STATE TAKEOVERS OF LOW-PERFORMING SCHOOLS

A Record of Academic Failure, Financial Mismanagement & Student Harm

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Foreword—Taking Democracy from the Underrepresented: District-by-District

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The American public school system remains a major part of the engine that maintains and strengthens our U.S. democracy. One of the ways this is best exhibited is at the local level. In an overwhelming majority of localities parents and citizens are given an opportunity to elect local school representatives who will advance their community’s unique perspectives and values; students learn how to become productive and engaged citizens; the public schools provide communities with an infrastructure to build healthy living and learning communities; and society benefits from the public good that having an educated citizenry provides. This being the case, any state action that limits or takes over that process is paramount to a state action limiting a fundamental vehicle of democracy.

Yet in several predominately poor and African American and Latino school districts this democratic process has been taken over. Throughout our history there have certainly been occasions when national or state actors have stepped in with non-democratic mandates and limited local citizens’ democratic process, but these actions have only been taken when there are serious violations of local citizens’ human or civil rights or a need to provide a higher level of safety and resources to that community. Because of the intrusiveness of school takeovers on local communities, the idea of a state taking over a school district should require the same compelling reasons and invoke the same analysis as when a decision is made to bring national or state guards into a locality—as it represents a suspension in the ability of local citizens to fully exercise their democratic rights.

State Takeovers of Low Performing Schools provides insight into how the current trend of state school takeovers literally takes over the democratic rights of local citizens, local school boards and elected officials while the states themselves fail to first meet their own constitutional obligation to provide the locality with the resources needed to provide their students with a fair and substantive opportunity to learn. Placed in another context, these takeovers are paramount to the federal government taking over Louisiana or Mississippi following Hurricane Katrina rather than providing necessary supports and working as a partner with the state, local citizens, officials and agencies to bring the community through the storm.

Simply stated, a state cannot fail to meet their constitutional obligation to resource a district equitably and in the same breath claim the need to infringe on local citizens’ democratic rights by taking the district or school over. In another context, it would be paramount to President Dwight Eisenhower federalizing the Arkansas national guard in 1956 to protect the nine Black Little Rock students’ right to be educated in Central High School without the federal government first exercising its obligation to ensure by law that all students, regardless of race, could be educated in any public school as they did in the 1954 *Brown v. Board* decision.

*State Takeovers of Low Performing Schools* further highlights how school takeovers have proven to be a very ineffective method for yielding the benefit that the state uses to justify the intrusion on local citizens’ democratic rights. As the report indicates, school takeovers have failed in Louisiana, Michigan and have had mixed results, at best, in Tennessee. Nonetheless, to think that a state that in most cases has less management capacity than the district they are taking over can produce a better outcome lacks clear strategy and ignores outcome data. Even outside of the education context this has been made clear. One only has to look at Flint, Michigan, where the state’s Emergency Manager’s lack of local context coupled with the state’s inability to provide oversight has led to Flint residents lacking one of the most basic resources—clean water. It is clear that while states can be supportive in providing relief and standards, history and outcome data have proven they are not
best positioned to manage or take over complex local school operations.

At best, these state takeover intrusions are bad policy, and at worst they create constitutional violations. It cannot go unnoticed that an overwhelming percentage of the districts that have experienced takeovers serve poor African American and Latino students and voters. The fact that this trend only occurs in districts like New Orleans, Memphis, Nashville, and Detroit, that are predominately made up of people of color raises serious federal civil rights issues. The policy itself creates a disparate impact on the local democratic process. Even more, in the case of Louisiana, following the state takeover the rights of students with disabilities were trampled. What makes these takeovers tremendously damaging to our democracy is when local civil rights are trampled, local taxes are mismanaged or taken through fraud—and the localtaxpaying citizens have no democratic recourse as the accountability for the system failures is beyond the reach of their vote.

Thus, because of the depth of the intrusion on the democratic rights of local citizens and students, states should be required to meet a basic five-part test to determine the validity and potential effectiveness of a takeover. Before any takeover is considered, states should submit compelling evidence to answer the following questions:

1. Is there a state protected fundamental right being violated in the locality?
2. Has the state met its constitutional requirement to provide the necessary resources to protect fundamental rights in the locality they are seeking to take over?
3. Does the locality lack the infrastructure to protect students’ fundamental rights?
4. Does the state have a proven capacity for oversight, management and an ability to protect the civil rights of the individuals in the locality?
5. Does the implementation of the takeover create a disparate impact on a protected right of a protected class?

As State Takeovers of Low Performing Schools makes evident, in each of the cases where we have seen state takeovers—Louisiana, Tennessee and Michigan—one or more of these factors are missing—yielding the presence of the state takeover more of a political ploy than a movement to protect students or a state protected fundamental right. Public schools should not be used as political ploys or even worse, a cash trough for private companies and individuals to step up to and raid through what are at best, ineffective business practices, and at worst fraud.

Many of the states that currently have pending legislation to take over low performing schools also fail to meet many of the elements of the proposed five-part test. Many have not met their own constitutional mandate for funding the district, they lack the proven capacity to yield results and have very little ability to provide oversight of basic mismanagement and fraud by the consultant. Furthermore, their solutions are far from sustainable, whether it’s sustaining the fiscal cost to high priced consultants or managing the human capital loss as in many cases thousands of education professionals are terminated in places where more educational capacity is needed.

As State Takeovers of Low Performing Schools highlights, there are less intrusive, more collaborative and highly effective ways to achieve the successful transformation of low performing schools. Community advocates and school board members in several of these localities and communities have outlined more comprehensive transformation plans than the state plans. Even in the most extreme cases, districts working in concert with the Office of Civil Rights at the U.S. Department of Education or Department of Justice have experienced more success than state takeovers.

For all of the above reasons, nationally parent and student advocates have rightfully fought against intrusive and ineffective school takeover practices. These actions taken without the appropriate democratic test being applied create a slippery slope that withers away our democracy, weakens the role of public schools in communities and produces poor outcomes for our students. There are several areas in local government where the performance outcomes are commonly less than
ideal—should the federal or state government take over management of those areas as well? Would we so easily accept a state takeover of community policing? Would wealthy localities accept the state takeover of their City Councils and school boards in the same way that the ability of poor parents to vote and shape their educational climate has been removed from elected school boards, to mayoral control to state takeovers? Federal and state agencies must work in concert with local advocates to protect students’ rights while also maintaining the democratic rights of local citizens to shape their local public schools. This State Takeovers of Low Performing Schools report issues a compelling call to action to protect the rights of local citizens to work collaboratively and receive the necessary resources to build healthy living and learning communities capable of providing all students an opportunity to learn.
Foreword
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Politicians have recently focused on implementing policies to create achievement districts in cities across the country. These are districts populated by schools which are privately controlled, yet operated with public money. Achievement districts are a highly contentious, top-down down policy that essentially amounts to a hostile state takeover of local schools. In Detroit and Tennessee, achievement districts have initially impacted only a minority of schools. However, politicians are now trying to close entire districts and turn them over to privately controlled charter corporations—an approach similar to the market-led New Orleans takeover model. Top-down education “reformers” have also approached Dallas, and more recently Los Angeles, with a set of all-encompassing charter takeover plans.

Top-down education reformers have argued that students and parents should receive relief from low-performing schools. They argue that turning schools over to privately controlled charter organizations will enable school “choice” and improve educational outcomes. Does this view truly reflect reality, or is it an inaccurate and oversimplified political framing?

Thorough research and realistic data should inform our discussion about achievement districts. The report State Takeovers of Low-Performing Schools: A Record of Academic Fraud, Financial Mismanagement and Student Harm presents an alternative empirical view by collecting information from a variety of sources. The report succinctly makes the case that achievement districts have, in fact, performed poorly. The majority of data currently available demonstrates that achievement districts result in decreased student achievement with disproportionately harmful impacts on students of color, while parents still don’t have access to properly resourced high-quality neighborhood schools.

As a result, it seems clear that we must consider alternatives to the top-down state takeover approach for improving schools. It is incumbent upon us to think about community-based solutions that don’t ignore the needs that students bring to schools and the severe inequities that still plague schools located in communities of color. This report is especially valuable because it re-emphasizes the need for a culturally relevant and challenging curriculum, high quality teaching, wrap-around supports, positive discipline practices, and transformational parent and community engagement. As an alternative to top-down, privately controlled state takeovers, we must get serious about investing resources in these community-based, democratic approaches to education reform.
Executive Summary

Low-performing public schools have become a critical battleground between corporate-backed initiatives that remove local control of schools and favor the privatization of public education, and proponents of community schools who assert that parents, teachers and students—in short, the public—are the greatest asset in restoring strong educational outcomes.

In the past decade, the debate over school control has shifted to include “takeover districts” in which schools that are deemed “chronically failing” are removed from the local school district and placed in a statewide district with a separate governance structure that is far less transparent and accountable to the public. Three states, Louisiana, Tennessee, and Michigan, had already established districts of this kind by 2014. Another eight states have introduced legislation to create statewide takeover districts in the last year: Arkansas, Georgia, Nevada, Missouri, South Carolina, Texas, Utah, and Wisconsin.¹

Findings

The rapid proliferation of the takeover district as an educational panacea is alarming. In this report, we examine the record of the three existing takeover districts, and find that there is no clear evidence that takeover districts actually achieve their stated goals of radically improving performance at failing schools. We find that:

1. Children have seen negligible improvement—or even dramatic setbacks—in their educational performance.
2. State takeover districts have created a breeding ground for fraud and mismanagement at the public’s expense.
3. Staff face high turnover and instability, creating a disrupted learning environment for children.
4. Students of color and those with special needs face harsh disciplinary measures and discriminatory practices that further entrench a two-tiered educational system.

Recommendations

Instead of replicating failed statewide takeovers in an attempt to turn around struggling schools, states should pursue tested measures endorsed by educators, students, and community members, and that have been borne out by precedent. States must commit to improving outcomes at struggling schools through programs and policies that reflect the six key principles developed by the Alliance to Reclaim Our Schools². As articulated in The Schools Our Children Deserve, school turnaround strategies should focus on:

• Curricula that are engaging, culturally relevant and challenging;
• High quality teaching rather than high-stakes testing;
• Wrap-around supports such as health care, eye care, and social and emotional services that support academics;
• Positive discipline practices such as restorative justice and social and emotional learning supports;
• Transformational parent and community engagement—the full community should actively participate in planning and decision-making; and
• Inclusive school leadership committed to developing strategic plans that include authentic input from teachers, parents, community partners, non-instructional school staff, youth, and other stakeholders.
Introduction
An Alarming Proliferation of State Takeover Districts

Low-performing public schools have become a critical battleground between corporate-backed initiatives that remove local control of schools and favor the privatization of public education, and proponents of community schools who assert that parents, teachers and students—in short, the public—are the greatest asset in restoring strong educational outcomes. Struggles over school control are common at the individual school or city level (e.g. Newark or Philadelphia). Yet in the past decade, the debate has expanded to include new “takeover districts” in which schools that are deemed “chronically failing” are removed from the local school district and placed in a statewide district with a separate governance structure that is far less transparent and accountable to the public. The superintendent of these districts is often directly appointed by the governor. Schools may be managed jointly between the state and local school board, directly managed by the state, converted to charter schools, or simply closed.

In 2003, Louisiana established the “Recovery School District,” the first statewide district of this kind. In the aftermath of Hurricane Katrina in 2005, the state rapidly expanded its takeover district. Tennessee followed suit, creating its “Achievement School District” in 2010 and expanding it in 2012. Michigan established its “Education Achievement Authority” in 2013, explicitly modeled on the Louisiana precedent. In the last year, another eight states introduced legislation to create similar statewide takeover districts: Arkansas, Georgia, Nevada, Missouri, South Carolina, Texas, Utah, and Wisconsin. Of these, only Wisconsin and Georgia passed the legislation in 2015. In Georgia, the measure will move to a ballot initiative, since creating a takeover district requires a constitutional amendment to override local control of schools.

The rapid proliferation of the takeover district as an educational panacea is alarming. There is little clear evidence that takeover districts achieve their stated goals of radically improving performance at failing schools. At the same time, children, particularly students of color and those with special needs, face greater risk of discriminatory discipline and enrollment practices in takeover districts. Furthermore, hastily created districts with opaque governance structures breed fraud and mismanagement.

In this report, we examine the record of the three existing statewide takeover districts: Louisiana, Tennessee, and Michigan. We show that although takeover districts emphasize data-driven initiatives, the data on results are overwhelmingly negative:

- test scores lack steady improvement;
- metrics are altered from year to year, confounding accountability and transparency;
- takeover districts do not necessarily improve any faster than locally-controlled districts; and
- absolute academic standards still remain low.

Additionally, lawsuits and student protests demonstrate that when local oversight is stripped away, children may face harmful practices such as discriminatory enrollment, punitive disciplinary measures, and inadequate access to special education resources. Students suffer in the wake of high teacher turnover and personnel instability brought on by the rushed firing of staff. Finally, we find that a consistent lack of oversight can create an environment rife with fraud and mismanagement, where private interests gain financially while taxpayers, students, and teachers are left behind. We conclude that takeover districts actually hinder children’s chances for academic success rather than improving them.
Overview of existing statewide takeover districts

As proponents of privatization advocate for new statewide takeover districts, they often cite the few existing districts as their model. This section of the report examines the history of the Louisiana Recovery School District and its effects on the educational landscape of New Orleans before discussing the creation of takeover districts in Tennessee and Michigan.

New Orleans’ Recovery School District (RSD)

While the New Orleans’ Recovery School District (RSD) existed before Hurricane Katrina hit, only five schools had been taken over by the state before the storm. In the disaster’s aftermath, a flurry of executive orders and legislative changes made an additional 102 New Orleans schools eligible for state takeover, and they were promptly added to the RSD.8 Within five months of the storm, 7,000 employees—mostly teachers—were fired from New Orleans’ public schools.9 Ten years later, all of the RSD schools that remain open have been converted into charter schools and placed in the hands of private management entities, making it the country’s first all-charter district.10 Outside of the RSD, New Orleans’ shrunken traditional public school district has also overwhelmingly converted to charters. Today, only five traditional public schools remain in the city.11

The original RSD legislation was passed with a requirement that schools would revert back to local control after 10 years in the statewide district. However, a 2010 state policy change allowed charter schools to opt out of the provision. To date, only one charter school has voted to return to local control12

Tennessee’s Achievement School District (ASD)

Tennessee’s state takeover district, established in 2012, can include any school performing in the bottom five percent as measured across the state. The aim of the district is to move these schools into the top 25 percent of all schools within five years. The state has elected to focus on Memphis: 27 out of 29 Achievement School District (ASD) schools located in Memphis; the remaining two schools are in Nashville.13 All but five have been converted to charter schools.14 In December 2015, the ASD announced it would take over four additional schools in Memphis and convert them all to charter schools. This was met with significant opposition from public officials, community members, students, and teachers.

Michigan’s Education Achievement Authority (EAA)

When Michigan established its state-run Education Achievement Authority (EAA), it modeled it on Louisiana’s RSD. The state took 15 schools out of the Detroit Public School system (which was already run by the state) and moved them into the newly created EAA. Eighty percent of these schools were turned into charter schools.15
No recipe for success

Though corporate reformers are trying to replicate the takeover district model in more and more states, falling enrollment numbers and astronomical rates of teacher turnover signal fundamental flaws in its design. The educational records of the few existing takeover districts further underscore the folly of this hasty approach. Below we explore the mixed educational outcomes in Louisiana and Tennessee, and the widely acknowledged poor results from Michigan. Each state’s experience with this educational experiment demonstrates that the educational outcomes promised by takeover proponents remain wholly unsubstantiated. Takeover districts do not deliver, even in the limited terms of their own metrics of student performance.

Mixed outcomes in the Louisiana Recovery School District

The results for students in Louisiana under the RSD program have been anything but clear-cut. Though numerous reports tout the RSD as a success—claiming higher graduation rates, improved test results and, ultimately, fewer failing schools—closer examination reveals that even based on these few metrics of success, the RSD is not living up to its promises. Louisiana testing standards continue to be some of the lowest in the country; yet in 2014, while over 60 percent elementary and middle schoolers passed state tests, half of all high school students still failed them. Today, fewer schools are technically considered “failing;” however, the criterion for “passing” has also been altered. In the aftermath of Katrina, schools that earned 87.4 points on a 200 point scale were deemed failing and were taken over. But now, after changes to the district’s standards of success, schools with at least 50 out of 150 points can receive a passing grade. In other words, the threshold for passing dropped from 43.7 percent to 33.3 percent.

Furthermore, full and accurate data on school performance is hard to obtain. All turnaround schools are exempted from the letter-grade system for their first year in the RSD. This practice artificially reduces the total number of failing schools for any given year in the takeover era. In 2014, there were 136 charter schools operating in Louisiana, attended by over 65,000 students. Forty-one percent of those schools, enrolling 21,000 students, received a letter grade of D, F, or T (Transitional School), with a School Performance Score (SPS) below 69.1. Only nine percent of Louisiana’s charter schools, enrolling just 8,700 students, received the letter grade A. The troubling performance record of the RSD comes despite a well-documented history of “creaming” students through the selection process, as well as discouraging more challenging students from applying or continuing at the schools.

Tennessee’s Achievement School District: Some declines, few improvements, and a vote of No Confidence

Similarly mixed results are evident in Tennessee’s ASD experiment. Proponents of the ASD assert that the longer schools are in the ASD, the better their performance. Yet a focused analysis of the six schools in Memphis that have been in the ASD since 2012 reveals that the trend is not all positive. Of Memphis’ first six takeover schools, three were converted to charter schools and three remain under direct state control. Teachers were replaced at all schools, and all got a name change. At all six of these original takeover schools, reading scores declined. While the state-controlled schools demonstrated improvement on math scores in 2015 (though not always at the same rate as schools across the state overall), math scores at the charter schools actually declined.

After several years, the ASD’s goals remain distant. Only six out of the 17 takeover schools had moved out of the bottom performance decile by the end of the 2013-2014 school year. 2015 was the first year that statewide test scores in the takeover schools had improved after two years of either zero gains or actual decline. Reading scores in takeover schools have been consistently lower than pre-takeover levels all three years of the ASD, down over four percentage points in 2015. A recent Vanderbilt University study found that low-performing schools that were placed in a locally
controlled “Innovation Zone” saw significant positive effects on their test scores, compared to only minor or negative results amongst the schools that were placed in the ASD. In other words, schools that remained in the local school district outperformed similar schools that were taken over by the state government.

ASD’s superintendent, Chris Barbic, stepped down in the summer of 2015. In his resignation letter, he acknowledged that “achieving results in neighborhood schools is harder than in a choice environment.” By the end of 2015, the Shelby County School board, which oversees Memphis schools, passed a resolution calling for a “moratorium on the ASD takeover of additional schools until they show consistent progress in improving student academic achievement.”

Michigan’s Education Achievement Authority: A disaster

The chancellor of Michigan’s EAA, Veronica Conforme, recently admitted that, “three years into this [the EAA], achievement hasn’t improved.” In fact, it has actually set students back rather than delivering positive educational outcomes. Between 2012 and 2013, 36 percent of students in EAA schools saw declines in their performance on Michigan’s MEAP mathematics tests, and another 43 percent saw no improvement. Thirty-six percent of EAA students also saw declines in MEAP reading performance over the same time period, with another 26 percent showing no improvement.

Even worse, nearly half (46%) of students who had previously been proficient in the MEAP mathematics exam saw significant declines in their performance. Among these previously proficient students in the EAA, 82 percent of previously proficient students saw declines in their math test performance and 11 percent saw no change. Among students previously proficient in reading, 52 percent saw declines in scores, including 20 percent who experienced significant declines in their performance. A further 21 percent saw no improvement in their reading scores. Despite these losses, the EAA released an analysis of results claiming that “68% of students across the 12 direct-run schools achieved a year or more’s growth in math.”

Proficiency on the ACT for EAA students has also been dropping steadily, and EAA students dropped in proficiency on all four subjects between 2014 and 2015. The district’s performance record has prompted the President of Michigan’s State Board of Education to declare, “I think everyone would like to find a way to gracefully put an end to the EAA.”

Turmoil for educators and students

In each takeover district, teachers are the first to experience hasty and arbitrary staffing changes. Many times, the entire staff of all takeover schools has been fired at once, and is usually replaced by new teachers with far less experience. The demographics of the teaching workforce can also change when teachers are brought in by external, private entities like Teach for America. Students suffer when teacher training requirements are waived and when staff continue to turn over rapidly, leaving schools with very little institutional knowledge or support. As a result, principals may also leave schools quickly, further exacerbating an already difficult situation. Parents may elect to remove their students from takeover schools when faced with classrooms in disarray.

Thousands of teachers fired in New Orleans

With the dramatic restructuring of the entire New Orleans district has come a complete reconfiguration of the teaching corps in the city. Before Hurricane Katrina, teaching was a cornerstone of Black professional employment: 71 percent of teachers in New Orleans were Black (mostly women), and most had the protections of collective bargaining agreements. The new teaching workforce is only 49 percent Black, with 45 percent white teachers and no union representation. While enrollment has been dramatically reduced, the student body remains over 90 percent Black in New Orleans.

Inexperienced teachers flood Tennessee’s ASD
Though implemented at a smaller scale than in Louisiana, the teaching workforce at ASD schools experienced a similar wholesale change. All teachers at schools in Tennessee’s takeover district had to reapply for their jobs. In the ASD’s first year, over 30 percent of teachers at takeover schools had never taught before. Of all the teachers originally working at takeover schools, only 14 percent remained one year into the ASD program. After the first year of the full ASD, nearly half (46%) of ASD teachers left their jobs. While retention rates have increased, ASD schools still have a 30% turnover rate.

**In Michigan, principals and students see turnover too**

When the EAA went into effect in Michigan, existing teachers were fired and then asked to reapply for their positions. In the EAA district’s first two years, teacher turnover was at 50 percent. Between October of 2014 and October of 2015, teacher retention had marginally improved, with 39 percent of teachers leaving in that period. But the effects of such churn extended further, both to school leadership and to the student body as a whole. Eight out of 15 EAA school principals had to be replaced within that same year, a situation that has been called “incredibly disruptive” by education experts, due to “the amount of instability it creates in a school.” Since the inception of the EAA, school enrollment has been a significant problem for the takeover district. Since its first year, the student count at EAA schools has dropped nearly 25 percent, falling nine percent in the last year alone.
Discriminatory practices harm the most vulnerable students

Takeover districts do not deliver in terms of their own metrics of student performance, including test results. At the same time, existing takeover districts, which largely comprise charter schools under private management, manifest problems similar to charter schools across the country. These schools have been accused of cherry-picking students, failing to provide adequate services to children with special needs, and implementing punitive disciplinary measures, such as suspensions, which often disrupt educational outcomes for students of color.

Louisiana

In 2010, the Southern Poverty Law Center filed a federal civil rights lawsuit on behalf of special needs students in the RSD. The lawsuit presented evidence that the rights of over 4,500 special needs students in the city of New Orleans had been violated under the federal Individuals with Disabilities Education Act because the state department of education did not ensure that they received equal access to educational services.45

Students and parents experienced:

- difficulties accessing adequate evaluation services;
- discriminatory enrollment practices in charter schools which includes staff ‘counseling out’ parents of special needs children, or discouraging them from applying; and
- illegal discipline for manifestations of symptoms of students’ disabilities, resulting in children sometimes being pushed illegally out of schools.

Despite state control, the state failed to maintain adequate oversight of RSD schools and eventually stopped monitoring these discipline issues in New Orleans charter schools altogether. The state’s overall indifference to guaranteeing the legal right to education for children with special needs has also allowed over half of all RSD charter schools to remain inaccessible to wheelchairs in 2015, despite a multi-billion dollar school construction budget.46

Only in early 2015, after a federal judge approved a settlement order resolving a four-year old lawsuit, did the state commit to new oversight measures. The settlement order delineated new safeguards for children with special needs, including a new independent monitor, an auditing procedure, provisions to evaluate special education programs when charter schools apply for renewal, and a requirement that the state creates a plan to identify all students in need of special education services.47

In a study of enrollment practices more generally across 30 New Orleans charter schools, one in three schools openly reported that they had “selected or excluded students by, for example, counseling students who were not thought to be a good fit to transfer to another school, holding invitation-only events to promote the school, or not reporting open seats.”48 This practice is called “creaming.” It means that schools’ test scores may improve, but only through the exclusion of the most low-performing students.

Furthermore, New Orleans charter schools within the RSD were found to have extremely high suspension rates, creating a punitive classroom environment for the overwhelmingly Black student body. In the 2013-2014 school year, RSD schools utilized out-of-school suspension measures 33,560 times on a student body of 30,330 (some students had multiple suspensions).49 Between 2003 and 2014, RSD charter schools had an average suspension rate of 17.4 percent; nearly double the rate for those remaining public schools in Orleans Parish (9.4%). Collegiate Academies, a private charter school operator with three schools in the district, had a suspension rate of nearly 70 percent in the 2012 school year at one of their locations.50 Parents and students filed a civil rights complaint,
stating that the school deployed suspensions for trivial matters and bullied students with special needs. \(^5\) Now that students and parents have organized to fight back against the policies, Collegiate has pledged to take a restorative justice approach to discipline. \(^5\)

**Michigan**

In Michigan’s EAA, practices closely resemble those in Louisiana. In 2013, the EAA issued over 6,000 suspensions for a student body of 10,000. Of these, nearly 60 percent were for relatively minor infractions such as truancy, insubordination, or disorderly conduct. \(^5\) EAA Chancellor Conforme acknowledged that “suspension rates for students of color are disproportionately higher” within the EAA. \(^5\)

Special education students are also at risk in EAA schools. In 2013, State Representative Ellen Lipton filed a formal complaint against the EAA with the State of Michigan’s Office of Special Education regarding violations of laws protecting the education of students with special needs. The complaint outlined that nearly 800 students with special needs were “decertified,” or denied eligibility for special needs programming, and denied services without the legally required evaluation, written notice, or formal staff meetings in advance of the determination.

Those who did receive special needs instruction saw their special needs education unilaterally changed, again without appropriate evaluation, notice or following of protocol. They were placed in classrooms where teacher caseloads and class sizes exceeded those mandated by state law. The complaint stated that student with special needs were “rejected or discouraged from continuing to attend” EAA schools, again in violation of their rights. Finally, instead of following appropriate behavior analysis and intervention protocols, EAA schools subjected students with special needs to harsh disciplinary measures, including expulsions, long-term suspensions, transfers to non-EAA schools, and threats to leave the school or risk suspension/expulsion. \(^5\) The EAA has failed to respond in a timely manner to requests under the Freedom and Information Act, and to multiple complaints regarding their special education practices. \(^5\)

**Tennessee**

Tennessee’s ASD has followed a similar pattern. In 2014, a former special education instructor with the ASD filed a lawsuit against the district, asserting that the ASD had failed to obtain the Individual Educational Protocol (IEP) for their special needs students after a school takeover, resulting in special needs students not receiving appropriate instruction. The complaint also stated that teachers did not receive adequate training or resources to create educational plans for special needs students, that legally-mandated meetings did not occur, and that legally-required psychological testing was not readily available. \(^57\) The lawsuit is ongoing.
Profits over performance in takeover districts

While the educational benefits of takeover districts are uncertain at best, one thing is clear: private interests stand ready to gain through both legal and illegal channels. Real estate deals and fees paid to education consultants can siphon millions of dollars away from direct investment in the students enrolled in turnaround schools. (For example, a Denver Post investigation found that consultants received an average of 25 percent of federal grant dollars through the School Improvement Grant program, intended to turnaround low-performing schools. Simultaneously, a lack of oversight and protocols has allowed theft, fraud and mismanagement to run rampant in the scattered and fragmented takeover districts.

Louisiana

In New Orleans, much of the profiteering has been enabled by inadequate oversight and unscrupulous contractors. A state audit found that the RSD failed to oversee modular school construction in the aftermath of Katrina, resulting in a loss of $6.1 million to questionable charges, or nearly six percent of the total $105 million contract. The overpayment came as a result of charges for work done outside of the scope of the project, missing materials, and unreasonably high rates charged for work performed. Funding for the construction came out of disaster-relief funding from the Federal Emergency Management Agency (FEMA).

A separate 2013 audit by the Louisiana Legislative Auditor found that the RSD had lost over $2.7 million to theft due to a lack of oversight for six straight years. Over 1,600 separate items were lost or stolen in that time period. The audit also identified that, due to inadequate payroll recordkeeping, the district was in danger of paying people who were no longer employed in the district. The audit noted that it had asked the RSD to correct its payroll practices in each of the five previous years, to no avail. RSD Superintendent Patrick Dobard responded to the audit by stating that it was particularly difficult to keep track of both property and people in a decentralized district composed almost exclusively of charter schools. A 2014 follow-up audit found that the problem of missing property had persisted for an eighth straight year, and that the value of the missing property had risen to $7 million.

Michigan

In Michigan, the EAA has used its students as guinea pigs to test for-profit educational software. The EAA established a “blended learning” model, basing its curriculum on a for-profit educational software product called “Buzz,” which, according to a professional development manual for EAA teachers, relegates teachers to “more of a facilitative role.” The EAA paid a total of $350,000 to try out this previously untested software on some of Detroit’s most at-risk students. Teachers complained that the software did not work properly and was incomplete when first introduced in Detroit schools. Members of the State Board of Education signed a statement asserting that “the basic premise of the EAA teaching model is flawed,” citing the misuse of computer-based instruction. Finally, in 2015, the EAA made Buzz optional for instruction in its 12 directly administered schools.

Audits of the EAA in both 2012 and 2013 found material weaknesses in terms of internal financial safeguards. In its first year of operation, the EAA did not record or track financial information in a timely way, failed to track grant proceeds, misused grant appropriations, and did not back up EAA data. The following year, an audit of an EAA charter school identified non-compliance with the Michigan Uniform Budget and Accounting Act.

A 2014 investigative report revealed that EAA’s then-chancellor John Covington had spent almost $240,000 on expenses such as travel and hotel costs, gasoline for his chauffeured car, and IKEA furniture on EAA-administered credit cards between April 2012 and February 2014. During the same period, teachers complained about not being able to afford paper, books and other
supplies for their classrooms. In June 2014, in the wake of revelations around improper spending, Covington resigned, collecting $74,000 in severance pay.

The FBI has initiated a corruption investigation on the EAA and Detroit Public Schools since “evidence of discrepancies and potential misconduct” in the EAA came to light in 2014. FBI officials are examining bank records, personnel files, emails of current and former EAA officials, and vendor contracts with the district. One former EAA principal has admitted to taking bribes, “ghost-writing” for vendors to help them respond to Requests for Proposals (RFP) issued by the EAA, encouraging them to overbill the district for services and then taking a cut of the proceeds.

**Tennessee**

In keeping with the troubling record of fraud and mismanagement in other takeover districts, Tennessee’s ASD has come under scrutiny for negligence in financial dealings. A joint audit by the State of Tennessee’s Comptroller of the Department of Education and the State Board of Education found mismanagement of federal funding as well as incorrect payment processing at the ASD between July 2012 and June 2014. The ASD spent money from a federal School Improvement Grant before the grant came into effect, and later had to repay it. Additionally, the ASD did not adequately review invoices from charter management organizations, resulting in unreviewed payments of nearly $500,000, of which over $66,000 were unsubstantiated costs. For the duration of the audit, the ASD had high turnover in the Public Grants manager position, which was responsible for reviewing invoices.
Conclusion
Stop the unchecked expansion of takeover districts

The record of the three existing takeover districts offers no evidence that the current takeover approach improves educational outcomes at failing schools. The contours of the problems are similar in each instance. Our report finds:

1. Children have seen negligible improvement—or even dramatic setbacks—in their educational performance.
2. State takeover districts have created a breeding ground for fraud and mismanagement at the public’s expense.
3. Staff face high turnover and instability, creating a disrupted learning environment for children.
4. Students of color and those with special needs face harsh disciplinary measures and discriminatory practices that further entrench a two-tiered educational system.

Despite the failures of the experiment, corporate reformers and elected officials across the country are pushing similar models in other states. 2015 saw the introduction of bills to create eight additional takeover districts. Parents, students, public officials and educators must come together to stop these takeovers. The future of America’s communities is at stake.

Instead of replicating failed statewide takeovers in an attempt to turn around struggling schools, states should pursue tested measures endorsed by educators, students, and community members, and that have been borne out by precedent. States must commit to improving outcomes at struggling schools through programs and policies that bear out the five key principles developed by the Alliance to Reclaim Our Schools.72 As articulated in The Schools Our Children Deserve, school turnaround strategies should focus on:

• **Curricula** that are engaging, culturally relevant, and challenging; include a robust selection of classes and after-school programs in the arts, languages, ethnic studies, and AP and honors courses; and offer services such as ELL, special education, GED prep and job training.

• **High quality teaching** rather than high-stakes testing. Assessment should be used to help teachers meet the needs of students, educators must have a real voice in their own professional development, and school districts must actively invest in that professional development.

• **Wrap-around supports** such as health care, eye care, and social and emotional services that support academics. Such services should be available to the full community year-round, before, during and after school. Providers must be accountable and culturally competent.

• **Positive discipline practices**, such as restorative justice and social and emotional learning supports. These approaches should be prioritized so students grow and contribute to the school community and beyond, and suspensions and harsh punishments should be eliminated or greatly reduced.

• **Transformational parent and community engagement**. The full community should actively participate in planning and decision-making. This process recognizes the link between the success of the school and the development of the community as a whole.
• **Inclusive school leadership** committed to developing strategic plans that include authentic input from teachers, parents, community partners, non-instructional school staff, youth, and other stakeholders.

The full community must actively participate in planning and decision-making to assure the success of the school and the development of the community. Takeover districts shut out the most vital stakeholders from decision-making in schools, strip public resources for private gain, and further jeopardize the education of young people.
Notes


3 The American Federation of Teachers, “State Takeovers of Low-Performing Schools and School Systems Are Not the Answer: Evidence from Louisiana and Michigan.”


20 Calculated using LDOE Annual SPS Score Data, available here: http://www.louisianabelieves.com/resources/library/performance-scores


33 College of Education Council, Eastern Michigan University, “Memorandum: Review of EMU’s Interlocal Agreement with the School District of the City of Detroit.” November 12, 2015, 3


47 Ibid.


