

# The Empower Charter Educators to Lead Act

## *Issues and Concerns*

*The Empower Charter Educators to Lead Act (SB 3072)* opens the door to misspending by the Federal Charter School Programs (CSP), a program already identified as having considerable mismanagement and waste. Numerous reports by both government watchdog agencies and nonprofit think tanks have raised serious issues with the CSP, concerns that still need to be addressed. If passed, it would allow would-be charter operators to receive stipends of up to \$100,000 to plan schools that never open or are approved. It would also allow nonprofit and state governmental agencies to dramatically increase the federal funding they receive for acting as a conduit for federal grants. Below is a summary of concerns.

### **Existing CSP-identified waste would increase if would-be charter operators were given \$100,000 to “plan” charter schools before applying for authorization.**

- According to the U.S. Department of Education, since 2001, 930 charter schools or proposed charter schools funded under the CSP program (14.5 percent of grantees) either never opened or closed before their grant ended. Grants are generally dispersed over three years.
- The Office of the Inspector General (OIG), an independent watchdog of the U.S. Department of Education, found that for grants issued between 2013 and 2016, only 51 percent of the schools promised by Charter School Programs (CSP) recipients opened or expanded. The OIG also noted that the Department had no method of tracking the grants once the grant ended, making it impossible to ascertain whether they were high-quality charter schools or remained open.
- In 2019, the Network for Public Education investigated Michigan SE CSP grants. Through FOIA requests, NPE uncovered that the state of Michigan issued “planning grants” to seventy-two charter schools that never opened. Over \$7.7 million in federal tax dollars were wasted. Inspection of records showed that would-be operators often created invoices to themselves, pocketed the money, and/or bought laptops and other equipment that was never returned. The Michigan Department of Education cracked down on this abuse. SB 3072 would encourage and codify such abuse.

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- If SB were to pass, over \$23.5 million from the 2023 SE grants alone could go into the pockets of would-be charter operators who might never open a school.

### **State entities (SE) already receive millions when they act as a conduit to disperse federal grants.**

- This bill attempts to circumvent ESSA, which limits to 10% the amount of funding that state entities can retain to administer grants and provide technical assistance.
- In this recent grant cycle, 50% of all SE grants went to private organizations that are subject to limited transparency and oversight.
- In 2023, nearly half a billion dollars (\$470,331,358) was committed to SE grants. At the present level, state entities would keep over 47 million dollars. If The Empower Charter Educators to Lead Act were to pass, **that amount would balloon to over \$70.5 million** for this year's grants alone. These funds would go to nonprofits and state governmental agencies, not schools or students.

The Federal Charter School Program began as a modest 6 million dollar program when only 36 charter schools existed. It has ballooned into a program of nearly one-half billion a year, with a record of wasteful spending and lax supervision.

We also strongly oppose the recently introduced *Empower Charter School Educators to Lead Act*. Pre-planning grants have resulted in waste, abuse, and fraud. The Act's proposed increases in pre-planning grants and administrative fees are excessive and are an invitation to misspending, enrichment, and waste.

