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The story of a charter school and its for-profit operators

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What follows is the story of Capital Collegiate Preparatory Academy, formerly Buckeye Preparatory Academy, which is in one of the poorest neighborhoods in Ohio, and how it has been managed by its for-profit operators.

It is the latest in a series of stories I have published about charter schools by Carol Burris, a former award-winning New York school principal who is executive director of the Network for Public Education, a nonprofit group that opposes charter schools.

Charter schools are publicly funded but privately operated. About 6 to 7 percent of U.S. schoolchildren attend charter schools, with most states plus the District of Columbia, Guam and Puerto Rico having laws permitting them.

Charter advocates say these schools offer choices to families that want alternatives to troubled schools in traditional public school districts. Critics say charter schools take money from public districts that educate most American children, do not on average have better student outcomes than traditional public schools and are part of a movement to privatize public education.

Some are well-run, high-achieving charters, but others have been mired in financial and managerial scandal. The for-profit sector has been rife with fraud, and President Biden has said he wants to end federal funding of for-profit charter schools.

Almost a year ago, I wrote about a report produced by the Network for Public Education that explained how many for-profit management companies evade state laws banning for-profit charters. They do this by setting up nonprofit charters and then directing the schools' business operations to related corporations.

This new piece by Burris is told with the help of public records, social media posts, and interviews.

By Carol Burris

Buckeye Preparatory Academy opened its doors in September 2014, promising "rigorous academic standards" for the 117 students who enrolled. It was started by the for-profit management charter company the Cambridge Education Group, founded by Marcus May. In 2017, three years after Buckeye opened, Cambridge tried to sever all ties with May, who was indicted and later convicted of racketeering and fraud in connection with the charter schools he ran. Buckeye never received a grade from the Ohio Department of Education better than an F during its four-year existence. At the end of 2017, Buckeye Prep was more than $1 million in debt.

That enormous deficit, which equaled nearly all of the tax dollars the school took in, was due, in large part, to the astronomical management costs charged by Cambridge.

According to the 2018 audit, the for-profit took 18 percent of all revenue received by the charter to manage the school. Cambridge also collected $93,398 in overhead fees, pulling a total of $383,505 from the $1.26 million in operating aid that the school received. As debt accrued, Cambridge was charging the school 5 percent interest on money the school owed.

An additional $41,490 went out the door to the authorizing sponsor of the school, Buckeye Community Hope Foundation, whose related for-profit organization, Kent Properties, LLC, was the school's landlord, receiving $162,000 a year in rental costs.

At the end of the school's audit, an addendum said that the management of Buckeye Prep was transferred from Cambridge to another for-profit, ACCEL Schools of Ohio, LLC.

On the surface, that transfer might appear to be a lifeline for the students who attended Buckeye Prep. But the small charter school at 1414 Gault St. in Columbus was — and would continue to be — a big moneymaker for for-profit operators and their partners.

The orphanage with no orphans

Some states, such as New Jersey, have only one state entity that authorizes charter schools. In Ohio, there are 20 active authorizers, called sponsors. Sponsors provide oversight, deciding whether a school opens and, later, whether its charter is renewed.

For Buckeye Prep's sponsor, the Buckeye Community Hope Foundation (BCHF), charter sponsorship is a lucrative business. According to BCHF's 2017 audit, the foundation, involved with low-income housing, received over $3.1 million for sponsorship and services provided to 50 charter schools that year. Its related for-profit corporation owned the Buckeye Prep building and collected more than $162,000 in building and furniture lease payments during 2017, its final year.

As the failing school approached the date for charter renewal, its new operator, ACCEL, chose a sponsor that already managed many of its schools — St. Aloysius Orphanage. Despite its name, St. Al's, as it is called, has not provided a home for orphans since the 1970s. It is a mental health service provider that also sponsors charter schools.

Compared with its other funding streams, charter school sponsorship provides the most income — over $3.6 million in 2019. However, while St. Aloysius collects the fees, it does none of the work. Instead, it hired a for-profit corporation, Charter School Specialists, paying out $2.3 million a year to the for-profit.

The relationship between sponsor and for-profit was so tight that in 2020, the state auditor had to remind schools that their sponsor was St. Aloysius, not Charter Schools Specialists, after several listed the for-profit as their sponsor.

In 2019, the Cleveland Transformation Alliance recommended — to no avail — that St. Al's no longer sponsor charter schools based on its record of keeping failing schools open. Two years earlier, the same committee raised conflict of interest concerns because some school treasurers were employed by both the charter board and Charter Schools Specialists. That conflict of interest while overseeing the expenditure of millions of dollars in public funds was allowed to continue. In 2021, eight school treasurers were employees of the for-profit overseer and the charter schools' boards, including Capital Collegiate Preparatory Academy, according to information obtained from the Ohio Education Department.

For-profit operators run more than 62 percent of the schools sponsored by St. Aloysius; many of them are other ACCEL schools.

ACCEL schools

In 2014, the online for-profit charter chain K12 Inc. announced a new, yet-to-be-named company financed by Safanad Limited, a Dubai investment company. Pansophic Learning was launched later that year as the Safanad/K12 joint venture. The name of its American-based charter school company is ACCEL Schools.

The CEO of both Pansophic and ACCEL is Ron Packard, formerly of K12 Inc., now known as Stride. Packard's background is in finance, and he compounded the revenue of K12 by 80 percent — (a far higher percentage than its 2019-2020 graduation rate of 56.3 percent).

ACCEL's primary strategy is to pluck schools from established for-profit chains that failed or are folding, including Mosaica, White Hat Management, and I CAN Schools.

With no shortage of failing charter schools to buy, ACCEL's growth has been fast-paced. It now manages 73 charter schools (brick and mortar or online) in Arizona, California, Colorado, Indiana, Michigan, Ohio, and Washington, and it is attempting to open schools in West Virginia.

Global School Properties, located at the same address as ACCEL and Pansophic in Virginia, is the real estate arm of ACCEL, which allows it to acquire properties and then basically rent their own buildings to themselves — with public funds — through the schools they manage.

ACCEL's largest portfolio is in Ohio. Forty-six schools list ACCEL as their operator. However, we also found an additional 17 schools run by a superintendent with an ACCEL email address, all but two under the Constellation Schools brand. And in 2018, ACCEL bought out White Hat's failing online charter school, OHDELA, resulting in a total of 64 schools in that state.

ACCEL and Capital Collegiate Prep

When ACCEL took over Buckeye Prep in 2018, it operated the school as Buckeye for one year — before shutting it down to put another in its place. The for-profit needed to find a board to act as the nonprofit face for the new for-profit-run school. ACCEL's then vice president, Mark Comaduci, introduced community member Leslie Eaves to Amy Goodson and Carlena Hart, attorneys for Buckeye Prep, via email. Eaves was told to form a board, for which she served as president. She found three educators — Malcolm Cash, Renita Porter and Said Adam — and forensic accountant Rhonda Whitfield.

By January 2019, the new board was formed. In June 2019, Buckeye voluntarily requested contract nonrenewal (see closed community schools). The following day, July 1, Kent School, LLC, sold the school building to Global School Properties for $1,380,635, records show. St. Al's would be the new sponsor, and the school would now be called Capital Collegiate Preparatory Academy (CCPA).

From the start, the relationship between the charter school's board and ACCEL was rocky. Unlike many of the boards recruited by for-profit operators, this board included seasoned educators who took their duties of governance seriously. According to emails between Eaves and ACCEL officials, including Ron Packard, the first problems arose with the terms of the management and lease agreements between the school and ACCEL.

Buckeye's lease agreement was for $12,500 a month or 10.5 percent of state funds received, whichever was greater. ACCEL wanted to increase the lease by $5,500 a month, according to internal emails. In the end, the agreement was for 14 percent of revenue — state funding as well as additional federal entitlements if the grant application was prepared by ACCEL.

In 2020, the school that served only 135 students paid ACCEL's related real estate company $145,006 in rent, with ACCEL projecting a rent payment of $319,840 for the very same building in 2025. At that rate, ACCEL would recoup what it paid in six years — precisely the length of the school's charter. If the charter failed and closed, ACCEL would walk away with a million-dollar-plus building largely paid for by the taxpayers of Ohio.

The management contract charges the charter school 15 percent of all revenue received, with a few exceptions. But that is not where payments would end. A read of the management contract clarifies that ACCEL was in charge of, and would be compensated for, all of the school's day-to-day operations — from the curriculum to student records to all personnel services.

The school was allowed to go into unlimited debt on which it would pay interest to ACCEL, making it nearly impossible for the school to leave the for-profit management company in the future. Financial records from 2020 show the school operating at a loss of over $420,000, with a 2021 projected loss of over $845,000.

Conflicts between the board and ACCEL ignite

The change in school management came with a wave of staff turnover, with just two teachers opting to stick with the new school, where many of the students were behaviorally challenged. ACCEL hired new and inexperienced teachers, and for the first two months, according to former board treasurer Whitfield, the campus didn't have any pencils or paper in the classrooms. The situation was so dire that an organization that had performed an independent review of the charter school donated paper and pencils.

To get a grasp on student progress, the board authorized the use of I-Ready Assessment. However, ACCEL preferred to use its own assessment product called "Dr. Carr's Scrimmages" to measure student progress. Carr, who became a vice president of ACCEL, previously worked for the defunct for-profit charter chain Mosaica. Student progress, and lack thereof, was discussed at length during the board meeting of February 2021, which can be found here.

The school's principal, a former real estate agent, seemed unsure as to why the Scrimmages were being used. I-Ready results showed that most sixth-grade students were performing at two to three years below grade level in reading and math. That led to a discussion as to whether, given the poor progress made by sixth-graders, the school should expand to grade 7 or focus instead on expanding its kindergarten program. Board members expressed worry regarding a seventh-grade addition.

But the principal and the ACCEL superintendent, Ashley Ferguson argued in favor of adding a grade as being in the best interest of students and the school. Ferguson added, "We need to be up by 200 kids to eliminate our deficit. Two kindergartens would not do it." [Ferguson, a vice president of ACCEL Schools, attended board meetings as ACCEL's "superintendent," even though Shannon Metcalf is listed as superintendent on the state website.]

Board members resign

To get a better understanding of the school's day-to-day operations, the board hired Tisha Brady in 2020 to serve as a compliance officer. What Brady observed appalled her.

Brady, a former lobbyist for School Choice Ohio and longtime supporter of charter schools, has soured on charter management organizations running schools. During a December 2021 interview with me [Carol Burris, the author of this post], Brady expressed her concerns regarding where Ohio's charter schools were going. "[For-profit management] is absolutely not in line with the supposed principles of school choice programs," she said. "This is simply a cash grab using disadvantaged students as ATMs to launder public funds into the pockets of a private corporation."

Meanwhile, the concerns of the board grew. It was difficult for the board to get a handle on expenditures and purchases, even with Brady's assistance. During the June 14, 2021, meeting, the board objected to the $53,000 spent by ACCEL for smartboards for the school. During classroom visits, board members noticed that the smartboards were generic dry erase boards. The meeting minutes noted a prior concern regarding a large expenditure for a curriculum that was missing, as well as a refrigerator that was removed by a vendor. Eaves, the board president, objected to the lack of inventory control of school purchases, according to the minutes.

When Brady and Whitfield entered the school to inventory the items and see how they were being used, they both said, an ACCEL teacher assaulted Whitfield with a cart. Whitfield filed a complaint with the police department and the professional conduct division of the Ohio Department of Education, as well as with ACCEL.

“My concern was for the students in the classroom. I worried about what the kids had witnessed,” Whitfield said. Whitfield resigned from the board a month later. Eaves had previously resigned in October. The school’s website now lists only four board members, still including Whitfield, who is gone — a violation of law that requires five board members, which ironically St. Al’s had used to put the board on probation in the past.

Capital Collegiate Preparatory Academy expands

Despite worry over student performance, a slim majority of the board decided to add the seventh grade. According to Whitfield and Brady, one teacher teaches all subjects on a rotating basis and out of certification. But, those seventh-graders, no matter how poorly prepared, increased the head count, which in turn increased ACCEL’s fees for both rent and management. The school goes further into debt, and ACCEL collects interest.

And so, it will continue until the school’s charter is up in 2025. ACCEL could walk away from the failing school, sell the building to another for-profit, and move on to another failing school.

Right now, nearly half of all charter schools in Ohio are run by for-profits. Most of these charter schools are located in some of the poorest neighborhoods in the United States. The state of Ohio has known about the cycle of for-profits repeatedly preying on failing charter schools for years.

There is more: Capital Collegiate Preparatory Academy, which was no more than the retread of a failing school, received a $250,000 Federal Charter Schools Program (CSP) implementation grant.

Half of all of the grants distributed by Ohio from its 2015 CSP State Entities grant were given to schools run by Ron Packard’s ACCEL.