**Why We Must Demand Charter Accountability: Part 2**

**Alternative Charters Are A Path To Riches**

*Seventy percent of charters spending the least on classroom instruction are Alternative Schools*

Arizonans for Charter School Accountability

Jim Hall

Educators, politicians, and parents would all agree that tax funds should be spent primarily in the classroom on teachers, teacher aides, and classroom supplies. There are 20 charter holders in the state, however, that put almost no money in the classroom – they spend most of their revenue on management and real estate. Fourteen of these pathetic charter schools are alternative schools. Six are managed by one of the largest charter holders in the state, the Leona Group.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Enrollment | Charter Holder | Type | Admin/Pupil | Facilities/pupil | Instruction/pupil | Admin More than Instruction | Facilities More than Instruction |
|   |  State Average |   |   $1,786 |   $1,730 |   $3,625 |   |   |
| 525 | Academy of Math and Science South, Inc. |   | $2,434 | $3,412 | $2,011 | $424 | $1,401 |
| 156 | AIBT-NON PROFIT CHARTER SCHOOL | ALT | $703 | $2,672 | $675 | $28 | $1,997 |
| 334 | American Charter Schools Foundation Alta Vista | ALT | $2,732 | $2,894 | $2,123 | $608 | $770 |
| 139 | American Charter Schools Foundation Desert Hills | ALT | $3,402 | $4,673 | $3,307 | $95 | $1,366 |
| 188 | American Charter Schools Foundation Estrella | ALT | $2,669 | $3,507 | $1,835 | $834 | $1,672 |
| 394 | American Charter Schools Foundation South Pointe | ALT | $2,337 | $2,982 | $1,482 | $855 | $1,500 |
| 384 | American Charter Schools Foundation West Phoenix | ALT | $2,070 | $2,674 | $1,582 | $488 | $1,093 |
| 632 | E-Institute Charter Schools, Inc | ALT | $3,561 | $2,241 | $1,993 | $1,569 | $249 |
| 13 | East Valley Academy |   | $1,569 | $2,059 | $0 | $1,569 | $2,059 |
| 179 | The Griffin Foundation, The |   | $2,845 | $2,765 | $2,417 | $428 | $349 |
| 87 | IntelliSchool Charter High School | ALT | $4,763 | $1,418 | $1,139 | $3,625 | $280 |
| 61 | Kaizen Vista Grove Middle | ALT | $2,327 | $1,917 | $1,889 | $438 | $28 |
| 114 | Legacy Education Group | ALT | $3,123 | $4,782 | $2,617 | $506 | $2,164 |
| 29 | Lifelong Learning Research Institute Inc. | ALT | $2,976 | $5,895 | $2,924 | $51 | $2,970 |
| 305 | Paramount Education Studies Inc |   | $3,086 | $1,498 | $1,493 | $1,593 | $5 |
| 161 | PAS Charter Inc. | ALT | $5,704 | $1,720 | $1,279 | $4,425 | $441 |
| 126 | Pima Prevention Partnership Arizona Collegiate High School |   | $2,606 | $2,089 | $1,913 | $692 | $176 |
| 55 | SC Jensen Corporation | ALT | $6,387 | $1,735 | $1,688 | $4,700 | $47 |
| 33 | Victory High School, Inc. |   | $1,680 | $1,689 | $1,393 | $286 | $295 |
| 24 | Vista Charter | ALT | $5,054 | $3,050 | $344 | $4,710 | $2,706 |

Alternative schools serve the most at-risk students in the state – students with histories of disruption, returning dropouts, students more than a year behind in credits, primary care givers, adjudicated, and foster kids.[[1]](#footnote-1) Alternative schools primarily serve minority students – 91% of alternative charter schools have a higher minority population than the average charter school.[[2]](#footnote-2) Alternative charters are only in session 144 days per year instead of the standard 180 days, yet receive the same funding as regular charter schools. There are no A-F grades for alternative charter schools, so they have no academic accountability – Arizona State Board for Charter Schools (the Charter Board) cannot close alternative schools for academic deficiencies.

Students in alternative schools need an incredible amount of support to be successful – counselors, social workers, tutors, small class sizes, caring teachers, and an engaging curriculum. You would think it would be more expensive to educate students that couldn’t make it in regular schools, but instead, most alternative charter schools have limited facilities and fewer teachers and support staff than regular schools. As a result, alternative charter schools are making millions for many of their owners.

**Summary:**

Of 75 alternative charter schools in Arizona:

* 20 lost money in 2018
	+ Half of these still spent more for administration or facilities per pupil than the average charter school.
	+ 9 of the overspending charters spent more on BOTH administration and facilities than the state average.
* 30 spent less than 90% of their revenue, collectively banking $15 million (the state average is 96% of revenue spent).
	+ 17 of these spent more on administration than state averages.
	+ 14 spent more on facilities than state averages.
	+ 10 spent more on both administration and buildings than state averages.
	+ 22 of the 30 spent less on classroom instruction than the state average …while they left $15million unspent to add to their assets.
* 49 spent more on administration per pupil than the state charter average
* 41 spent more on facilities per pupil than the state average
* 22 spent more on administration per pupil than on classroom instruction
* 29 spent more per pupil on facilities than on classroom instruction
* 14 spent more on BOTH administration and facilities per pupil than on classroom instruction

This report will look at alternative charter school spending for 2018 and compare spending with state charter averages. 2018 Annual Financial Reports were compiled and October 1 Enrollment Reports were used to determine enrollment. Compiled data is available at azcsa.org.

**Losing money while spending more on administration and buildings**

Twenty alternative charter schools spent more than their revenue in 2018.[[3]](#footnote-3) You would think there would be some serious belt-tightening when you are losing money. Not here. Three quarters of the schools losing money spent more on administration and facilities and less in the classroom than state averages.

Of the 20 alternative charter schools that lost money in 2018:

* 14 spent more than the average of $1,786/pupil on administration
* 15 spent more than the average of $1,730/pupil for facilities
* 9 spent more on BOTH administration and facilities than the state average
* 14 spent less than the state average of $3,625 for classroom instruction

2018 alternative charter schools losing money based on per pupil spending compared to state charter averages[[4]](#footnote-4)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Enrollment | Charter Holder | Total Revenue | Total M&O | Net | Administration/Pupil Red= More than $1,786 Average | Facilities/pupil Red = More than $1,730 average | Instruction/pupil Red = Less than $3,625 average |
|   |   |   |   |   |   |   |   |
| 265 | SRPMIC COMMUNITY SCHOOLS | $5,129,085  | $6,566,989  | ($1,437,904) | $3,739  | $0  | $8,419  |
| 166 | Vector School District, Inc | $1,672,513  | $2,135,934  | ($463,421) | $1,584  | $5,161  | $3,526  |
| 139 | American Charter Schools Foundation Desert Hills | $1,685,278  | $2,141,269  | ($455,991) | $3,402  | $4,673  | $3,307  |
| 188 | South Valley Academy, Inc. | $1,773,010  | $2,159,872  | ($386,862) | $1,684  | $3,700  | $2,943  |
| 232 | South Phoenix Academy, Inc. | $2,385,654  | $2,700,153  | ($314,499) | $1,231  | $5,127  | $2,641  |
| 257 | Southwest Leadership Academy | $2,880,257  | $3,114,852  | ($234,595) | $2,824  | $2,226  | $3,472  |
| 127 | AZ Compass Schools, Inc | $2,456,175  | $2,582,028  | ($125,853) | $1,630  | $9,905  | $5,067  |
| 195 | The Edge School Inc | $2,041,638  | $2,161,857  | ($120,219) | $1,381  | $2,295  | $3,439  |
| 98 | Academy with Community Partners, Inc. | $1,108,396  | $1,194,885  | ($86,489) | $2,514  | $4,300  | $3,139  |
| 127 | Skyline Gila River Schools, LLC | $2,494,550  | $2,576,509  | ($81,959) | $4,923  | $3,686  | $5,919  |
| 175 | Cornerstone Charter School, Inc. | $1,719,910  | $1,786,617  | ($66,707) | $3,378  | $1,917  | $2,783  |
| 56 | Liberty High School | $795,393  | $846,774  | ($51,381) | $5,433  | $1,208  | $6,085  |
| 131 | Skyline Schools, Inc | $2,147,886  | $2,192,669  | ($44,783) | $2,249  | $585  | $3,162  |
| 118 | TUCSON PREPARATORY SCHOOL | $1,221,535  | $1,258,793  | ($37,258) | $2,280  | $1,968  | $2,458  |
| 112 | The Phoenix School of Academic Excellence | $1,133,343  | $1,163,658  | ($30,315) | $2,431  | $2,973  | $2,583  |
| 82 | Yuma Private Industry Council dba Ed Opportunity Center | $1,038,815  | $1,065,751  | ($26,936) | $3,526  | $912  | $5,221  |
| 134 | Southern Arizona Community Academy, Inc. | $1,479,087  | $1,493,053  | ($13,966) | $3,044  | $819  | $6,694  |
| 110 | Kaizen Skyview | $1,397,106  | $1,403,924  | ($6,818) | $2,355  | $4,092  | $3,533  |
| 124 | RSD Charter School | $713,387  | $717,671  | ($4,284) | $722  | $2,209  | $1,183  |
| 24 | Vista Charter | $215,056  | $217,766  | ($2,710) | $5,054  | $3,050  | $344  |

**Putting money in the bank rather than spending it on at-risk students**

Near half of all alternative charters (30) spent less than 90% of their revenue, increasing their bottom line by $15 million.[[5]](#footnote-5) These charter owners could not think of additional services or programs that might bolster student achievement for the most challenging students in the state – so they increased their assets by $15 million rather than spending it on students.

Many of the schools losing money spent more on administration and facilities and less in the classroom than state averages:

* 17 spent more than the average of $1,786/pupil on administration
* 14 spent more than the average of $1,730/pupil for facilities
* 10 spent more on BOTH administration and facilities than the state average - 4 are managed by the Leona Group
* 22 spent less than the state average of $3,625/pupil for classroom instruction

2018 alternative charters spending less than 90% of revenue - expenditures/pupil for administration, facilities, and instruction

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Enrollment | Charter Holder | Total Revenue | Total M&O | Net | % Revenue  | Admin/Pupil Red= more than $1,786 Average | Facilities/pupil Red = More than $1,730 average | Instruction/pupil Red = Less than $3,625 average |
|   |   |   |   |   |   |   |   |   |
| 139 | Accelerated Learning Center, Inc. | $1,635,807  | $1,284,749  | $351,058  | 79% | $2,862  | $2,315  | $3,463  |
| 89 | Ha:San Educational Services | $1,705,408  | $1,359,127  | $346,281  | 80% | $2,764  | $2,308  | $3,127  |
| 634 | Career Success | $5,648,431  | $4,980,624  | $667,807  | 88% | $1,751  | $2,504  | $1,757  |
| 39 | Career Development, Inc. | $746,229  | $647,430  | $98,799  | 87% | $3,320  | $2,038  | $3,969  |
| 94 | Genesis Academy | $1,004,650  | $895,869  | $108,781  | 89% | $2,943  | $890  | $4,551  |
| 114 | Legacy Education Group | $1,729,113  | $1,463,054  | $266,059  | 85% | $3,123  | $4,782  | $2,617  |
| 329 | NORTH STAR CHARTER SCHOOL, INC. | $3,805,030  | $3,235,984  | $569,046  | 85% | $1,586  | $931  | $6,288  |
| 334 | American Charter Schools Foundation Alta Vista | $4,450,817  | $3,656,132  | $794,685  | 82% | $2,732  | $2,894  | $2,123  |
| 361 | American Charter Schools Foundation Peoria | $4,243,073  | $3,709,558  | $533,515  | 87% | $2,187  | $2,443  | $2,695  |
| 394 | American Charter Schools Foundation South Pointe | $4,255,769  | $3,748,929  | $506,840  | 88% | $2,337  | $2,982  | $1,482  |
| 400 | Kaizen El Dorado High school | $3,778,677  | $3,319,311  | $459,366  | 88% | $2,309  | $1,321  | $2,303  |
| 363 | Kaizen Maya High | $3,778,065  | $3,181,399  | $596,666  | 84% | $2,226  | $1,533  | $2,234  |
| 240 | Kaizen South Pointe El | $2,527,172  | $2,100,084  | $427,088  | 83% | $1,673  | $1,788  | $2,025  |
| 263 | Kaizen Summit | $2,619,771  | $2,218,369  | $401,402  | 85% | $1,789  | $1,614  | $2,313  |
| 61 | Kaizen Vista Grove Middle | $697,623  | $576,087  | $121,536  | 83% | $2,327  | $1,917  | $1,889  |
| 387 | Blueprint Education, Inc. | $3,614,632  | $2,994,099  | $620,533  | 83% | $1,812  | $1,157  | $2,169  |
| 988 | GAR, LLC | $7,576,507  | $6,325,771  | $1,250,736  | 83% | $1,723  | $397  | $2,830  |
| 13 | Pinnacle Education-Kino Academy, Inc. | $674,937  | $434,334  | $240,603  | 64% | $6,637  | $992  | $11,091  |
| 512 | Pinnacle Education-Tempe, Inc | $6,353,782  | $3,112,338  | $3,241,444  | 49% | $840  | $1,834  | $1,116  |
| 165 | Pinnacle Education-Westmark Chandler Boulevard, Inc | $1,055,481  | $188,913  | $866,568  | 18% | $85  | $495  | $168  |
| 181 | Canyon Rose Academy, Inc. | $2,491,059  | $2,166,333  | $324,726  | 87% | $2,236  | $1,851  | $6,116  |
| 150 | Desert Rose Academy, Inc. | $1,455,555  | $1,208,135  | $247,420  | 83% | $1,678  | $1,113  | $4,114  |
| 222 | Mountain Rose Academy, Inc. | $2,311,346  | $2,002,005  | $309,341  | 87% | $1,577  | $1,425  | $4,707  |
| 258 | Pima Rose Academy, Inc. | $2,980,621  | $2,587,127  | $393,494  | 87% | $1,761  | $1,457  | $5,274  |
| 469 | Southgate Academy, Inc | $5,607,369  | $4,374,494  | $1,232,875  | 78% | $1,788  | $1,617  | $2,969  |
| 156 | AIBT-NON PROFIT CHARTER SCHOOL | $1,472,950  | $1,146,549  | $326,401  | 78% | $703  | $2,672  | $675  |
| 639 | Educational Options Foundation | $5,120,329  | $2,340,977  | $2,779,352  | 46% | $281  | $719  | $1,620  |
| 93 | James Sandoval Preparatory High School Crown Pointe | $817,254  | $417,681  | $399,573  | 51% | $1,482  | $1,001  | $1,160  |
| 24 | Kestrel Schools, Inc. | $275,256  | $160,610  | $114,646  | 58% | $1,545  | $1,150  | $1,179  |
| 90 | Pace Preparatory Academy, Inc. | $977,550  | $837,403  | $140,147  | 86% | $2,300  | $2,622  | $2,673  |

**High Administrative costs[[6]](#footnote-6)**

49 of 75 Alternative Charter schools spent more on administration than the state average. These schools averaged over $1,200/pupil more for administration than the average charter school in Arizona. Six charter holders spent over $3,000/pupil more than the average. If these schools expended the state average $1,786/pupil for administration, they would have saved $11,798,461 that could have been used to help students.

2018 alternative charters spending more than the state average ($1,786/pupil) for administration

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Enrollment | Charter Holder | Admin/Pupil more than $1,786 Average | More than Average | Additional spending over average |
| 134 | Southern Arizona Community Academy, Inc. | $3,044  | $1,258  | $168,609  |
| 139 | Accelerated Learning Center, Inc. | $2,862  | $1,076  | $149,598  |
| 82 | Yuma Private Industry Council dba Ed Opportunity Center | $3,526  | $1,740  | $142,713  |
| 1541 | Ombudsman Educational Services, Ltd. | $2,323  | $537  | $826,862  |
| 24 | Vista Charter | $5,054  | $3,268  | $78,438  |
| 265 | SRPMIC COMMUNITY SCHOOLS | $3,739  | $1,953  | $517,420  |
| 56 | Liberty High School | $5,433  | $3,647  | $204,238  |
| 3891 | American Virtual Academy | $2,459  | $673  | $2,618,350  |
| 161 | PAS Charter Inc. | $5,704  | $3,918  | $630,839  |
| 55 | SC Jensen Corporation | $6,387  | $4,601  | $253,081  |
| 175 | Cornerstone Charter School, Inc. | $3,378  | $1,592  | $278,600  |
| 87 | IntelliSchool Charter High School | $4,763  | $2,977  | $259,006  |
| 89 | Ha:San Educational Services | $2,764  | $978  | $87,020  |
| 270 | Compass High School, Inc. | $3,607  | $1,821  | $491,668  |
| 112 | The Phoenix School of Academic Excellence | $2,431  | $645  | $72,249  |
| 39 | Career Development, Inc. | $3,320  | $1,534  | $59,841  |
| 94 | Genesis Academy | $2,943  | $1,157  | $108,715  |
| 114 | Legacy Education Group | $3,123  | $1,337  | $152,455  |
| 334 | American Charter Schools Foundation Alta Vista | $2,732  | $946  | $315,887  |
| 117 | American Charter Schools Foundation Apache Trails | $3,357  | $1,571  | $183,757  |
| 226 | American Charter Schools Foundation Crestview | $2,089  | $303  | $68,471  |
| 139 | American Charter Schools Foundation Desert Hills | $3,402  | $1,616  | $224,681  |
| 188 | American Charter Schools Foundation Estrella | $2,669  | $883  | $165,990  |
| 361 | American Charter Schools Foundation Peoria | $2,187  | $401  | $144,582  |
| 394 | American Charter Schools Foundation South Pointe | $2,337  | $551  | $217,118  |
| 381 | American Charter Schools Foundation Sun Valley | $2,133  | $347  | $132,206  |
| 384 | American Charter Schools Foundation West Phoenix | $2,070  | $284  | $109,034  |
| 400 | Kaizen El Dorado High school | $2,309  | $523  | $209,137  |
| 363 | Kaizen Maya High | $2,226  | $440  | $159,876  |
| 110 | Kaizen Skyview | $2,355  | $569  | $62,609  |
| 128 | Kaizen South Pointe Jr Hi | $2,586  | $800  | $102,336  |
| 263 | Kaizen Summit | $1,789  | $3  | $736  |
| 59 | Kaizen Tempe Accelerated | $2,115  | $329  | $19,407  |
| 214 | Kaizen Vista Grove | $2,276  | $490  | $104,765  |
| 61 | Kaizen Vista Grove Middle | $2,327  | $541  | $33,014  |
| 257 | Southwest Leadership Academy | $2,824  | $1,038  | $266,832  |
| 98 | Academy with Community Partners, Inc. | $2,514  | $728  | $71,360  |
| 387 | Blueprint Education, Inc. | $1,812  | $26  | $10,204  |
| 29 | Lifelong Learning Research Institute Inc. | $2,976  | $1,190  | $34,499  |
| 13 | Pinnacle Education-Kino Academy, Inc. | $6,637  | $4,851  | $63,062  |
| 127 | Skyline Gila River Schools, LLC | $4,923  | $3,137  | $398,347  |
| 131 | Skyline Schools, Inc | $2,249  | $463  | $60,636  |
| 36 | Pillar Charter School | $2,456  | $670  | $24,137  |
| 181 | Canyon Rose Academy, Inc. | $2,236  | $450  | $81,402  |
| 149 | Arizona Call A Teen Youth Resources, Inc | $3,178  | $1,392  | $207,434  |
| 469 | Southgate Academy, Inc | $1,788  | $2  | $876  |
| 118 | TUCSON PREPARATORY SCHOOL | $2,280  | $494  | $58,284  |
| 632 | E-Institute Charter Schools, Inc | $3,561  | $1,775  | $1,121,845  |
| 90 | Pace Preparatory Academy, Inc. | $2,300  | $514  | $46,235  |
|   |   |   | Total | $11,798,461  |

**More administration spending than in the classroom**

Twenty-two alternative charters spent more per pupil on administration than on classroom instruction. This included 9 Leona Group schools, 2 owned by David Curd, and 3 owned by Steve Durand:

2018 alternative charters spending more on administration than classroom instruction

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Owner | Charter Holder | Admin/Pupil | Instruction/pupil  | Administration more than instruction |
|   |   |   |   |   |
| Steve Durand | AIBT-NON PROFIT CHARTER SCHOOL | $703 | $675 | $28 |
| Leona Group | American Charter Schools Foundation Alta Vista | $2,732 | $2,123 | $608 |
| Leona Group | American Charter Schools Foundation Apache Trails | $3,357 | $3,068 | $289 |
| Leona Group | American Charter Schools Foundation Desert Hills | $3,402 | $3,307 | $95 |
| Leona Group | American Charter Schools Foundation Estrella | $2,669 | $1,835 | $834 |
| Leona Group | American Charter Schools Foundation South Pointe | $2,337 | $1,482 | $855 |
| Leona Group | American Charter Schools Foundation West Phoenix | $2,070 | $1,582 | $488 |
| Sharlet Barnett, Lori McClennan | Arizona Call A Teen Youth Resources, Inc | $3,178 | $1,798 | $1,381 |
| John Kerk, and Michael Ferguson | Compass High School, Inc. | $3,607 | $2,875 | $732 |
| George Smith | Cornerstone Charter School, Inc. | $3,378 | $2,783 | $595 |
| Timothy Smith | E-Institute Charter Schools, Inc | $3,561 | $1,993 | $1,569 |
| David Curd | IntelliSchool Charter High School | $4,763 | $1,139 | $3,625 |
| Steven Durand | James Sandoval Preparatory High School Crown Pointe | $1,482 | $1,160 | $322 |
| Leona Group | Kaizen El Dorado High school | $2,309 | $2,303 | $6 |
| Leona Group | Kaizen South Pointe Jr Hi | $2,586 | $2,185 | $401 |
| Leona Group | Kaizen Vista Grove Middle | $2,327 | $1,889 | $438 |
| Steven Durand | Kestrel Schools, Inc. | $1,545 | $1,179 | $366 |
| Kathy Tolman | Legacy Education Group | $3,123 | $2,617 | $506 |
| Mary Lou Klem | Lifelong Learning Research Institute Inc. | $2,976 | $2,924 | $51 |
| David Curd | PAS Charter Inc. | $5,704 | $1,279 | $4,425 |
| David Curd | SC Jensen Corporation | $6,387 | $1,688 | $4,700 |
| Caroline White  | Vista Charter | $5,054 | $344 | $4,710 |

**High facilities costs[[7]](#footnote-7)**

Facilities costs, unlike administrative or classroom expenses, are fixed – you have to pay the mortgage or lease regardless of enrollment and revenue. 41 out of 75 alternative charters spent more than the state average of $1,730/pupil for facilities. These schools averaged $1,357/pupil more for facilities than the average charter school in Arizona. If these schools expended the state average of $1,786/pupil for administration, they would have saved $9,361,103.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Enrollment | Charter Holder | Facilities/pupil More than $1,730 average | More than average | Additional Cost |
|   |   |   |   |   |
| 98 | Academy with Community Partners, Inc. | $4,300  | $2,570  | $251,846  |
| 139 | Accelerated Learning Center, Inc. | $2,315  | $585  | $81,329  |
| 156 | AIBT-NON PROFIT CHARTER SCHOOL | $2,672  | $942  | $146,990  |
| 334 | American Charter Schools Foundation Alta Vista | $2,894  | $1,164  | $388,735  |
| 117 | American Charter Schools Foundation Apache Trails | $2,045  | $315  | $36,887  |
| 226 | American Charter Schools Foundation Crestview | $2,741  | $1,011  | $228,587  |
| 139 | American Charter Schools Foundation Desert Hills | $4,673  | $2,943  | $409,042  |
| 188 | American Charter Schools Foundation Estrella | $3,507  | $1,777  | $334,055  |
| 361 | American Charter Schools Foundation Peoria | $2,443  | $713  | $257,343  |
| 394 | American Charter Schools Foundation South Pointe | $2,982  | $1,252  | $493,343  |
| 381 | American Charter Schools Foundation Sun Valley | $2,750  | $1,020  | $388,728  |
| 384 | American Charter Schools Foundation West Phoenix | $2,674  | $944  | $362,681  |
| 127 | AZ Compass Schools, Inc | $9,905  | $8,175  | $1,038,200  |
| 181 | Canyon Rose Academy, Inc. | $1,851  | $121  | $21,970  |
| 39 | Career Development, Inc. | $2,038  | $308  | $11,993  |
| 634 | Career Success | $2,504  | $774  | $490,892  |
| 270 | Compass High School, Inc. | $2,734  | $1,004  | $271,211  |
| 175 | Cornerstone Charter School, Inc. | $1,917  | $187  | $32,783  |
| 632 | E-Institute Charter Schools, Inc | $2,241  | $511  | $323,105  |
| 195 | The Edge School Inc | $2,295  | $565  | $110,228  |
| 89 | Ha:San Educational Services | $2,308  | $578  | $51,470  |
| 110 | Kaizen Skyview | $4,092  | $2,362  | $259,847  |
| 240 | Kaizen South Pointe El | $1,788  | $58  | $13,909  |
| 59 | Kaizen Tempe Accelerated | $3,028  | $1,298  | $76,557  |
| 214 | Kaizen Vista Grove | $1,894  | $164  | $35,173  |
| 61 | Kaizen Vista Grove Middle | $1,917  | $187  | $11,427  |
| 114 | Legacy Education Group | $4,782  | $3,052  | $347,879  |
| 29 | Lifelong Learning Research Institute Inc. | $5,895  | $4,165  | $120,781  |
| 90 | Pace Preparatory Academy, Inc. | $2,622  | $892  | $80,278  |
| 112 | The Phoenix School of Academic Excellence | $2,973  | $1,243  | $139,177  |
| 512 | Pinnacle Education-Tempe, Inc | $1,834  | $104  | $53,046  |
| 196 | Premier Charter High School | $3,098  | $1,368  | $268,178  |
| 124 | RSD Charter School | $2,209  | $479  | $59,342  |
| 55 | SC Jensen Corporation | $1,735  | $5  | $251  |
| 127 | Skyline Gila River Schools, LLC | $3,686  | $1,956  | $248,374  |
| 232 | South Phoenix Academy, Inc. | $5,127  | $3,397  | $788,146  |
| 188 | South Valley Academy, Inc. | $3,700  | $1,970  | $370,451  |
| 257 | Southwest Leadership Academy | $2,226  | $496  | $127,494  |
| 118 | TUCSON PREPARATORY SCHOOL | $1,968  | $238  | $28,078  |
| 166 | Vector School District, Inc | $5,161  | $3,431  | $569,609  |
| 24 | Vista Charter | $3,050  | $1,320  | $31,688  |
|   |   |   | Total | $9,361,103  |

**More facilities spending than in the classroom[[8]](#footnote-8)**

Real estate seems to be the most important thing at many alternative schools. 29 alternative charters spent more on facilities per pupil than on classroom instruction – 10 are managed by the Leona Group, three are owned by David Curd, and three are owned by Rhonda Owens, George Weihling, and Swenford Anderson.

2018 alternative charters spending more per pupil on facilities than on instruction

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Owner | Enrollment | Charter Holder | Facilities/pupil  | Instruction/pupil  | Facilities more than instruction |
|   |   |   |   |   |   |
| Cynthia Johnson Aaron Herres | 98 | Academy with Community Partners, Inc. | $4,300 | $3,139 | $1,161 |
| Steve Durand | 156 | AIBT-NON PROFIT CHARTER SCHOOL | $2,672 | $675 | $1,997 |
| Leona -Theodore Frederick,Michele Kaye | 334 | American Charter Schools Foundation Alta Vista | $2,894 | $2,123 | $770 |
| Leona -Theodore Frederick,Michele Kaye | 226 | American Charter Schools Foundation Crestview | $2,741 | $2,203 | $538 |
| Leona -Theodore Frederick,Michele Kaye | 139 | American Charter Schools Foundation Desert Hills | $4,673 | $3,307 | $1,366 |
| Leona -Theodore Frederick,Michele Kaye | 188 | American Charter Schools Foundation Estrella | $3,507 | $1,835 | $1,672 |
| Leona -Theodore Frederick,Michele Kaye | 394 | American Charter Schools Foundation South Pointe | $2,982 | $1,482 | $1,500 |
| Leona -Theodore Frederick,Michele Kaye | 381 | American Charter Schools Foundation Sun Valley | $2,750 | $2,405 | $345 |
| Leona -Theodore Frederick,Michele Kaye | 384 | American Charter Schools Foundation West Phoenix | $2,674 | $1,582 | $1,093 |
| Rhonda Owens | 127 | AZ Compass Schools, Inc | $9,905 | $5,067 | $4,838 |
| Jean Duffy | 634 | Career Success | $2,504 | $1,757 | $748 |
| Timothy Smith | 632 | E-Institute Charter Schools, Inc | $2,241 | $1,993 | $249 |
| David Curd | 87 | IntelliSchool Charter High School | $1,418 | $1,139 | $280 |
| Leona -Theodore Frederick,Michele Kaye | 110 | Kaizen Skyview | $4,092 | $3,533 | $559 |
| Leona -Theodore Frederick,Michele Kaye | 59 | Kaizen Tempe Accelerated | $3,028 | $2,909 | $119 |
| Leona -Theodore Frederick,Michele Kaye | 61 | Kaizen Vista Grove Middle | $1,917 | $1,889 | $28 |
| Kathy Tolman | 114 | Legacy Education Group | $4,782 | $2,617 | $2,164 |
| Mary Lou Klem | 29 | Lifelong Learning Research Institute Inc. | $5,895 | $2,924 | $2,970 |
| David Curd | 161 | PAS Charter Inc. | $1,720 | $1,279 | $441 |
| Pinnacle Education- Muhammad Padela | 512 | Pinnacle Education-Tempe, Inc | $1,834 | $1,116 | $717 |
| Pinnacle Education- Muhammad Padela | 165 | Pinnacle Education-Westmark Chandler Boulevard, Inc | $495 | $168 | $327 |
| Cladia Ramos | 196 | Premier Charter High School | $3,098 | $3,041 | $57 |
| Sandra Davis | 124 | RSD Charter School | $2,209 | $1,183 | $1,026 |
| David Curd | 55 | SC Jensen Corporation | $1,735 | $1,688 | $47 |
| Dawn Livesey  | 232 | South Phoenix Academy, Inc. | $5,127 | $2,641 | $2,486 |
| Rhonda Owens, George Weihling, S Anderson | 188 | South Valley Academy, Inc. | $3,700 | $2,943 | $758 |
| Julie and Nate Palma | 112 | The Phoenix School of Academic Excellence | $2,973 | $2,583 | $389 |
| Rhonda Owens, George Weihling, S Anderson | 166 | Vector School District, Inc | $5,161 | $3,526 | $1,635 |
| Caroline White  | 24 | Vista Charter | $3,050 | $344 | $2,706 |

**Fourteen of the worst charter schools in Arizona are alternative schools**

Fourteen alternative charters spent more per pupil on BOTH administration and facilities per pupil than on classroom instruction – six are managed by the Leona Group[[9]](#footnote-9) and three are owned by David Curd.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Owner |  Enrollment | Charter Holder | Administration/Pupil | Facilities/Pupil  | Instruction/pupil  | Admin More Than Instruction | Facilities More Than Instruction |
|   |   |   |   |   |   |   |   |
| Caroline White  | 24 | Vista Charter | $5,054 | $3,050 | $344 | $4,710 | $2,706 |
| David Curd | 161 | PAS Charter Inc. | $5,704 | $1,720 | $1,279 | $4,425 | $441 |
| David Curd | 55 | SC Jensen Corporation | $6,387 | $1,735 | $1,688 | $4,700 | $47 |
| David Curd | 87 | IntelliSchool Charter High School | $4,763 | $1,418 | $1,139 | $3,625 | $280 |
| Kathy Tolman | 114 | Legacy Education Group | $3,123 | $4,782 | $2,617 | $506 | $2,164 |
| Leona -Theodore Frederick,Michele Kaye | 334 | American Charter Schools Foundation Alta Vista | $2,732 | $2,894 | $2,123 | $608 | $770 |
| Leona -Theodore Frederick,Michele Kaye | 139 | American Charter Schools Foundation Desert Hills | $3,402 | $4,673 | $3,307 | $95 | $1,366 |
| Leona -Theodore Frederick,Michele Kaye | 188 | American Charter Schools Foundation Estrella | $2,669 | $3,507 | $1,835 | $834 | $1,672 |
| Leona -Theodore Frederick,Michele Kaye | 394 | American Charter Schools Foundation South Pointe | $2,337 | $2,982 | $1,482 | $855 | $1,500 |
| Leona -Theodore Frederick,Michele Kaye | 384 | American Charter Schools Foundation West Phoenix | $2,070 | $2,674 | $1,582 | $488 | $1,093 |
| Leona -Theodore Frederick,Michele Kaye | 61 | Kaizen Vista Grove Middle | $2,327 | $1,917 | $1,889 | $438 | $28 |
| Mary Lou Klem | 29 | Lifelong Learning Research Institute Inc. | $2,976 | $5,895 | $2,924 | $51 | $2,970 |
| Steve Durand | 156 | AIBT-NON PROFIT CHARTER SCHOOL | $703 | $2,672 | $675 | $28 | $1,997 |
| Timothy Smith | 632 | E-Institute Charter Schools, Inc | $3,561 | $2,241 | $1,993 | $1,569 | $249 |

**Conclusions:**

The reason alternative charter schools can spend so little on classroom instruction is simple – they are worlds apart from traditional district high schools yet receive $1,770-$2,000 more per pupil from the state than a district school. The storefront charter schools you see in strip malls are likely alternative charter schools. This is the online alternative charter school e-Institute Metro.



Moon Valley High School, just down the road from e-Institute Metro, receives $2,000 less per pupil in state education funds than e-Institute. Their facilities look like this:



Do you see any profit potential here?

Even the brick and mortar, non-online alternative charter schools have limited programs and few teachers. This is the staff at the Leona Group-managed South Point High School, enrollment 394 students:[[10]](#footnote-10)



Compare the staff list from a district high school of the same enrollment - Thatcher High School (Thatcher, AZ) enrollment 400:[[11]](#footnote-11)



Thatcher has 50% more teachers and offers many more programs – art, band, orchestra, choir, weight training, carpentry, etc. More importantly, Thatcher has twice as many English/Language Arts teachers and math teachers. Thatcher has a counselor (not shown) and South Pointe does not.

The question is: Do at-risk students that have failed in other academic settings benefit from a school with a stripped down curriculum, fewer teachers, and support staff? Or do owners benefit from not having to pay for better classroom instruction and student support, since no one cares how well students are being educated and schools aren’t being monitored closely based on these decisions? In Arizona the owners win. Big time.

**Recommendations:**

1. The Department of Education needs to finalize A-F grades for alternative schools that measure how effectively they are educating students.
2. The Charter Board needs to close alternative charters with low academic achievement.
3. The Charter Board should investigate the alternative charters that spend less than 80% of their revenue.
4. The Charter Board should investigate the alternative charters that spend more on both administration and facilities than on classroom instruction
5. The Legislature needs to:
	1. Mandate the Charter Board monitor charter spending and publish charter per pupil expenditures for administration, instruction, student support, facilities, and special education compared to state averages. This would allow the Charter Board to monitor and evaluate alternative charter spending to detect fraud and allow parents to make better school choice decisions.
	2. Require a complete study of alternative and online schools to determine if they should receive the same charter additional assistance as charters that offer comprehensive programs and have appropriate school facilities.
	3. Give the Charter Board, the Auditor General, and the Attorney General authority to audit the books of any charter owner suspected of misappropriating state funds.

**Appendix 1**

Alternative charter school 2018 demographics (\* = 10 or fewer students)[[12]](#footnote-12)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Charter Holder | **Asian** | **American Indian** | **African American** | **Hispanic** | **White** | **Pacific Islander** | **Multi-race-non-Hispanic** | **Total** | **% Minority Red = over 62% state average** |
|   |   |   |   |   |   |   |   |   |   |
| Academy with Community Partners, Inc. | \* | \* | \* | 66 | 24 | \* | \* | 98 | 76% |
| Accelerated Learning Center, Inc. | \* | \* | \* | 23 | 108 | \* | \* | 139 | 22% |
| AIBT-NON PROFIT CHARTER SCHOOL | \* | \* | 28 | 113 | \* | \* | \* | 156 | 90% |
| American Charter Schools Foundation Alta Vista | \* | \* | \* | 315 | 11 | \* | \* | 334 | 97% |
| American Charter Schools Foundation Apache Trails | \* | \* | \* | 22 | 87 | \* | \* | 115 | 24% |
| American Charter Schools Foundation Crestview | \* | \* | 16 | 156 | 43 | \* | \* | 226 | 81% |
| American Charter Schools Foundation Desert Hills | \* | 17 | 16 | 51 | 52 | \* | \* | 139 | 63% |
| American Charter Schools Foundation Estrella | \* | \* | 22 | 139 | 19 | \* | \* | 188 | 90% |
| American Charter Schools Foundation Peoria | \* | \* | 34 | 235 | 73 | \* | \* | 361 | 80% |
| American Charter Schools Foundation South Pointe | \* | \* | 98 | 269 | 12 | \* | \* | 394 | 97% |
| American Charter Schools Foundation Sun Valley | \* | 17 | 26 | 218 | 105 | \* | \* | 380 | 72% |
| American Charter Schools Foundation West Phoenix | \* | \* | 14 | 346 | 18 | \* | \* | 384 | 95% |
| American Virtual Academy | 51 |  106  |  205  |  1,417  |  1,875  |  18  |  198  |  3,889  | 52% |
| Arizona Call A Teen Youth Resources, Inc | \* | \* | 14 | 119 | 13 | \* | \* | 149 | 91% |
| AZ Compass Schools, Inc | \* | 59 | 18 | 35 | 12 | \* | \* | 127 | 91% |
| Blueprint Education, Inc. | \* | \* | \* | 34 | \* | \* | \* | 42 | 90% |
| Canyon Rose Academy, Inc. | \* | \* | 16 | 80 | 52 | \* | \* | 159 | 67% |
| Career Development, Inc. | \* | \* | \* | \* | 30 | \* | \* | 39 | 23% |
| Career Success | \* | 16 | 74 | 460 | 58 | \* | 22 | 633 | 91% |
| Compass High School, Inc. | \* | \* | 16 | 106 | 134 | \* | \* | 269 | 50% |
| Cornerstone Charter School, Inc. | \* | 11 | 33 | 92 | 32 | \* | \* | 175 | 82% |
| CPLC Community Schools | \* | \* | \* | 90 | \* | \* | \* | 93 | 97% |
| Desert Rose Academy, Inc. | \* | \* | \* | 95 | 28 | \* | \* | 148 | 81% |
| E-Institute Charter Schools, Inc | \* | 14 | 39 | 308 | 237 | \* | 29 | 632 | 63% |
| Eastpointe High School, Inc. | \* | 31 | 50 | 225 | 266 | \* | 14 | 592 | 55% |
| The Edge School Inc | \* | \* | \* | 99 | 74 | \* | \* | 195 | 62% |
| Educational Options Foundation | \* | 19 | 14 | 267 | 316 | \* | \* | 634 | 50% |
| GAR, LLC | \* | 43 | 130 | 572 | 216 | \* | 19 | 987 | 78% |
| Genesis Academy | \* | \* | \* | 83 | \* | \* | \* | 93 | 90% |
| Ha:San Educational Services | \* | 83 | \* | \* | \* | \* | \* | 89 | 98% |
| Humanities and Sciences Academy of the U.S., Inc. | \* | 13 | 26 | 112 | 45 | \* | 11 | 211 | 79% |
| IntelliSchool Charter High School | \* | \* | \* | 34 | 45 | \* | \* | 86 | 48% |
| International Commerce Secondary Schools, Inc. | \* | 20 | 44 | 336 | 42 | \* | \* | 456 | 91% |
| James Sandoval Preparatory High School Crown Pointe | \* | \* | \* | 86 | \* | \* | \* | 93 | 93% |
| Kaizen El Dorado High school | \* | 13 | 41 | 291 | 45 | \* | \* | 400 | 89% |
| Kaizen Maya High | \* | \* | 61 | 217 | 60 | \* | \* | 363 | 83% |
| Kaizen Skyview | \* | \* | 13 | 69 | 26 | \* | \* | 110 | 76% |
| Kaizen South Pointe El | \* | \* | 109 | 111 | \* | \* | 13 | 240 | 82% |
| Kaizen South Pointe Jr Hi | \* | \* | 54 | 61 | \* | \* | \* | 128 | 82% |
| Kaizen Summit | \* | \* | 27 | 210 | 16 | \* | \* | 263 | 94% |
| Kaizen Tempe Accelerated | \* | \* | \* | 51 | \* | \* | \* | 59 | 95% |
| Kaizen Vista Grove | \* | 22 | 26 | 109 | 42 | \* | 12 | 214 | 80% |
| Kaizen Vista Grove Middle | \* | \* | \* | 36 | 11 | \* | \* | 61 | 82% |
| Kestrel Schools, Inc. | \* | \* | \* | \* | \* | \* | \* | 24 | 80% |
| Legacy Education Group | \* | \* | \* | 17 | 58 | \* | \* | 94 | 38% |
| Liberty High School | \* | 18 | \* | 17 | 19 | \* | \* | 55 | 65% |
| Lifelong Learning Research Institute Inc. | \* | \* | \* | 18 | \* | \* | \* | 29 | 80% |
| Mountain Rose Academy, Inc. | \* | \* | \* | 102 | 106 | \* | \* | 222 | 52% |
| NORTH STAR CHARTER SCHOOL, INC. | \* | 18 | 31 | 197 | 74 | \* | \* | 329 | 78% |
| Nosotros Academy | \* | \* | \* | 184 | 15 | \* | \* | 211 | 93% |
| Ombudsman Educational Services, Ltd. | \* | 156 | 128 | 966 | 268 | \* | 12 | 1541 | 83% |
| Pace Preparatory Academy, Inc. | \* | \* | \* | 23 | 59 | \* | \* | 90 | 34% |
| PAS Charter Inc. | \* | \* | \* | 83 | 59 | \* | \* | 161 | 63% |
| The Phoenix School of Academic Excellence | \* | \* | \* | 81 | 14 | \* | \* | 112 | 88% |
| Pillar Charter School | \* | \* | \* | 22 | \* | \* | \* | 36 | 70% |
| Pima Rose Academy, Inc. | \* | \* | \* | 239 | \* | \* | \* | 257 | 95% |
| Pinnacle Education-Kino Academy, Inc. | \* | \* | \* | 12 | \* | \* | \* | 13 | 98% |
| Pinnacle Education-Tempe, Inc | \* | 65 | 41 | 285 | 107 | \* | 13 | 512 | 79% |
| Pinnacle Education-Westmark Chandler Boulevard, Inc | \* | \* | \* | 133 | 17 | \* | \* | 165 | 90% |
| PPEP Tec High School | \* | 28 | 20 | 643 | 50 | \* | \* | 752 | 93% |
| Portable Practical Education Program (PPEP, Inc) | 22 | 94 | 113 | 723 |  1,777  |  \*  |  114  |  3,321  | 46% |
| Premier Charter High School | \* | \* | \* | 174 | \* | \* | \* | 196 | 95% |
| RSD Charter School | \* | \* | \* | 52 | 56 | \* | \* | 124 | 55% |
| SRPMIC COMMUNITY SCHOOLS | \* | 226 | \* | 36 | \* | \* | \* | 265 | 98% |
| SC Jensen Corporation | \* | \* | \* | 32 | 15 | \* | \* | 55 | 73% |
| Skyline Gila River Schools, LLC | \* | 126 | \* | \* | \* | \* | \* | 127 | 100% |
| Skyline Schools, Inc | \* | \* | 36 | 67 | 14 | \* | \* | 131 | 89% |
| South Phoenix Academy, Inc. | \* | \* | 83 | 108 | 20 | \* | \* | 232 | 91% |
| South Valley Academy, Inc. | \* | \* | 67 | 97 | 13 | \* | \* | 187 | 93% |
| Southern Arizona Community Academy, Inc. | \* | \* | \* | 73 | 36 | \* | \* | 134 | 73% |
| Southgate Academy, Inc | \* | 34 | \* | 401 | 18 | \* | \* | 469 | 96% |
| Southwest Leadership Academy | \* | \* | 19 | 223 | \* | \* | \* | 257 | 92% |
| TUCSON PREPARATORY SCHOOL | \* | \* | \* | 73 | 27 | \* | \* | 118 | 77% |
| Tucson Youth Development, Inc./ACE Charter High School | \* | 12 | 23 | 293 | 157 | \* | \* | 491 | 68% |
| Vector School District, Inc | \* | 44 | 23 | 64 | 28 | \* | \* | 166 | 83% |
| Vista Charter | \* | \* | \* | 20 | \* | \* | \* | 24 | 95% |
| Yuma Private Industry Council dba Ed Opportunity Center | \* | \* | \* | 77 | \* | \* | \* | 82 | 95% |
| Total Hispanic/White does not include schools reporting fewer than 10 students (\*) |   |   |   |  13,293  |  7,234  |   |   |  25,525  | 72% |

1. http://www.azed.gov/accountability-research/altschoolapp/ [↑](#footnote-ref-1)
2. See Appendix 1 for the demographics of all alternative charter schools. Demographic data from 2018 October 1 Enrollment report at : http://www.azed.gov/accountability-research/data/ [↑](#footnote-ref-2)
3. Revenue data from page 1 and expenditure totals from page 2 of the 2018 Annual Financial Reports at: http://www.ade.az.gov/schoolfinance/forms/leaquery/submittedfiles.aspx [↑](#footnote-ref-3)
4. Per pupil data based on the October 1, 2017 Enrollment Report and compiled 2018 AFR data available at azcsa.org [↑](#footnote-ref-4)
5. $15 million more than if the schools had spent 96% of their revenue, the average charter amount [↑](#footnote-ref-5)
6. Administrative costs are the total of regular education and special education administration codes 2300, 2400, 2500, 2900 from page 2 of the 2018 Annual Financial Reports [↑](#footnote-ref-6)
7. Facilities costs are determined by combining Plant Operations 2600 and Debt Service 5000 expenditures from page 2 of the 2018 Annual Financial Reports [↑](#footnote-ref-7)
8. Classroom instruction costs determined by combining regular education and special education 1000 Instruction expenditures from page 2 of the 2018 Annual Financial Reports [↑](#footnote-ref-8)
9. Leona Group - The American Charter Schools Foundation bought 10 schools from Leona Group owner Bill Coats for $80 million in 2006, netting Coats over $20 million. Unfortunately, enrollment has declined by 25% since then, but the high mortgage payments continue. (Full report at azcsa.org “Past Research”) [↑](#footnote-ref-9)
10. https://www.southpointehs.com/ [↑](#footnote-ref-10)
11. http://ths.thatcherud.org/ [↑](#footnote-ref-11)
12. Minority percentage estimated for schools with 10 or fewer White students October 1 Enrollment data at: http://www.azed.gov/accountability-research/data/ [↑](#footnote-ref-12)