.

South Florida has seen rapid growth in charter schools in recent years, but with that growth has come a number of problems. Thirty-six South Florida charter schools — 21 in Broward County — have shut down or been ordered to close since the fall of 2012.

Just this year:

- A charter high school in Broward shuttered hours before students were to report for class on the first day of school. The school's management company, American Charter Schools Inc., said it was closing the school "due to circumstances beyond our control."

- Two charter schools in Palm Beach County, also managed by American Charter Schools, shut down on the first day of school after struggling to find buildings and failing to enroll enough students.

- Another two schools in Broward, Magnolia Academy for the Arts and Magnolia Academy for the Arts and Technology, shut down two weeks later after busing students on daily trips to a children's museum because their building remained under construction.

- Last week the Broward Charter School for Science and Technology was forced to close its

doors for poor academics. Florida mandates that charter schools with back-to-back low grades on state assessments shut down.

- This week, a Miami-Dade charter school closed its doors for earning consecutive low marks on state tests.

Charter schools are funded with taxpayer money but privately operated by individuals, companies or cities.

Broward Schools Superintendent Robert Runcie blamed loose state regulations for the rise in closures. He said districts need more authority to vet charter-school applicants and quickly close floundering schools. Districts should also have some control over where charter schools open, to ensure they are placed in communities with a need, he added.

“If we don’t change what we’re doing at the state level ... [and] put more teeth into the monitoring process, we will see situations like these continue over time,” he said.

Runcie and other district officials have repeatedly called for legislative action to tighten state charter-school laws. A proposed amendment that would have required consideration of a charter-school applicant’s previous history and proof of financial backing died during this year’s legislative session.

Adam Miller, who oversees charter schools for the Florida Department of Education, has said the law already empowers districts to weed out poor candidates during the charter-school application process.

In an email this week, he reiterated that “the best way to ensure fewer closures is to approve only” charter-school applicants with air-tight plans and the capacity to operate high-quality schools.

The Obama and Red Shoe schools — also known as the Urban Academies — illustrate the range of problems that can afflict startup charter schools and how local districts struggle to deal with those issues. In the three years the Urban Academies have been open, they have faced problems with their academics, finances and facilities.

The two schools faced closure earlier this year after failing to obtain necessary permits when

they moved into a new building. The schools had also been flagged months before for what district auditors called their “deteriorating financial condition.” Alston, the schools’ founder, told the Sun Sentinel that was only because he had loaned the schools about \$150,000 to stay afloat, and that they are now financially stable.

The schools appealed the attempted shutdown earlier this year to a state administrative law judge. Rather than fight, the school district agreed to allow the schools to remain open after they submitted required paperwork.

During reviews of the school in recent months, district officials found problems with the schools’ reading program, record-keeping and grading.

“We believe [the charges] are wrong,” said Alston. “We believe they are exaggerated. We believe this is the most recent example of targeting against me and these schools.”

Alston, a former city manager of South Bay in Palm Beach County, pleaded guilty to a felony charge of grand theft and a misdemeanor charge of corrupt misuse of official position last month. Alston “authorized, requested or directly executed” questionable expenses and failed to document financial transactions including more than \$60,000 on his city-issued credit card, an audit by the Palm Beach County Inspector General’s Office found.

The judge withheld adjudication on the felony charge. Alston received six years of probation, court records show.

Alston declined to discuss the criminal charges, which had no connection to his work with the Broward charter schools.

He said the schools will appeal the termination to a state administrative law judge. They will remain open until the matter is resolved.

The district also chided the schools for failing to record financial transactions and submit required monthly reports. Some that were submitted contained errors, the district said.

District officials said the schools have not provided required monthly financial reports to account for their spending since January. State law, however, requires that local districts continue providing taxpayer dollars as long as the schools

are open. One of the schools received \$500,980 and the other collected \$375,478 in the last eight months, district officials said.

Broward School Board members bemoaned the fact that the district could not immediately close the Obama and Red Shoe schools. State law — except in emergency cases — gives schools 90 days' notice before forcing closure and provides an opportunity to appeal.

“The community should be outraged,” said School Board member Rosalind Osgood. “For nine months [we’ve] just given away free money to people who are not following any of the rules ... They keep coming up with excuses.”

CHARTER SCHOOLS UNSUPERVISED

NOVEMBER 8, 2014

Lawmakers press to tighten rules for charter schools

BY KAREN YI AND AMY SHIPLEY | Staff writers

State lawmakers angered by the recent flurry of charter-school closings in South Florida are calling for more stringent laws.

Thirty-six South Florida charter schools — 21 in Broward County — have shut down or been ordered to close because of financial, academic or other problems since the fall of 2012. Charter schools receive public money but are privately operated.

“I believe it’s urgent,” said Rep. Shevrin Jones, D-West Park, who served on a House subcommittee focused on school choice in the last session. “If this cancer is not taken under control, we’re going to have a serious problem on our hands.”

Legislators say there is growing bipartisan support for more rigorous vetting of charter-school operators so taxpayer dollars aren’t wasted and children aren’t displaced.

They told the Sun Sentinel they will push for laws that would force operators to prove they have financial backing and no previous connection to failed schools before they can claim tax money for new ones.

“The continual number of closings has made it a higher priority,” said Rep. Lori Berman, D-Lantana. “It’s a huge concern. This is our public money.”

A Sun Sentinel investigation in June found that virtually anyone who can fill out a lengthy application can open a charter school. The newspaper also found a rise in closures among new charter schools. Ten such schools — six in Broward and four in Palm Beach County — have closed within two months of opening since 2012.

“These problems are nothing new,” said Rep. Katie Edwards, D-Plantation. “But they are finally now being exposed.”

Florida’s charter-school industry is expanding rapidly. In the past decade, the number of Florida charter schools has more than doubled, to 646.

Charter schools were created more than two decades ago to spur innovation and provide parents with more choice. The schools were freed from many of the regulations that bind traditional public schools so they could fill a niche in communities with specific needs.

There are about 280 charter schools in South Florida.

The Legislature historically has shied away from laws that would limit charter-school growth. During the last session, it did not pass several bills related to charter schools including some proposing more scrutiny of candidates seeking to open new ones.

But lawmakers say the rash of failures and attention to the issue could finally prompt change.

“Even the Republican leadership knows there are issues with charter-school operators,” Edwards said. “They don’t want to see these fly-by-night operators.

“I foresee, in the next two years, that being a priority in the Legislature, making sure any charter-school operator doing business in the state has their management in check and is fiscally sound and able to provide quality education for our children.”

Rep. Manny Diaz Jr., R-Hialeah, a supporter of charter schools who served on the House education committee and two other education sub-committees during the last session, said he would be in favor of requiring charter-school operators to obtain surety bonds, a type of financial insurance. He said he would also consider measures that would allow districts to reject applicants with ties to financially struggling schools.

“The one issue that we tried to tackle, and I think we’ll probably see it come up again, is the issue of failure due to financial problems,” Diaz said. There are “groups that have already failed financially [that] come back and get approved for another charter.”

Even operators of major charter-school chains are pressing for change.

Robert Haag, president of the advocacy group Florida Consortium of Public Charter Schools, said industry leaders want tougher laws to weed out unprepared and incompetent operators.

Haag’s consortium includes directors of some of the state’s largest management companies, including Academica, which operates nearly 100 charter schools in Florida.

Leaders of charter-school companies and their affiliates have significant clout: They have spent more than \$1 million on state lobbying and do-

nated about \$600,000 to the campaigns of mostly Republican legislators and political action committees in the last five years, a Sun Sentinel analysis showed.

Charter-school leaders believe the recent rash of school closures are “a black eye on all of us. We are all painted with the same brush,” said Haag, who also is president of Charter Schools of Excellence, a charter-school chain in South Florida. “People want to make sure ... if you open a school you’re going to be successful. There’s no sense in opening something that’s going to fail.”

Lawmakers told the newspaper they would consider other measures to regulate the charter-school industry, such as improving financial transparency and exerting more control over where schools open. Jones, who sponsored two bills in the last session, said he would try again next year. Sen. Eleanor Sobel, D-Hollywood, said she would also be interested in working on legislation.

“This could be a bi-partisan effort if we focus on the needs of students and the needs of parents in choosing a charter school,” Sobel said.

Two charter schools in Fort Lauderdale were ordered to shut down in October after Broward school district officials said the schools had not documented how they spent nearly \$900,000 in taxpayer dollars. Six charter schools in Broward, two in Palm Beach and one in Miami-Dade counties have been ordered to close or have shut down since school began in August.

“If you are opening up a Carvel, a Shell gas station, or if you are opening up a Publix supermarket, you are looking to make sure you are placed in a place that isn’t going to compete against a functioning system,” said Rep. Mark Pafford, D-West Palm Beach. “I think school districts need to be able to do that.”

CHARTER SCHOOLS UNSUPERVISED

DECEMBER 28, 2014

Districts rein in charter schools

S. Florida clamps down on industry, denying applicants tied to failed schools more chances

BY AMY SHIPLEY AND KAREN YI | Staff writers

South Florida school districts are cracking down on the local charter-school industry in the wake of a Sun-Sentinel investigation that exposed a rise in fly-by-night charter schools and few safeguards against renegade operators.

In a blitz of action in recent weeks, Broward, Palm Beach and Miami-Dade counties have refused to allow applicants with ties to failed schools to open new ones while Broward and Palm Beach counties have used legal or municipal muscle to try to stem abuses.

Several state lawmakers told the Sun Sentinel in November they would push for stronger laws during the next legislative session to ensure that newcomers to the charter-school industry had financial backing and no prior history with shuttered schools.

But local school districts – feeling pressure to ensure that only quality operators settle in their communities – are taking matters into their own hands.

Palm Beach County's School Board has led the clampdown in recent weeks, denying every new charter school applicant for the first time in at least five years. In another rare move, the School

Board this month approved taking legal action to recoup missing taxpayer dollars and public assets from a now-closed charter school.

"We want to set a precedent," said Jim Pegg, who oversees charter schools for the Palm Beach County school district. "We want everybody to know that we're just not going to sit back and allow this to happen. We're going to get our assets and our money that belongs to the public."

Cities, too, are taking a stance against charter-school operators that open and close schools within months.

Commissioners in Lauderhill plan to impose a six-month moratorium on new charter schools to give city officials a chance to draw up laws that could require operators to undergo background checks and prove sooner that they have secured buildings for their schools. Tamarac officials also added new rules for any school opening within city limits, mandating that campuses have at least a 3-acre site, be in a free-standing building or have dedicated drop-off areas for students.

Charter schools, which were intended to foster innovation in public education, are taxpayer funded but privately operated. There are more than

250 such schools in South Florida.

Though state laws do not require any background checks of those seeking to open new charter schools, district officials in Broward, Palm Beach and Miami-Dade each rejected a number of applicants with ties to failed schools during their annual review of proposed new charter schools. Some applications in Miami-Dade are still pending.

Broward rejected one application and Dade rejected four that listed Steve Gallon III as a consultant or point of contact. Gallon's company provided consulting services to charter schools in Broward and Palm Beach counties that shut down in 2013. At least three of the rejected schools have appealed the denials to the state; those cases are pending.

Gallon did not return a request for comment.

Broward also rejected an application submitted by Ann-Marie Manzano, who founded two Sunshine Academy charter schools in Broward and Miami-Dade that shut down in 2007. She withdrew her charter-school application in Dade. Manzano could not be reached for comment.

And Palm Beach County denied two applications from David Stiles, vice president of operations and development for Newpoint Education Partners, the company that managed two Magnolia charter schools that shut down in Broward two weeks into their first school year. Stiles declined comment.

The quick closures highlighted by the newspaper's probe have continued.

Just this month, a first-year charter school, Transitions Elementary in West Palm Beach, voluntarily shut down after fewer than four months of operation because of low enrollment and financial problems.

More than three dozen South Florida charter schools have shuttered or been ordered to close since the fall of 2012. The newspaper found that 10 of those schools lasted two months or fewer.

The Sun Sentinel reported in June that South Florida districts lost more than \$1 million over the last five years on schools that closed prematurely and didn't return taxpayer money intended for students. Pegg said operators often scatter when

schools close, making it difficult for districts to recover money and district assets.

Though state law says unused charter-school dollars must be returned to the districts, it does not empower districts to recoup that cash.

But Pegg said the county decided to take an "aggressive strategy" with respect to the Charter School of Boynton Beach, which was forced to shut down in July for poor academics.

The Palm Beach County School Board last week approved taking legal action to collect public money and assets from the school, which opened in 2002. District officials say the school never gave back \$387,286 in taxpayer dollars it owed.

Officials and an attorney for the charter school did not return calls seeking comment.

"We're disappointed with the strength charter law provides us... so we will explore every opportunity legally we can," Pegg said.

The Palm Beach County School Board also rejected a charter-school application from Charter Schools USA, a large management company that operates 42 schools in Florida. The board said though the school met every application requirement, it lacked innovation and merely replicated existing programs.

A representative from Charter Schools USA said the company would review the decision before taking any action.

"We're not going to approve these charters that just fill out the paperwork properly and don't have anything special to offer our children," said board member Debra Robinson. "This is an act of civil disobedience, because some of this stuff we're told to do is crazy."

Robert Haag, president of the Florida Consortium of Public Charter Schools, reacted to the moves with skepticism. He lauded the districts' denials of applicants with ties to failed schools, but claimed they over-reached in other areas — more eager to stamp out competition for traditional public schools than weed out bad apples.

"There is a difference between cracking down on a bad apple and actually trying to stop charter schools from opening," Haag said. Districts "have power when they want to have power."