

ROCKETSHIP EDUCATION: AN EXPLORATORY CASE STUDY

1

A Dissertation Presented to
The Faculty of the College of Education
San José State University

2


3

4

In Partial Fulfillment of the Requirements for the Degree
Doctor of Education in Educational Leadership

5

6

by
Vladimir Gresham Ivanović 

7

8

May 2022

9

Contents

		1
Abstract	vii	2
Introduction	1	3
What is the Purpose of this Study?	3	4
Research Questions	4	5
Limitations and Validity	4	6
Limitations	5	7
Validity	6	8
Demographic Data	6	9
The Significance of This Study	6	10
Theoretical and Conceptual Frameworks	7	11
Public Policy as a Theoretical Framework	7	12
A Case Study Approach as a Practical Framework	8	13
A Review of the Literature	11	14
A History of Charter Schools	13	15
The Origins of Charter Schools in Segregation	13	16
Charter Schools, Free Markets and Privatization	15	17
Charter Schools in the United States	19	18
Charter Schools in California	19	19
Types of Charter Schools	21	20
Surveys of Charter School Research	24	21
Rocketship	25	22
Founders and Supporters	26	23
Rocketship History	27	24
Rocketship Finances	27	25
Rocketship Expansion Funding	28	26
Rocketship Expansion Difficulties	29	27
Other Aspects of Charter School Finances	29	28
Rocketship and Privatization	30	29
Forms of Privatization	30	30
The Basic Form of Privatization	31	31
Charter and Educational Management Organizations	32	32
Future Research	32	33
Research Design and Methodology	33	34
Case Studies	34	35

1	Construct Validity	34
2	Internal Validity	35
3	External Validity	35
4	Reliability	36
5	Rival Explanations	36
6	Finance	36
7	Examples of Financial Statements	39
8	Budgets	40
9	Comprehensive Annual Financial Reports (CARFs)	42
10	Local Control Accountability Plans (LCAPs)	43
11	Petitions & Renewals	43
12	Data sources	43
13	Findings and Results	47
14	Research Question #1	47
15	Research Question #2	47
16	Discussion	49
17	Abbreviations	51
18	Glossary	53
19	References	55

List of Corrections

		1
Note: Re-write to be more informative	3	2
Note: Garbled. Needs fixing.	6	3
Note: Weak. Expand.	6	4
Note: Explain & expand	7	5
Note: Needs a reference.	18	6
Note: Fix wording.	33	7
Note: Eliminate the overused metaphors.	35	8
Note: Is this ¶ relevant to the questions posed by Yin?	35	9
Note: Expand	36	10
Note:	37	11
Note: Verify	37	12
Note: Expand these definitions	51	13

Abstract

1

This dissertation is an exploratory case study of educational public policy applied to the Rocketship charter schools. Rocketship was chosen as the subject of this study because it is one of the largest charter management organizations in the United States that uses a blend of in-person and virtual teaching. This study looks at the finances of Rocketship, how they relate to the privatization of public education, and how the lessons learned can be applied to other charter management organizations.

2

3

4

5

6

7

Introduction

1

If, in the words of Harold Lasswell, politics is about who gets what, when, and how (Lasswell, 1936), then education is surely one of the most fascinating — and consequential — of public policy issues. At stake is the future well-being of 56.4 million students on whose behalf federal, state, and local governments spend upwards of three quarters of a trillion dollars annually. The sheer number of stakeholders is huge: every parent and every child is stakeholder, as are teachers, administrators, legislators of all stripes and colors, the President of the United States, the justices of the U.S. Supreme Court, and a vast bureaucracy devoted to public education, at the federal and state levels, and in counties and cities, towns, villages, and in almost 100 thousand schools across the United States.

2

3

4

5

6

7

8

9

10

11

Education is the arena in which parents, legislators, unions, political parties, billionaires, technologists and educators clash, each vying for influence and reward. Education is where religion, politics, free market neoliberalism, and social justice — all of them beliefs — intersect. One topic, in particular, has in the last fifty years, generated a disproportionate share of heat: the privatization of public education, especially in the form of school choice.

12

13

14

15

16

17

School choice takes a number of forms: charter schools, school vouchers, education savings accounts, tax-credit scholarships, magnet schools homeschooling, and open enrollment. School choice, along with 529 savings accounts, student income loans, social impact bonds, and philanthrocapitalism is how education is being turned into a low-risk, profitable investment that benefits hedge funds, banks, and the 1%, but does little for the children for whom education is the difference between poverty and flourishing.

18

19

20

21

22

23

The various forms of school choice have waxed and waned, but charter schools were present at the creation of the privatization movement in education and have continued to

24

25

backgrounds?

enroll more and more students, siphoning more and more dollars out of the public school system. School choice has spawned an entire industry devoted to marketing school choice: academic institutions, associations, think tanks, grassroots[sic] advocacy groups, and political action committees, are examples of the spinoffs of the privatization movement in education.

According to the National Center of Education Statistics of the U.S. Department of Education, there were 7,427 elementary and secondary charter schools in the United States enrolling 3,290,149 students in 2018, the latest year for which ^{are provided} there is data (Brey et al., 2021, Table 216.90, p.144). This represents 7.5% of the total number of schools and 6.5% of the total number of students in the United States. The state with the greatest charter school presence was California ^{with} ~~which had~~ 1,358 schools (13.0% of the total) and 652,825 students (10.6%). Within California, in the 2019–20 school year, charter schools in Santa Clara County enrolled 31,584 students (13.6% out of 231,865) (California Department of Education, n.d.).

These are **significant** numbers, and the COVID-19 pandemic, caused by the SARS-CoV-2 virus, has accelerated the growth of charter schools, particularly virtual charter schools, in contrast to recent years of slowing growth. (This as-of-yet unverified recent uptick might be because many charter schools and many virtual charter schools remained open or re-opened more quickly than traditional public schools did.) Despite continued growth **for whatever reason**, charter schools remain controversial and have generated heated debate. Reports and studies from charter school opponents have been answered by reports and studies from charter school advocates. Both sides claim their methodology to be superior and consider the other side's fatally flawed.¹

What the research indicates is that *some* charter school chains, under *some*

¹Jeffery Henig in *Spin Cycle: How Research is Used in Policy Debates: The Case of Charter Schools* (J. Henig, 2009) offers a fascinating look at the war that resulted from just one report and one newspaper article.

circumstances, for *some* students, seem to do *somewhat* better than either public schools or independent charter schools. (Garcia, 2018, p.119) A rough **rule of thumb** is that one-fifth of charter schools do better than nearby public schools, and one-fifth do worse. The remaining three-fifths do roughly as well. Charter schools, on average, are just average. If charter schools are on average only as good as public schools, why are they so fervently touted as the answer to the perceived ills of American public education? Why are eye-popping sums (10× the usual amounts) spent supporting school board candidates who advocate for charter schools? My goal in this dissertation is to offer some answers to questions like these by looking closely at the finances of a single charter school chain, Rocketship Education, and **trying to determine how tilted they are toward profit and away from education.**

The remainder of this chapter provides some context for why I conducted this study. In Chapter 2, **FiXme Note: Re-write to be more informative** Literature Review, I discuss the voluminous literature on charter schools. The next chapter, Methods, details how I collected and analyzed the data for this study. In Chapter 4, Results, I present my findings, and in the final chapter, Discussion, I offer some observations.

What is the Purpose of this Study?

The purpose of this case study is to ^{analyze the} ~~gain a robust understanding of the~~ finances of Rocketship Education and associated entities by carefully tracking money coming in to Rocketship (and associated entities) and money going out, and then comparing those flows to other charter schools and to traditional public schools.

I chose to study Rocketship Education² because in some sense it is successful and because it shares key attributes with other charter schools and charter school chains. Its

²Rocketship Education is the name of the charter school management organization (CMO) that owns and operates individual Rocketship charter schools. It used to be Rocketship Public Schools. Henceforth, I'll use just Rocketship to mean either the CMO or a generic Rocketship school, depending on context.

pedagogical model of blended learning is both like virtual charter schools and also like in-person charter schools. Individual schools can be compared to independent charter schools, and the Rocketship Education network can be compared to other charter chains or portfolios of charter schools.

But crucially, charter schools offer themselves as a better alternative to traditional public schools. They claim to be more efficient and to produce better results, and in Rocketship's case, they identify their blended learning model as the key innovation to being better. Understanding Rocketship's finances is key to validating (or not) Rocketship's claim of efficiency.

Several themes run through this study. The first is Rocketship's relationship to the privatization movement in education. The second is how Rocketship's finances and funding drive its need to expand. The third is how Rocketship needs continued marketing and public relations to survive. These themes lead to the following research questions:

Research Questions

Research question #1 How are Rocketship's attributes and ~~behavior~~ ^{actions} similar to other privatization efforts in the United States?

Research question #2 How is Rocketship similar or different from other charter schools and charter school chains?

Research question #3 How has Rocketship structured itself to earn a return to investors?

Limitations and Validity

It is always fair to ask what the limitations of a study or research are, and how valid are its conclusions. High quality studies make an effort to address legitimate objections that might be raised. In addition, social science studies often have policy implications: "How should public policy change to advance the common good in light of the study's finding?"

Limitations

Unfortunately, in general, there are more ways that a study could be limited than there are ways of producing a robust study. A single omission or error can doom a study, but to be valuable and to be able to withstand objections, a study has to get everything right. These issues are not as acute for case studies, like this dissertation, because no data amenable to statistical analysis ^{are} ~~is~~ being collected or analyzed. Instead, the question is, “Has the study captured everything of relevance?”

In this dissertation, since I’m examining Rocketship’s finances, I need to assure myself that I have gathered *all* the relevant financial data. In principle, independent auditor’s annual reports would be sufficient because the purpose of an independent annual [financial] audit is to present all of the material and financial information needed by regulators, investors, employees, and other stakeholders. Fortunately, there are supplemental data that have the same coverage: the annual budget, and the first and second interim reports. All four should match ~~pretty~~ closely when they are compared.

Since Rocketship schools are charter schools, there are additional sources of financial data which are available. Charter schools, to be approved, must submit a petition, one of whose required elements is a description of “financial statements that include a proposed first-year operational budget, including startup costs, and cashflow and financial projections for the first three years of operation.” (CA Ed. Code §47605(h)). Similarly, charter school renewals have a financial component. Finally, if a charter school is a nonprofit public benefit corporation as Rocketship Education is, there are additional federal financial reporting requirements (IRS Form 990). Again, the data in these documents should tell roughly the same story.

To sum up the limitations of this dissertation, the financial reporting net around Rocketship is comprehensive. However, there is a big loophole: charter schools in

California are allowed to contract out all of their operations to a for profit corporation which may keep its finances secret. Effectively, these charter schools can evade most but not all of the financial reporting requirements that apply to nonprofit public benefit charter schools. Rocketship is, however, a nonprofit corporation, so it must expose all of its finances, and anything which is not reported may be obtained using a CPRA (California Public Records Act) request.

Validity

Validity can be assessed in two ways. Internal validity is the extent to which a study accurately and completely characterizes its subject. External validity is the extent to which a study can be generalized.

Demographic Data

FiXme Note: Garbled. Needs fixing. Understanding the context in which charter schools operate is important because that is where Rocketship gets its customers. With exceptions, charter school chains mostly serve marginalized communities. Understanding why this is so requires data on the demographics of the communities and the children they serve. That data might include:

The Significance of This Study

FiXme Note: Weak. Expand. This case study is the first to examine the finances of a charter school chain that employs a blended pedagogical model. It is hoped that policy makers will use the findings of this study to strengthen charter school law in California and elsewhere.

Theoretical and Conceptual Frameworks

According to Cynthia Grant and Azadeh Osanloo, creating and understanding the theoretical framework for one's dissertation is "one of the most important aspects in the research process." They liken the theoretical framework of a dissertation to the blueprints that define a house. It defines both the organization and structure of a dissertation as well as what counts as elements and their relationships.

the researcher's understanding of how the research problem will best be explored, the specific direction the research will have to take, and the relationship between the different variables in the study. (pp.16–17)

Further,

the conceptual framework offers a logical structure of connected concepts that help provide a picture or visual display of how ideas in a study relate to one another within the theoretical framework. (p.17)

This dissertation uses a case study approach within a public policy framework.

Public Policy as a Theoretical Framework

FiXme Note: Explain & expand Finance is governed primarily by policies set by state legislatures in the form of taxes, grants, and borrowing capacity (Aguinaldo et al., 2020), and as such, charter school finance is a public policy issue. In the educational realm Brighthouse et al., in *Educational goods* use a values, evidence, and decision-making framework "to make judgments about how well specific policies are likely to realize valued outcomes" (Brighthouse et al., 2018, p.1). Since these three concerns show up in many public policy books (Bueno de Mesquita, 2016; Clemons & McBeth, 2021; Fowler,

2013; Gupta, 2011), a public policy framework is appropriate to use when examining Rocketship's finances.

The discipline of public policy sanctions a wide variety of tools and techniques when analyzing issues. Public policy has been studied for years (there are public policy departments in many universities) and it is a mature area of academic research. As in most academic fields, there have been fierce debates about the merits and robustness of a particular approach compared to alternatives, but at a high level, what to do is generally agreed upon.

Two keys to identifying alternatives during policy formation and later when evaluating consequences is choosing or creating a model and forecasting. Models identify what is going to be studied and their relationships, and forecasting is a prediction of the future whose consequences are (hopefully) identified in a model. Scott E. Page lists 26 different models in *The model thinker* that have been used in science, business, and medicine. Dipak K. Gupta in *Analyzing Public Policy* devotes roughly half of his 400 page book to different analytic techniques.

A Case Study Approach as a Practical Framework

^{A case study}
~~Case studies~~, as a format for a dissertation, has been described as, "A detailed study of a specific subject, such as a person, group, place, event, organization, or phenomenon" and "Case studies are good for describing, comparing, evaluating and understanding different aspects of a research problem" and "A case study is an appropriate research design when you allows you to explore the key characteristics, meanings, and implications of the case." (McCombes, 2019) Two papers go into detail about using the case study approach: Crowe et al. (2011) and Rashid et al. (2019). Yin's textbook, *Case study research and applications*, provides a detailed methodology for doing case study research well. ~~k~~

A case study framework for public policy research is ideal. That framework is well-known and has been associated with public policy analysis for years. Two excellent guides to public policy are available. The first is Francis C. Fowler's book, *Policy studies for educational leaders*, now in its fourth edition. It offers the broadest and most complete treatment of public policy specifically in the field of education. The second is a text book on public policy, *Public Policy Praxis* by Randy S. Clemons and Mark K. McBeth, also in its fourth edition. An additional comprehensive treatment of public policy can be found in Gupta (2011).

A Review of the Literature

American schools have allegedly been in desperate need of reform practically ~~ever since~~ ^{since their inception.} ~~American schools existed.~~ A succession of educators and reports have documented the alleged abysmal state of American education. Prior to the Civil War, Horace Mann introduced reforms which were widely copied (Pulliam & Van Patten, 2007, p. 147). Later, John Dewey, a leader in the progressive era, preached reform, but it wasn't until the publication of *Nation at Risk* in 1983 that the modern zeal for education reform really ~~took~~ ^{escalated.} ~~off.~~ J.D. Pulliam and J.J. Van Patten list 29 major education reform reports from 1982 to 2005 (p.252). The idea that American public education needs reform was repeated constantly, despite evidence to the contrary, and through this repetition became accepted wisdom. The answer to this desperate need ^[sic] was to take public education out of the hands of faceless bureaucrats and subject it to the rigors of free markets which would ^{supposedly} increase efficiency, choice, and quality. The answer to this alleged need was vouchers and charter schools.

No amount of research, it seems, could dispel the *idée fixe* that American education was in dire straits and piecemeal changes were not enough to make substantive changes. No matter what J. R. Henig (1994) or D. C. Berliner and Biddle (1995) or Nichols et al. (2007) or Glass (2008) or D. Berliner and Glass (2014) said, the idea that American education needed reform persisted.

What is astonishing is that Jeffrey R Henig's book, *Rethinking school choice*, which came out a mere three years after the passage of the nation's first state charter school law in Minnesota³ and two years after the second in California⁴ lays out the basic arguments against charter schools. Henig says, "[T]he real danger in the market-based choice proposals is not that they might allow some students to attend privately run schools at

³Laws of Minnesota 1991, chapter 265, article 9, section 3

⁴Education Code, Title 2, Division 4 Part 26.8, §47600 *et. seq*

public expense, but that *they will erode the public forums in which decisions with societal consequences can democratically be resolved.*" [emphasis added] (J. R. Henig, 1994, *xiii*).

To be clear, there are public schools, primarily in inner city ^{lower income communities} ~~ghettos~~, that do not serve their students in any meaningful way, and have rightly been ^{referred to as} ~~called~~ school-to-prison pipelines (Heitzeg, 2009; Roithmayr, 2014, pp. 104–107). But it is also clear that those schools have been systematically underfunded for decades; their dismal performance is likely the result of the poverty of their neighborhoods and their lack of funding, not the other way around. The CSBA's Education Legal Alliance Adequacy Committee found that there exists a "substantial gap in funding between what K-12 education [in California] receives and what K-12 education needs in order to meet the standards prescribed by the state (Bray, 2015, *iii*). Likewise, David R. Garcia says in *School Choice* that the "existence and importance of the issues that reformers believe plague public education are based as much on tradition and reputation as they are on tangible research evidence" (Garcia, 2018, p. 54).

In other words, the belief that that American schools were in crisis is not supported by the evidence. But the idea that American schools are in crisis has been relentlessly promoted, and sheer repetition has turned fiction turned into fact; charter schools then become an idea whose time had come. Charters didn't take off until "education reformers across party lines realized that charter school laws could be crafted in ways that made it possible to open nonunion public schools, or even allow public schools to be managed by for-profit companies" (Goldstein, 2015, p. 172).

This literature review will first look at charter schools, their origins and early research, before examining the types of charters which exist now. Then it looks at the various models of charter schools like virtual charter schools, charters which use blended learning, and charter management organizations before taking a close look charter schools in Santa Clara County and in Rocketship in particular. It ends with consideration

of the finances of charter schools, especially virtual or blended charter schools.

A History of Charter Schools

Charter schools (private⁵ schools, but publicly financed) had an ugly origin in the post-*Brown v Board of Education* era as a method to prevent the court's mandate to educate. It was almost one hundred years later that charter schools became the preferred vehicle for privatizing public schools for profit.

The Origins of Charter Schools in Segregation

The first charter schools were not founded for educational or economic reasons. Charter schools had their origin in the aftermath of *Brown v. Board of Education*, 347 U.S. 483 (1954). “[*Brown*] was the genesis of school choice as a public policy mechanism.” (Garcia, 2018, p. 8) In the Deep South, academies sprung up as part of the massive resistance to the U.S. Supreme Court's unanimous 1954 ruling that:

The segregation of children in public schools solely on the basis of race, even though the physical facilities and other tangible factors may be equal, deprives the children of minority group of equal educational opportunities, and amounts to a deprivation of the equal protection of the laws guaranteed by the Fourteenth Amendment to the Federal Constitution (LexisNexis, 1954).

In order to circumvent *Brown*, white parents in eleven states formed thousands of private schools, and until the early 1970's, these segregation academies received public funds (Rooks, 2017, p. 81). These origins of charter schools have been amply documented, in Frankenberg et al. (2010), Frankenberg et al. (2011), and especially in Suitts (2019). Michelle Alexander in *The new Jim Crow* (Alexander, 2011, p. 235) quotes Rosenberg (1991,

⁵Private schools are allowed to choose their students; public schools are not.

p. 52) “The statistics from the Southern states are truly amazing. For ten years, 1954–1964, virtually *nothing happened*”

Not a single black child attended an integrated public grade school in South Carolina, Alabama, or Mississippi as of the 1962–1963 school year. Across the South as a whole, a mere 1 percent of black school children were attending school with whites in 1964—a full decade after *Brown* was decided (Klarman, 1994, p. 9).

These segregation academies still exist, but instead of excluding children of color the way segregation academies did, they only include children of color and they are no longer called segregation academies but are called instead charter schools.

In the years after *Brown*, some localities went further than merely forming segregation academies. Prince Edward County in Virginia closed all of its schools for five years rather than integrate. Others closed pools, parks, zoos, and recreational facilities instead of integrating. This continued until a 1968 Supreme Court ruling put a stop to the practice. (Brennan, 1968)

The irony is that charter schools started life as 100% white, and now, when they serve minority students, these minority students are intensely segregated. Frankenberg et al. (2019, p. 47) note that

Nearly three out of four students in the typical black student’s charter school are also black. This indicates extremely high levels of isolation, particularly given the fact that black students comprise less than one-third of charter students. Latino isolation is also high, but not as severe as for blacks or whites across all charter schools.

Nikole Hannah-Jones, in her keynote speech at the Network for Public Education's Fourth Annual Conference, said that it has never been the case that a majority of African-Americans have attended majority white schools ("Nikole Hannah-Jones's keynote speech at the Network for Public Education, 4th Annual Conference," 2017). She then added ruefully, that this was quite a feat considering that African-Americans make up only 13% of the population of the United States. Orfield and Frankenberg (2014) note that the percent of African-Americans in majority white schools rose from 0% in 1954 to a peak of 43.5% in 1988 before steadily declining to 23.2% in 2011. (Table 3: Percent of Black Students in Majority White Schools, 1954–2011 Orfield & Frankenberg, 2014, p. 10)

"Nikole Hannah-Jones's keynote speech at the Network for Public Education, 4th Annual Conference" also commented that American public education doesn't even live up to the Separate but Equal doctrine espoused in *Plessy v. Ferguson* and overturned in *Brown v. Board of Education*: ^{segregated?} ~~ghetto~~ schools are profoundly unequal.

Charter Schools, Free Markets and Privatization

Just a year after *Brown*, Milton Friedman published his article "The Role of Government in Education" in *Economics and the Public Interest* that reframed charter schools as an economic problem in education instead of as a solution to court-ordered integration. No longer would charter schools be morally tainted by their association with virulent racism, but rather charter schools would break the government's monopoly on education by creating a free market where parents could choose the best alternative from an array of competing choices.

In 1981, Ronald Reagan ran and became President of the United States based on a platform of less government is better government. This platform included eliminating the U.S. Department of Education ("The Republican Party platform of 1980," 1980). True, eliminating the Department of Education is not the same as shutting down an entire

1 school district the way white parents did in 1964, but the thought is there.

2 Now, only liberty and freedom matter, in education, as in other fields. It's "school
3 choice" or bust; school choice is proffered not only as *the* panacea for all that ails America's
4 schools, but it is touted as the morally right thing to do. With no trace of irony, President
5 Donald Trump framed school choice as the "civil rights issue of our time" in a garbled
6 statement at the signing of an executive order on Safe Policing for Safe Communities:

7 School choice is the civil rights statement of the year, the decade and
8 probably beyond. Because all children have to have access to quality
9 education. A child's zip code in America should never determine their future
10 (Lennox, 2020).

11 Education reformers have latched on to the notion that schools need to be privatized
12 and freed from bureaucratic control for reasons of efficiency, increased flexibility, and
13 accountability (Garcia, 2018, p. 63). This claim is made despite CMOs and EMOs
14 themselves being bureaucracies.

15 In 2015, Bruce Baker and Gary Miron identified four major policy concerns with the
16 privatization of public education:

- 17 1. A substantial share of public expenditure intended for the delivery of
18 direct educational services to children is being extracted inadvertently
19 or intentionally for personal or business financial gain, creating
20 substantial inefficiencies;
- 21 2. Public assets are being unnecessarily transferred to private hands, at
22 public expense, risking the future provision of "public" education;
- 23 3. Charter school operators are growing highly endogenous, self-serving
24 private entities built on funds derived from lucrative management fees
25 and rent extraction which further compromise the future provision of
26 "public" education; and

4. Current disclosure requirements make it unlikely that any related legal violations, ethical concerns, or merely bad policies and practices are not realized until clever investigative reporting, whistleblowers or litigation brings them to light.

(Baker & Miron, 2015, p. 3)

In California at least, these policy concerns have not been addressed in the six years since Bruce Baker and Gary Miron wrote about them.⁶

Charter schools are now just one of the many forms of *privatization*, when public functions are performed by private parties. Privatization is a manifestation of the corporate takeover of the world. More than fifty years ago, G. William Domhoff published the first of seven editions of *Who rules America?* (Domhoff, 2014) in which he argues that corporations and the corporate elite really run the United States, and by extension, the world. Si Kahn and Elizabeth Minnich make much the same point in their book *The fox in the henhouse: How privatization threatens democracy* (Kahn & Minnich, 2005). They list “[s]chools, prisons, welfare, Social Security, water and sewer systems, buses, trains, subways, highways, waterways, sanitation systems” (Kahn & Minnich, 2005, p. 30) as examples of formerly government run functions that are in whole or part privatized. They could have also listed postal mail, air traffic control, space travel, and now every facet of education, as being wholly or partly privatized.

Privatizers and corporations make money by providing goods or services that customers pay money for. But that’s not the only way. In addition, they can

- Obtain tax benefits
- Invest in other firms
- Invest in financial instruments
- Obtain a monopoly

⁶Changes in policy to address some of these concerns have been strenuously opposed by charter school advocates. For example, the California Charter Schools Association opposed an accountability bill, AB1316 *School accountability: financial and performance audits: charter schools: contracts*. (2021–2022), which merely sought to expose to public scrutiny charter school finances.

- Engage in fraud, corruption, or outright theft
- Engage in self-dealing
- Obtain grants or loans on favorable terms
- Sell what doesn't belong to them
- Avoid paying for externalities
- Pay below market rates for good or services
- Inflate enrollment
- Skew public-private partnerships to create unearned profits
- Engage in pay-for-success contracts
- Offer social impact bonds

School choice has been relentlessly marketed and promoted by the “Billionaires Boys Club”, a phrase used by Diane Ravitch in *The Death and Life of the Great American School System*. The Waltons, Eli Broad, Bill Gates, the Koch brothers, the Zuckerbergs, and Laurene Jobs, are all on the list of the 500 richest people in the world. Their collective wealth exceeds half a trillion dollars, and they are busily engaged using that wealth to fix the very problems that their accumulation of wealth caused. Anand Giridharadas whose book, *Winners Take All*, has the subtitle *The Elite Charade of Changing the World*. It's a “Trying-to-Solve-the-Problem-with-the-Tools-That-Caused-It issue” he says. (Giridharadas, 2018, p. 142).

The impact of the ^{philanthrocapitalism? billionaire influence?} ~~Billionaires Boys and Girl Club~~ on education cannot be emphasized enough. Bill Gates made \$2B in grants aimed at creating smaller schools. (Gates, 2009, p. 11) He eventually abandoned the effort for lack of results. Gates was also instrumental in funding the creation of the Common Core State Standards whose premise was that if we have high academic standards, then student outcomes will improve. There is evidence that this is true **FiXme Note: Needs a reference.** ^{when students' basic needs are met.} but high standards can only affect outcomes if and only if students don't come to school hungry, have a stable place to live, feel safe at home and at school, and when traveling between the two.

Charter Schools in the United States

Charter schools are one of several different kinds of school choice that are or have been available in the United States. Vouchers, private schools, home schooling, several kinds of educational savings accounts, freedom-of-choice plans, magnet schools, and open enrollment are all forms of school choice.

Home schooling accounts for less than 5% of all the students in United States. Private schools enroll 12 or so percent of students. Magnet school account for a couple of percent. Charter schools, as mentioned in the Introduction, account for 6.5% of all students, so roughly, the various form of school choice account for a quarter of all American students.(Garcia, 2018, pp. 5, 15, 35)

The first charter schools, other than segregation academies, were founded in Milwaukee, Wisconsin in 1991, followed by California starting in 1993. Conceptually, charter schools were based on an amalgam of ideas from Milton Friedman, Albert Shanker, and Ray Budde. Milton Friedman, as we've noted above, came at it from an ideological point of view couched in economic terms. Albert Shanker, in 1988, in a speech at the National Press Club, proposed that *teachers* in conjunction with *parents* be allowed to form a school *within* a school district. There was no mention of competition, or free markets, or even of charter schools. Shanker's speech emphasized curriculum, and learning, not governance or finance. Ray Budde first thought of charter schools in the early 1970s, but his proposal generated no interest and it wasn't until 1988 that he published his ideas (Budde, 1988).

Charter Schools in California

Charter schools, in California as elsewhere in the United States, enter into a contract (charter) with a chartering authority that specifies what they are to do and how, and in

return, are exempt from the entirety of California's Education Code (with the exception of five technical provisions). The California Legislature intended by enacting the *The Charter School Act of 1992*⁷ (Ed. Code §47600) that the charter schools

- a) Improve pupil learning.
- b) Increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for pupils who are identified as academically low achieving.
- c) Encourage the use of different and innovative teaching methods.
- d) Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the schoolsite.
- e) Provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system.
- f) Hold the schools established under this part accountable for meeting measurable pupil outcomes, and provide the schools with a method to change from rule-based to performance-based accountability systems.
- g) Provide vigorous competition within the public school system to stimulate continual improvements in all public schools.

It is important to keep these seven goals in mind because when is all said and done, charter schools have contractually agreed to these goals in return for funding, independently of whatever other goals they explicitly specified in their charter. Note, in particular, that nothing has been said about profitability, and in fact, California enacted a prohibition against for-profit charter schools (Ed. Code §47604 et seq.) in 2018.

The act has been amended many times in its nearly 30 years of existence, but its intent has remained the same.

⁷Current California law can be accessed at <https://leginfo.legislature.ca.gov/faces/home.xhtml>. California Regulations are accessed at <https://ccr.oal.ca.gov>. California's Education Code (Ed.Code) is at <https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=EDC&tocTitle=+Education+Code+-+EDC>

Types of Charter Schools

Charter schools can broadly be classified along three axes:

authorizer/oversight What entity approved their charter and who will exercise oversight of their operations?

profit/non-profit Are they intended to generate a profit, or are they strictly non-profit?

in-person/blended/virtual Are their classes in-person, virtual, or a blend of the two?

Charter School Authorizers and Oversight Charter schools in California are subject to potentially a three step process to gain authorization to operate. The first step is to submit a petition to the school district in which the charter wishes to reside. This petition must contain a number of required elements, all of which are specified in Education Code §47605(c)(5)(A–O), the so-called “15 Required Elements (A–O elements)” (Aguinaldo et al., 2021, p. 89). Besides some technical details, the petition must contain a description of the charter’s annual goals which must align with state priorities, for all pupils and for various subgroups; how these outcomes are to be measured; how the charter is to achieve a racial and ethnic balance similar to its district, and its governance structure.

If the petition contains all the required elements, then the public school district may or may not approve the petition, with or without additional stipulations. If the public school district denies the charter school’s petition, the charter school may appeal that denial to County Board of Education (CBOE) of the county in which it resides, and if the CBOE denies the charter school’s appeal, under certain circumstances, the charter school may appeal to the State Board of Education (SBE). A denial by the SBE terminates the process.

Types of Charter Schools Public school districts (LEAs, local education agencies, in the parlance of the CDE) may authorize one several kinds of charter schools. A district may

Table 1: Attributes of Private, Charter, and Public Schools in California

Attribute	Private	Charter	Public
Funding	private	tax dollars	tax dollars
Governance	self-appointed	self-appointed	elected board
Duration	unlimited	time-limited	unlimited
Ed. Code	no	no	yes
Taxation Powers	none	none	limited
Facilities Bonds	yes	yes	yes
Enrollment	limited	limited	unlimited
Unionized	rarely	perhaps	usually
Curriculum	completely flexible	flexible	mostly fixed
Standardized Testing	no	yes	yes
Accountable	no	authorizer	state & parents
Teacher Certification	sometimes	usually	often not
Teacher Pension	perhaps	perhaps	yes

sponsor a charter school directly, in which case they exercise the most oversight. These dependent charter schools are authorized by the local public school board and are subject to the board's jurisdiction. It is possible for all the schools in a district to convert to charter schools, and then the public school board becomes the charter school board.

Magnet schools are considered one kind of school of choice, but are not chartered. They exist as just another school within a public school district, albeit one with a distinct focus, perhaps the arts, science, or career technical education.

A summary of the attributes of types of schools in California is given in Table 1 on the current page.

Profit-Making Status Until the 2019–20 school year, charter schools could be run directly or indirectly by a profit-making organization. California now prohibits profit-making organizations, either a single school or a charter management organization, from submitting an initial charter school petition or a renewal.

Even though profit-making charters are banned, there's more than one way to skin a

cat. Charter operators can contract with outside firms to provide services, and those firms may be profit-making firms. Charter operators were able to lease, buy, or sell their facilities, and those rental or sales or purchases can generate a profit. Charter operators may charge their schools a management fee or an expansion fee. Charter operators are not restricted in the salaries they pay administrators.

However, charter school board members have recently become subject to the conflict-of-interest laws specified in Government Code (Gov. Code) §§1090–1099 and §§87100–87314. Generally, government officials are prohibited from benefiting financially from their positions as public servants, but it remains to be seen if these conflict-of-interest laws will prevent profiting by school board members.⁸

Types of Instruction Charter schools, unlike almost all public schools, vary in their instructional format. In-person instruction is the same as most brick-and-mortar schools. Virtual charter schools have no face-to-face instruction; everything is mediated by some sort of technology, typically, video. Blended instruction, unsurprisingly, is a blend of the in-person and virtual instruction.

Virtual charter schools have been studied extensively by Alex Molnar, Gary Miron and others and at the National Education Policy Center, University of Colorado, Boulder since 2013. (Gary Miron et al., 2019; Miron & Gulosino, 2016; Miron et al., 2018; Molnar, 2014, 2015, 2017; *Virtual Schools in the U.S.* 2013, 2013) Their findings over the course of nine years are depressingly consistent: virtual school not run by a public school district significantly underperform public schools. Their conclusions are echoed by Garcia (2018) and Woodworth et al. (2015). Yet, despite being clearly academically inferior to public schools, the number of students attending virtual schools has risen year after year. Their

⁸The law is necessarily complex. Two useful guides are Chaney et al. (2010) and Kevin Ennis et al. (2016) (which run to nearly 300 pages). A more general guide to local government ethics is “Understanding the Basics of Public Service Ethics” from California’s Institute for Local Government.

pre-pandemic growth seems to be slowing, but their performance, compared to brick-and-mortar schools, has not measurably improved.⁹ (Gary Miron et al., 2019, p. 11).

Virtual charter schools are fully online. Blended charter schools, on the other hand, offer some sort of face-to-face interaction with a teacher. But they too offer only marginally better educational outcomes than fully virtual charter schools (Gary Miron et al., 2019, p. 52).

Surveys of Charter School Research

In the last decade, researchers have published several surveys of the research on charter schools. The prior two decades were somewhat experimental and different enough that the research that came out of that period is less relevant than the research done more recently because so little was known. Chronologically, the first study is “Beyond ideological warfare: the maturation of research on charter schools” by Joanna Smith et al. which is a systematic review of charter school research as it existed in 2011. Smith et al. (2011) are interested, not so much in the conclusions, but how the research was performed, how was it structured, what facets of charter schools did the study look at, and what was the subject of the research in order to “separate empirical evidence from politicized conjecture” (p. 460). Five years later, Dennis Epple et al. did much the same, but concentrated on the technical aspects of study design (Epple et al., 2016). One valuable observation Epple et al. made was to clarify exactly what research question was being answered by a particular study. Often the answer was much narrower or significantly different than the research question(s) that authors set out to answer. Mark Berends in “Sociology and School Choice” chose as his focus the various theories

⁹Although *Charter Schools in Perspective: A Guide to Research* is otherwise an excellent summary of the research on charter schools, they incorrectly state (p.117) that there is little research of online or virtual charter schools. The authors must not be aware of the NEPC series on virtual charter schools. However, according to Gary Miron et al. (2019, p. 117), there is only one study on blended charter schools.

that researchers used when looking at the social organization of charter schools. In addition to the previously mentioned *Charter Schools in Perspective: A Guide to Research*, the most recent survey (2019) is by Ron Zimmer et al. In *Nearly three decades into the charter school movement, what has research told us about charter schools?* they look at who is served, racial segregation effects, both academic and non-academic outcomes, management structure, and financial effects. Garcia (2018), in Chapter 3 (pp. 91–146), contains much material on the research evidence which guides (or should guide) school choice policies. His goal is to present general trends that “reflect the weight of the evidence” (p. 93).

Rocketship

Rocketship is well-known in the charter school world. It even has been the subject of a “biography”, *On the rocketship* (Whitmire, 2014), a distinction shared with only one other charter school, Geoffrey Canada’s Harlem Children’s Zone. Its supporters routinely describe it as “high performing”, “deserving of huge credit”, and “dynamic”. It is “nationally lauded”. Rocketship schools, it is claimed, outperform some of the best public schools in the country. Rocketship “believe[s] that every student deserves the right to dream, to discover, and to develop their own unique talent”.

Rocketship is one of the largest non-profit blended charter school management organization in the United States. They operate 21 schools in three states and Washington, D.C.; thirteen in California, three in both Nashville, TN and Washington, D.C., and two in Milwaukee, WI. In Santa Clara County, CA, they have eight TK-5 elementary schools authorized by the county that served 4,254 students in the 2019–20 school year plus 1240 students in two district authorized schools.

Founders and Supporters

Rocketship was founded by John Danner and three others in 2007. Danner, had significant teaching and charter school experience prior to Rocketship, as did Don Shalvey (Aspire Public Schools) and Jennifer Andaluz (Downtown College Prep). The fourth member of the founding group was Eric Resnick, a hedge fund manager who had a “a deep understanding of financial management and real estate transactions” (Danner, 2006, p. 13). The inclusion of Resnick, an expert in real estate transactions, at the very beginning of Rocketship, is interesting because one of the preferred ways for charter school funders and founders to make money is via real estate deals. John Danner eventually left Rocketship in 2013 to found Zeal, an online math tutoring tool, and was replaced by Preston Smith as CEO.

Not mentioned in the first charter petition, nor in the Articles of Incorporation of Rocketship Education, the owner of the first Rocketship school, were Preston Smith, Matt Hammer, and Reed Hastings. Smith became the first principal of the Rocketship’s first school, Mateo Sheedy, and is listed as a Rocketship co-founder in the charter petition for Rocketship’s second school. Hammer brought Danner and Smith together, and has relentlessly promoted charter schools through his advocacy non-profit, Innovate Public Schools.¹⁰ Hasting proselytized Rocketship to the larger charter school community and when Hastings promised Rocketship \$250K for each of the first eight Rocketship schools they opened (Whitmire, 2014, p. 50), his donation caught the attention of philanthropic venture funds.

¹⁰<https://innovateschools.org/>

Table 2: Rocketship schools in Santa Clara County, California

School	Type	Opened	Renewed	Notes
Mateo Sheedy	District appeal	2007	2009, 2015	Denied by SJUSD, approved by SCCOE
Sí Si Puede	District appeal	2009	2011, 2017	Denied by ARUSD, approved by SCCOE
Los Sueños	Countywide	2010	2015	SCCOE countywide charter
Discovery Prep	Countywide	2011	2016	SCCOE countywide charter
Mosaic	District	2011	2016	Approved by ARUSD
Brilliant Minds	Countywide	2012	2017	SCCOE countywide charter
Alma Academy	Countywide	2012	2017	SCCOE countywide charter
Spark Academy	District	2013	2018	Approved by FMSD
Alum Rock	District appeal	—		Denied by ARUSD, approved by SCCOE, withdrawn 2015
Fuerza	Countywide	2014	2018	SCCOE countywide charter
Rising Stars	District appeal	2016		Denied by FMSD, approved by SCCOE

Rocketship History

The first Rocketship school, Mateo Sheedy, opened in Santa Clara County in 2007. Rocketship's initial petition to the San José Unified School District was denied, so they were forced to appeal to the Santa Clara County Board of Education, which did grant their petition. Over the years, Rocketship opened ten schools in Santa Clara County. Of those ten, only two were authorized by a public school district. The remainder were either countywide charters or charter schools whose petitions were denied but subsequently approved by Santa Clara County.

Rocketship Finances

Charter schools have a number of financial needs. They need startup funds, operating funds, and many times, funds to expand. Rocketship is no exception. The *operations* of online and blended charter schools are funded by federal, state, and local governments, but funding *expansion* may or may not be funded with tax dollars, depending on the laws of a particular state. The difference between what's funded at taxpayer expense and

what's not must somehow be funded with outside money. Regardless, startup money is needed for facilities, desks and chairs, administrator salaries, legal fees, curriculum materials, etc., all of this before even one student registers. Since state funding is tied to attendance, this means that startup funding is necessary.

One may ask why Rocketship has always intended to expand. Rocketship, like many other CMOs and EMOs, needs to expand in order to increase revenue enough to be profitable. A single school is not profitable enough, but by using economies of scale, a "portfolio" of charter schools might be.

Rocketship Expansion Funding

In California, startup charter school funding has waxed and waned, in part because federal funding has varied. Currently, The U.S. Department of Education provides startup funds to states under the Charter Schools Program State Educational Agency (SEA) grant program¹¹. The federal charter school funding programs are listed in National Charter School Resource Center (2020). The booklet *The federal charter schools program: 2020 annual report* notes that

At the core of the Charter Schools Program are the Grants to State Entities (SE Grants). The State Entity program offers competitive grants to states, which then make subgrants within their states to *open new charter schools and replicate or expand existing charter schools* [emphasis added] (National Alliance for Public Charter Schools, 2020).

Funds like the New Schools Venture Fund¹² and the Charter School Growth Fund I & II¹³ exist to fund the development and expansion of charter schools and charter management organizations.

¹¹<https://www2.ed.gov/about/offices/list/oii/csp/funding.html>

¹²<https://www.newschools.org/>

¹³<https://chartergrowthfund.org/>

In 2007, when Rocketship Mateo Sheedy was started, Rocketship used lines of credit and loans to fund its beginning (Danner, 2006, p. 260). Now, charter schools have many more options for funding startup or operations.

Rocketship Expansion Difficulties

In 2014, the Santa Clara County Office of Education and Rocketship were sued by four public school districts: Alum Rock, Mount Pleasant, Franklin-McKinley and Evergreen. At issue was the SCCOE's bulk authorization of twenty countywide Rocketship charter schools. Sixteen months, 17,500 pages of evidence, and an estimated \$435,000 later, Rocketship, the public school districts. and Santa Clara County settled (Noguchi, 2015). As part of the settlement, Rocketship agreed to withdraw 13 of the 20 charters so far authorized. Since one countywide charter has already been withdrawn, that left six potential charters still authorized but as of yet, unopened. So far, it appears that Rocketship has decided to expand in locations other than Santa Clara County: San Pablo and Concord, California, Nashville in Tennessee, Milwaukee in Wisconsin, Washington, D.C. and Fort Worth in Texas.

Other Aspects of Charter School Finances

In California, Rocketship, like brick-and-mortar schools, must submit annual budgets, annual CAFRs, and since 2015, LCAPs which cover three years. LCAPs detail how a school will use its funds to improve educational outcomes for foster youth, English learners, and low-income student (Aguinaldo et al., 2021, pp. 66–84). All three must be approved by the school's board after a public hearing. LCAPs are particularly interesting because they detail how taxpayer money will be spent on state priorities (currently there are eight) along with the metrics which will be used to show progress.

Rocketship and Privatization

Some contend that the purpose of charter schools, be they brick-and-mortar, virtual, or blended, is merely to disguise a money-making operation (Saltman, 2018). Whitmire (2014), now on the board of Rocketship Education, makes note of the role that private venture funds played in Rocketship financing (Whitmire, 2014, pp. 25, 65), and it is instructive to remember that private, for-profit venture funds exist to make money. True, they often are “double bottom line” grantors (Clark et al., 2004), but as Tewksbury (2016, p. 75), citing Ball (2012, p. 32), makes clear

... particularly with the added case of Rocketship, a blended learning chain of charter schools, is that the NSVF [New Schools Venture Fund] is using its clout to further blur the lines between for-profit and nonprofit educational projects and organizations, thus smoothing the groves [grooves?] for marketizing educational policy and practices. Ball (2012) makes the connections and rationalities clear: “Symbolically, philanthropy provides an ‘acceptable’ alternative to the state in terms of its moral legitimacy. It has also provided a kind of rehabilitation for the form of capital that were subject of ‘ill repute’ in the public imagination. Strategically, philanthropy has provided a “Trojan horse” for the modernizing move that opened the ‘policy door’ to new actor and new ideas and sensibilities.”

Forms of Privatization

If privatization is merely profit-making in charitable clothing, then examining the forms that privatization take will allow us to look at charter school finances to see if they match what privatizers do. If there’s a match it’s highly likely that charter schools are principally money-making operations and not educational institutions. This is so because it is

unlikely that an educational institution would structure itself as money-making
operations structure themselves; the incentives, benefits and disadvantages of each
approach don't overlap.

The Basic Form of Privatization

The *modus operandi* of privatization is:

1. Choose a robust revenue stream funded by the government.
2. Ruthlessly lower costs from the norm.
3. Replicate or scale.

This is exactly what CMOs and EMOs (see page 32) are doing. Since charter schools have
positioned themselves as being in competition with TPSs, they need to do at least as well
as brick-and-mortar schools, or appear to do so. This calls for creative marketing, so
pro-charter advocacy organizations, some university-affiliated institutions or think tanks
have been harnessed to churn out pro-charter puff pieces which are regularly debunked.¹⁴

- Lobby state representatives
- Fund pro-charter board candidates

The techniques and vehicles that are used by philanthro-capitalists are impressive.

K.J. Saltman lists the following in *The swindle of innovative educational finance* (pp.xii–xiii):

- social impact bonds,
- higher education lending and student income loans,
- charter school real estate, tax credit, and municipal schemes, and
- so-called philanthrocapitalist educational technology schemes.

Marachi and Carpenter (2020), Burris and Cimarusti (2021), Scott (2009), Baker and
Miron (2015) all make the same point: education is big business, and a lot of people are
making a lot of money out of it.

¹⁴The National Educational Policy Center (<https://nepc.colorado.edu>) in the School of Education at the University of Colorado (Boulder) currently has over 150 NEPC Fellows who aim “to produce and disseminate high-quality, peer-reviewed research to inform education policy discussion” on a wide variety of topics. They often review pro-charter school research[sic].

Charter and Educational Management Organizations

Ironically, one of the selling points of charter schools is that they do away with the bloated bureaucracies of public schools, and yet more students are educated in “education service providers”, a label that is sometimes used to cover both nonprofit charter school management organizations (CMOs) and for profit charter school management organizations (EMOs) (Miron et al., 2021, p. 9).

Future Research

Save this for the discussion section

One of the realizations that comes from researching charter schools is exactly how massive the marketing of charter schools is. Not only are there think tanks that churn out reports extolling every possible benefit of charter schools, but there are many advocacy organizations whose only purpose is to advocate, advocate, advocate. And behind these think tanks, advocacy organizations, and charter schools, funding them, are a network of right-wing, secretive donors, captains of industry.

- Is there a relationship between LCFF supplemental and concentration grants and Rocketship locations?
- How many charter school facilities bonds have defaulted?
- What factors make a location desirable to a charter school?
- What is the IRR (internal rate of return) of charter school venture funds?
- How have the **Billionaires Boys Club** divvied up the spoils? I.e. Why is there no competition among charter schools in a district?

Research Design and Methodology

This dissertation is (a) a case study using (b) a public policy lens to examine (c) the finances of Rocketship Education. A case study is an in-depth examination of one topic that is limited in space or time. Public policy is the set of rules, laws, regulations, and mores that affect the behavior of an element of society. It is “the decisions, measures, programmes, strategies and courses of action adopted by the government or the legislative body” (Knill & Tosun, 2020, p. 3). Public policy mandates and constrains Rocketship Education’s behavior and how it structures its finances to meet its goals.

The remainder of this section first looks at case studies and what the criteria for doing good case study research are, and then outlines how charter and public schools are financed in California by first looking at the normal, common financial disclosures made by all districts and schools, including charter schools. Then, the section will look at disclosures which are unique to charter schools.

It is important to have a comprehensive picture because it is only then that one can identify anomalies. Understanding this is key making sense of why charter schools (financially) what they do. **FiXme Note: Fix wording.** Then, this section will look at available data sources that bear upon charter school finance and what they might be able to tell us about the choices that charter schools and charter school management organizations make. Fortunately, multiple data sources of financial exist which allows *triangulation* to be used.

Triangulation is a method used to increase the credibility and validity of research findings. Credibility refers to trustworthiness and how believable a study is; validity is concerned with the extent to which a study accurately reflects or evaluates the concept or ideas being investigated. Triangulation, by combining theories, methods or observers in a research study, can help ensure that fundamental biases arising from the use of a single method or a

single observer are overcome. (Noble & Heale, 2019).¹⁵

Case Studies

Case studies can be judged along four axes: construct validity, internal validity, external validity, and reliability Yin (2018). In addition, to be convincing, case studies need to explore rival explanations for the phenomena they've brought to light.

Construct Validity

Construct validity is the extent to which a case study's choice of what to measure actually measures what it claims to measure. If we choose to use the financial statements of Rocketship Education and associated entities, will they provide a comprehensive picture of Rocketship's finances? There are actually two questions being asked:

1. Are financial statements which exist trustworthy?
2. Do financial statements provide a complete view into Rocketship's finances?

An answer to the first question can be provided by looking at Enron and noting that it is possible to fool all of the people for quite a long time. Further, there is a constant stream of charter school fraud that's being uncovered, despite requirements for annual audits. Lastly, there is one special case: the complete absence of financial statements. Many charter school chains are operated by another entity which is privately owned. As private entities, these charter school operators are entitled to keep their finances secret. So, unfortunately, the answer must be, no, the financial statements which do exist, if they exist, are not trustworthy. These financial statements are, however, all we have, and triangulation can go a long way in filling gaps.

¹⁵Triangulation does not imply exactly three concepts or ideas; often, as is in this dissertation, more than three concepts, ideas, data are combined in the analysis.

Under the heading of “where there’s smoke, there’s a fire”, one can infer that
 whenever a for-profit charter school chain refuses to open its books to public inspection,
 there is something of material significance it wishes to hide. A peek behind the curtain
 might be possible by going through any bond prospectuses with a fine toothed comb.

FiXme Note: Eliminate the overused metaphors. yes!

Internal Validity

Internal validity concerns the completeness and appropriateness of any proposed cause for
 a set of phenomena. Yin says,

[T]he concern over internal validity, for case study research, extends to the
 broader problem of making inferences. Basically, a case study involves an
 inference every time an event cannot be directly observed. An investigator
 will “infer” that a particular event resulted from some earlier occurrence,
 based on interview and documentary evidence collected as part of the case
 study. Is the inference correct? Have all the rival explanations and
 possibilities been considered? Is the evidence convergent? Does it appear to
 be airtight? (Yin, 2018)

This dissertation depends on the completeness and accuracy of documentary
 evidence, namely, financial statements. These are declared to be true and accurate, to the
 best of the preparer’s knowledge, under penalty of perjury, which is a pretty strong
 guarantee of their truthfulness and accuracy. **FiXme Note: Is this ¶ relevant to the
 questions posed by Yin?**

External Validity

External validity is the extent to which a study’s finding can be applied to other events or
 situations. Can the explanations given be applied to other charter school chains? If the

purpose of this study is to change public policy to better serve kids, then the phenomena examined, described, and explored should be useful in more than just Rocketship's case.

Reliability

A case study is said to be *reliable* when similar findings obtain from similar data. Would another researcher come to the same conclusions when presented with Rocketship's financial data? If the answer is yes, then the case study may be said to be reliable.

Rival Explanations

Rival explanations are alternative ways of looking at the data and drawing alternative conclusions. **FiXme Note: Expand**

Finance

Explaining the finances of Rocketship Education is the heart of this dissertation. Where do their revenues come from? Where are they spending that revenue? And, critically, does Rocketship enable other entities to make money?

As an example of the latter, it is possible that Rocketship Education might use its revenue stream as collateral and issue bonds which are purchased by entities unrelated to education such as hedge funds or wealthy individuals. All bonds are risky to some extent, some much more than others, and the purchasers of those bonds are compensated for taking on that risk by being paid interest on the amount borrowed. An immediate question comes to mind: Is the interest rate appropriate for the risk being taken on? Answering that question entails comparing Rocketship Education to other, similar borrowers. If the interest rate is higher than expected, then Rocketship Education is effectively giving some of its revenue away. Another question one might ask is, "How is

Rocketship Education spending its bond proceeds?” Are those expenses in line with what other charter school chains or public school districts are spending their bond proceeds on? **FiXme Note:** Answering questions like these accurately, completely, and rigorously requires understanding not only Rocketship Education’s finances, but also the finances of other schools or school districts to make comparisons. In addition, one must also dig deeply into how entities associated with Rocketship Education, might or might not benefit that association.

Fortunately there are numerous publicly available sources of charter school financial data which can supply the raw material needed for triangulation. Five of them, petitions/renewals, budgets, interim financial statements, CAFRs, and LCAPs, must be submitted under penalty of perjury. **FiXme Note: Verify** Petitions are presented at the start of a charter school’s life and whenever a charter needs to be renewed. Budgets are defined by a trio of reports. First is an annual budget which defines how a charter school will spend its revenues in the following fiscal year. Next are two unaudited interim reports, the 1st Interim Report and the 2nd Interim Report which track spending versus budget. Last, issued in the following fiscal year, is the audited Comprehensive Annual Report (CAFR). Lastly, the LCAP explains how a school’s expenditures in the upcoming year will support the children identified by the state as needing support to achieve the goals set by the state, and how the school spent its revenues in the previous year to support students needing extra support in the prior year.

For example, here are some sources of financial data specific to charter schools.

1. Every charter school in California is required to present to a chartering authority a petition which must contain certain required elements before they are allowed to begin operation. The absence of one of these elements is grounds for denying the charter’s petition to operate. What is the intent of the charter school? How is the charter school going to measure its success or failure? What population is it targeting? And, what are its financial projections?

These petitions run anywhere from a hundred or so pages to over a thousand. They contain a wealth of data on curriculum, demographics, pedagogy, discipline, teacher recruitment, and, of course, on the charter school's finances.

2. Once a charter has been granted the right to operate, it must file annually with the California Department of Education certain forms that detail its revenues and its expenses. State law also mandates an annual audit by an independent accounting firm. Charters must also file with their County Office of Education. All together, these forms should provide a complete picture of a charter school's finances, and crucially, everything should balance.

Charters must also publish at a public meeting an annual budget, and they, just like TPSs, cannot spend unbudgeted money unless the governing board approves at a public meeting any changes.

3. A major source of financial data are the annual, audited, consolidated financial statements of Rocketship Education. Equally, audited financials are available for non-profits associated with Rocketship Education. These statements should provide a comprehensive view of Rocketship's finances, but looking backwards, for the previous year.

Similar to bond underwriters (see below), financial auditors are liable for "omitting, misstating, or obscuring [items which] could reasonably be expected to influence decisions that the primary users make on the basis of those financial statements" (Cayamanda, 2020), and this tends to increase the diligence of the auditors. However, potential liability doesn't always result in truly comprehensive financial statements; sometimes the lure of accounting fees overwhelms any misgivings, as was the case with Enron and Arthur Andersen in 2001.

4. There are federal forms that non-profits need to file that provide some financial data. The most interesting seems to be IRS Form 990, Return of Organization Exempt from Income Tax.
5. Bond prospectuses are also a source of financial information. When bonds are issued, they are described in detail in a prospectus. These prospectuses, in addition to specifying the terms (e.g. interest rate, repayment schedule, collateral) of the bond, contain information relevant to assessing the risk associated with purchasing that bond.

Bond prospectuses can be mined for data that might not appear in petitions and financial statements because bond underwriters are "potential liability for any

material misrepresentations or omissions contained in a registration statement or prospectus” (Block et al., 2008). This liability, of course, is not unlimited. If bond underwriters exercise due diligence or the misrepresentation is not material, they are likely not liable. Crucially, the definitions of *material misrepresentation* and *due diligence* depended on both statute and case law, so a bond underwriter can only guess at their liability. The result is that bond underwriters are likely to be more diligent than is absolutely necessary.

All of these sources should be in basic agreement, i.e. the LCFF funding received by a Rocketship charter school should match what the state thinks it’s sending to the school, what the school reports to the state it received and spent, what independent auditors report the school receives and spends, and what it actually spends, naturally after accounting for revenue sources other than LCFF. If these figures are not in agreement, something is amiss and should be investigated.

Examples of Financial Statements

To make the discussion of these financial statements more concrete, here are some examples drawn from the Los Altos School District (LASD) for the 2019-20 school year. The LASD documents make good models because they have consistently won the Meritorious Budget Award for Excellence from the Association of School Business Officials International for the quality and comprehensiveness of its financial statements.

Only a few financial statements are needed to get a good overall picture of a school or district’s finances. These are:

- Annual Budget
- Comprehensive Annual Financial Report
 - Government Fund Balances
 - Summary of Net Position
 - Change in Net Position
 - Net Costs of Services
 - Capital Assets

- Long-term Liabilities
- Local Control Accountability Plan (LCAP)

Budgets

Budgets, in California, are the first of four important financial documents that schools produce during a fiscal year. For any given fiscal year (July 1–June 30), the first financial document is the annual budget, a forward looking financial statement. Next are two (unaudited) interim reports which track how well the school or district is adhering to the approved annual budget, and finally, after a certified public accountant has audited the school or district, a comprehensive annual financial report which purports to be an accurate, retrospective account of the school or district's financial activity.

Figure 1 on the facing page is a summary, an overview of a school's finances. It shows (at a high level) what a school's revenues were and roughly where they came from, what a school's expenses were, again at a high level, and whether they were in balance or not. It is the equivalent of a business income statement.

When looking at financial statements, one should look for two things:

- Unusually large (or small) entries or unusual changes.
- Unusual ratios

Figure 1 on the next page is only a snapshot in time, so detecting unusually large or small entries, or unusual changes is not possible. (It is with Figure 4 on page 44 which compares two years.) However, one can note some ratios, such as the percentage of expenses spent on salaries and benefits. 80.18% is in line with what is typical of elementary school districts in California. One can calculate that the state-wide average for all districts for 2019-20 is 83.71% using the Data Table at www.ed-data.org/state/CA.

Calculating this ratio brings up a general issue: What is the appropriate comparison group? In this particular case, the Ed-Data web site does not have county-level financial

	General Fund	Special Revenue Funds	Capital Project Funds	Total All Governmental Funds
REVENUES				
LCFF/Revenue Limit Sources	48,960,469	-	-	48,960,469
Federal Revenue	1,128,389	-	-	1,128,389
Other State Revenue	3,799,074	-	-	3,799,074
Other Local Revenue	15,253,502	42,250	2,013,980	17,309,732
TOTAL REVENUES	69,141,434	42,250	2,013,980	71,197,664
EXPENDITURES				
Certificated Salaries	26,804,421	-	-	26,804,421
Classified Salaries	11,964,000	-	-	11,964,000
Employee Benefits	18,838,463	-	-	18,838,463
Books & Supplies	1,508,676	-	-	1,508,676
Services & Other Operating Expenditures	8,879,712	300,000	2,715,938	11,895,650
Capital Outlay	235,312	-	258,400	493,712
Other Outgo	8,262	-	332,803	341,065
TOTAL EXPENDITURES	68,238,846	300,000	3,307,141	71,845,986
Excess (Deficiency) of Revenues Over Expenditures	902,588	(257,750)	(1,293,161)	(648,322)
OTHER FINANCING SOURCES/USES				
Interfund Transfers In	-	300,174	-	300,174
Interfund Transfers Out	-	-	(300,174)	(300,174)
TOTAL OTHER FINANCING SOURCES/USES	-	300,174	(300,174)	-
NET INCREASE/(DECREASE) IN FUND BALANCE	902,588	42,424	(1,593,335)	(648,322)
BEGINNING FUND BALANCES	5,440,096	3,630,240	24,295,150	33,365,486
ENDING FUND BALANCES	6,342,683	3,672,664	22,701,816	32,717,164

\$1 dollar difference in General Fund Ending Fund Balance due to rounding error.

Figure 1: LASD All Funds Summary (Kenyon, 2019, p. 38)

data, so the only comparison which can be made is at the state level. But should the state-level comparison group be all districts, or just elementary school districts? Again, the Data Table tab on www.ed-data.or/state/CA does not filter by type of district (although the Graph tab does), so, in this case, using just the Ed-Data data, our choices are forced. More generally, the most appropriate comparison group is usually the smallest, available group which shares what's being compared.

The equivalent of a business balance sheet, which identifies assets and liabilities, is

Table 1: Summary of Net Position				
	June 30, 2019	June 30, 2020	Change	Percentage Change
Assets				
Current and Other Assets	\$ 20,044,318	\$ 65,493,755	\$ 45,449,437	227%
Capital Assets	89,045,541	221,076,448	132,030,907	148%
Total Assets	\$ 109,089,859	\$ 286,570,203	\$ 177,480,344	163%
Deferred Outflows of Resources	\$ 22,094,579	\$ 19,321,134	\$ (2,773,445)	13%
Liabilities				
Other Liabilities	\$ 2,665,639	\$ 22,680,079	\$ 20,014,440	751%
Long Term Liabilities	141,558,936	269,006,215	127,447,279	90%
Total Liabilities	\$ 144,224,575	\$ 291,686,294	\$ 147,461,719	102%
Deferred Inflows of Resources	\$ 5,549,865	\$ 9,680,588	\$ 4,130,723	74%
Net Position				
Net Investment in Capital Assets	\$ 37,623,977	\$ 64,225,229	\$ 26,601,252	71%
Restricted	7,726,718	6,825,216	(901,502)	12%
Unrestricted	(63,940,697)	(66,525,990)	(2,585,293)	4%
Total Net Position	\$ (18,590,002)	\$ 4,524,455	\$ 23,114,457	124%

Figure 2: Summary of Net Position (Kenyon, 2021, p. 6)

the statement of net position. Figure 4 on page 44 shows LASD's net position at the end of the 2019–20 school year. Note that unlike a balance sheet, a statement of net position does not balance; assets are not exactly equal to liabilities.¹⁶

Comprehensive Annual Financial Reports (CARFs)

There are just a few key statements that provide a good overall picture of the financial state of a school:

¹⁶Business accountants achieve this seemingly impossible equality by adding a fudge factor, *owner's equity*, so that *assets = liabilities + equity* always, exactly.



Figure 3: Change of Net Position (Kenyon, 2021, p. 7)

Local Control Accountability Plans (LCAPs)	1
Petitions & Renewals	2
Data sources	3
• Initial and renewal charter school petitions	4
• Material and recordings (when available) of authorizer approval meetings	5
• Marketing material, print and online, created by Rocketship	6
• Financial data on Rocketship schools provided to authorizers and to the California Department of Education	7
• Court records that involve Rocketship	8



Figure 4: Net Cost of Services

(Kenyon, 2021, p. 9)

- 1 • Standardized test score results
- 2 • Annual, approved budgets, and audited annual actuals
- 3 • Annual Comprehensive Financial Reports (CAFRs)
- 4 • Demographic data from counties, states, and the federal government
- 5 • Data from many hundreds of studies of public education or charter schools
- 6 • Longitudinal data from the U.S. Department of Education and various states
- 7 • Data collected by advocacy groups and think tanks
- 8 • Databases such as those on American elections and voters, school funding fairness,
- 9 and from the U.S. government.
- 10 • Initial and renewal petitions



Figure 5: Capital Assets
(Kenyon, 2021, p. 10)

11	• Santa Clara County, Charter Schools Department	
	• California Department of Education and the State Board of Education	1
	• SEDA	2
	• EdSource, Ed-Data, & other aggregators of educational data	3
	• NCES/IES	4
	• NAEP, ECLS-K, CAASSP & API scores	5



Figure 6: Long-term Liabilities
(Kenyon, 2021, p. 11)

Findings and Results

1

Research Question #1

2

Research Question #2

3

Discussion

1

Abbreviations

FiXme Note: Expand these definitions

CAFR Comprehensive Annual Financial Report

CDE California Department of Education

CMO charter school management organization, a non-profit operator of multiple charter schools

COE County Office of Education

COVID-19 COronaVirus Disease 2019, the pandemic caused by the SARS-CoV-2 virus

CSBA California School Boards Association

DOE U.S. Department of Education

EMO education management organization, a for-profit CMO

LCAP Local Control and Accountability Plan, the

LCFF Local Control Funding Formula, the funding formula used by California since 2013–14

LEA local education agencies

SACS Standardized Account Code Structure

SARC School Accountability Report Card

SARS-CoV-2 Severe Acute Respiratory Syndrome CoronaVirus #2, which caused the COVID-19 pandemic

SCCBOE Santa Clara County Board of Education

SCCOE Santa Clara County Office of Education

SCC Santa Clara County

TPS Traditional Public School, i.e. a brick-and-mortar school

Glossary

blended learning A method of teaching where both in-person instruction and virtual instruction are used.

charter school A quasi-private school that is publicly funded but privately run.

chartering authority A governmental entity that grants charter schools the authority to operate and which provides oversight. In California, a chartering authority could be a public school district, a county office of education, or the California Department of Education.

public school Public schools are funded by taxes and are governed by a publicly elected Board of Trustees. Public schools accept any and all students who wish to enroll, at any time of year, regardless of race, national origin, sexual orientation, gender, religion, or citizenship.

typical or neuro-typical children Children without special needs.

unduplicated pupils The State of California augments school district revenue on a per pupil basis for every pupil that qualifies for free or reduced price lunch, or is an English language learner, or is a foster youth, but only on an unduplicated basis. Notably, children with special needs are not considered *unduplicated pupils*. Neither are homeless children.

References

- Agenda, P. (2018). *Charter Schools in Perspective: A Guide to Research*. Public Agenda.
http://www.in-perspective.org/files/CharterSchoolsInPerspective_GuidetoResearch.pdf
 updated 2018
- Aguinaldo, L., Fry, D., Garcia, B., Gray, J., Heckler, D., Herrera, P., Hyland, K., McEntire, R., Miyashiro, R., Phillips, M., Speck, S., Kathleen Spencer, & Underwood, M. M. (2020). *School Funding and Accountability in California: 2020 Edition*. School Services of California, Inc.
- Aguinaldo, L., Fry, D., Garcia, B., Gray, J., Heckler, D., Herrera, P., Hyland, K., McEntire, R., Miyashiro, R., Phillips, M., Speck, S., Kathleen Spencer, & Underwood, M. M. (2021). *School Funding and Accountability in California: 2021 Edition*. School Services of California, Inc.
- Alexander, M. (2011). *The new Jim Crow: Mass incarceration in the age of colorblindness* (Revised edition). New Press
 OCLC: ocn656451603.
- Baker, B., & Miron, G. (2015, December). The business of charter schooling: Understanding the policies that charter operators use for financial benefit.
- Ball, S. (2012). *Global Education Inc.: New Policy Networks and the neo-Liberal Imaginary*. New York: Routledge. Routledge.
- Berends, M. (2015). Sociology and School Choice: What We Know After Two Decades of Charter Schools. *Annual Review of Sociology*, 41(1), 159–180.
<https://doi.org/10.1146/annurev-soc-073014-112340>
- Berliner, D., & Glass, G. (Eds.). (2014). *50 Myths & Lies That Threaten America's Public Schools*. Teachers College Press.
- Berliner, D. C., & Biddle, B. J. (1995). *The manufactured crisis: Myths, fraud, and the attack on America's public schools*. Basic Books.
- Block, D. J., Hoff, J. M., & Bloomstein, J. (2008, March 26). *Underwriter Due Diligence In Securities Offerings*. Findlaw. Retrieved July 21, 2021, from
<https://corporate.findlaw.com/finance/underwriter-due-diligence-in-securities-offerings.html>
 Reprinted with permission from the May 27th issue of the New York Law Journal
- Bray, K. J. (2015). *California's challenge: Adequately funding education in the 21st century*. California State Boards Association. West Sacramento, CA 95691. Retrieved July 4, 2019, from <https://www.csba.org/Advocacy/~media/CSBA/Files/GovernanceResources/Reports/2015CaliforniasChallenge-Adequacy.ashx>

Green v. County School Board of New Kent County.

Brey, C. de, Snyder, T. D., Zhang, A., & Dillow, S. A. (2021, February). *Digest of Education Statistics 2019, 55th Edition* (No. 2021-09). National Center for Education Statistics. Retrieved February 28, 2021, from <https://nces.ed.gov/pubs2021/2021009.pdf>

Brighouse, H., Ladd, H. G., Loeb, S., & Swift, A. (2018). *Educational goods: Values, evidence, and decision-making*. University of Chicago Press.

Brown v. Board of Education, 347 U.S. 483 (1954). <https://cdn.loc.gov/service/ll/usrep/usrep347/usrep347483/usrep347483.pdf>

Budde, R. (1988). Education by charter: Restructuring school districts. <http://files.eric.ed.gov/fulltext/ED295298.pdf>

Bueno de Mesquita, B. (2016). *Political economy for public policy*. Princeton University Press.

Burris, C., & Cimarusti, D. (2021, March). *Chartered for profit: The hidden world of charter schools operated for financial gain*.

California Department of Education. (n.d.). *Enrollment for Charter and Non-Charter Schools - Santa Clara County* (Online data reporting portal). California Department of Education. Retrieved May 5, 2021, from <https://dq.cde.ca.gov/dataquest/DQCensus/EnrCharterLevels.aspx?cds=43&aggllevel=County&year=2020-21>
ItemType: dataset

Cayamanda, K. (2020, December 29). *Materiality Threshold in Audits - Overview and Methods*. Corporate Finance Institute. Retrieved July 21, 2021, from <https://corporatefinanceinstitute.com/resources/knowledge/accounting/materiality-threshold-in-audits/>

Chaney, D. S., Renner, J. K., & Morazzini, Z. P. (2010). Conflicts of Interest 2010 (T. Prim & E. V. Peth, Eds.). Retrieved April 8, 2021, from <https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf>

Clark, C., William Rosenzweig, David Long, & Sara Olsen. (2004, January). *Assessing social impact in double bottom line ventures*. Retrieved May 22, 2021, from https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/02/Report_Clark_DoubleBottomLineProjectReport_2004.pdf

Clemons, R. S., & McBeth, M. K. (2021). *Public policy praxis: A case approach for understanding policy and analysis* (4e). Routledge.

Crowe, S., Cresswell, K., Robertson, A., Huby, G., Avery, A., & Sheikh, A. (2011). The case study approach. *BMC Medical Research Methodology*, 11(1), 100. <https://doi.org/10.1186/1471-2288-11-100>

- Danner, J. (2006, May 1). Rocketship One Public School: Charter Petition. https://www.sccoe.org/supoffice/charter-schools-office/_layouts/15/DocIdRedir.aspx
- Domhoff, G. W. (2014). *Who rules America? The triumph of the corporate rich* (Seventh edition). McGraw-Hill Education.
- Epple, D., Romano, R., & Zimmer, R. (2016). *Charter schools: A survey of research on their characteristics and effectiveness* (w21256). National Bureau of Economic Research. Cambridge, MA. <https://doi.org/10.3386/w21256>
- Fowler, F. C. (2013). *Policy studies for educational leaders: An introduction* (4e). Pearson.
- Frankenberg, E., Siegel-Hawley, G., & Want, J. (2010). Choice without Equity: Charter School Segregation and the Need for Civil Rights Standards.
- Frankenberg, E., Ee, J., Ayscue, J. B., & Orfield, G. (2019). Harming our Common Future: 44.
- Frankenberg, E., Siegel-Hawley, G., & Wang, J. (2011). Choice without Equity: Charter School Segregation. *education policy analysis archives*, 19, 1. <https://doi.org/10.14507/epaa.v19n1.2011>
- Friedman, M. (1955). The Role of Government in Education. *Economics and the Public Interest* (p. 14).
- Garcia, D. R. (2018). *School Choice*.
- Gary Miron, Elgeberi, N., Barbour, M., Heurta, L., Rankin, S., & Rice, J. K. (2019). *Virtual Schools in the U.S. 2019* (Research Brief). National Education Policy Center, School of Education, University of Colorado. Boulder, CO. Retrieved April 10, 2020, from <https://nepc.colorado.edu/sites/default/files/publications/Virtual%20Schools%202019.pdf>
- Gates, B. (2009, January 25). 2009 Annual Letter. Retrieved May 21, 2021, from <https://docs.gatesfoundation.org/Documents/2009-bill-gates-annual-letter.pdf>
- Giridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. Knopf Doubleday Publishing Group.
- Glass, G. (2008). *Fertilizers, pills, and magnetic strips: The fate of public education in america*. Information Age Pub. <https://books.google.com/books?id=s4wyIF2RgxEC>
- Goldstein, D. (2015). *The teacher wars: A history of America's most embattled profession*. Anchor Books.
- Grant, C., & Osanloo, A. (2014). Understanding, Selecting, and Integrating a Theoretical Framework in Dissertation Research: Creating the Blueprint for Your "House".

- Administrative Issues Journal Education Practice and Research*, 4(2).
<https://doi.org/10.5929/2014.4.2.9>
- Gupta, D. K. (2011). *Analyzing Public Policy: Concepts, Tools, & Techniques* (2e). SAGE Publications.
- Heitzeg, N. A. (2009). —Education Or Incarceration: Zero Tolerance Policies And The School To Prison Pipeline”, 21.
- Henig, J. (2009). Chapter 3 How Cool Research Gets in Hot Waters: Privatization, School Choice, and Charter Schools. *Spin Cycle: How Research is Used in Policy Debates: The Case of Charter Schools* (pp. 33–55). Russell Sage Foundation.
- Henig, J. R. (1994). *Rethinking school choice: Limits of the market metaphor*. Pinceton University Press. <https://doi.org/10.1515/9781400821037>
- Institute for Local Government. (2016). Understanding the Basics of Public Service Ethics. Retrieved April 8, 2021, from https://www.ca-ilg.org/sites/main/files/file-attachments/ethics_booklet_full_v4.pdf
- Kahn, S., & Minnich, E. (2005). *The fox in the henhouse: How privatization threatens democracy*. Berrett-Koehler Publishers. <https://books.google.com/books?id=02J82AiJ4G8C>
- Kenyon, R. (2019, June 15). Los Altos School District Annual 2019-20 Budget. <https://www.lasdschools.org/files/user/1/file/Budget%20Book%202019-20%20Final.pdf>
- Kenyon, R. (2021, April 28). Comprehensive Annual Financial Report FY 2020. <https://www.lasdschools.org/files/user/1/file/CAFR%20YE%202020.pdf>
- Kevin Ennis, Osa Wolff, & Erica Vega. (2016). A Guide for Local Agency Counsel: Providing Conflict of Interest Advice (2016). Retrieved April 8, 2021, from <https://www.cacities.org/Resources-Documents/Resources-Section/Open-Government/Providing-Conflict-of-Interest-Advice>
- Klarman, M. J. (1994). Brown, Racial Change, and the Civil Rights Movement. *Virginia Law Review*, 80(1), 7. <https://doi.org/10.2307/1073592>
- Knill, C., & Tosun, J. (2020). *Public policy: A new introduction* (2nd edition). Macmillan International Higher Education.
- Lasswell, H. D. (1936). *Politics; who gets what, when, how*. Whittlesey house. https://books.google.com/books?id=e_6BAAAAMAAJ
- Lennox, S. (2020, June 17). *President Trump Calls School Choice the Civil Rights Issue of Our Time*. *pjmedia.com*. Retrieved March 27, 2021, from <https://pjmedia.com/election/stacey-lennox/2020/06/17/president-trump-calls-school-choice-the-civil-rights-issue-of-our-time-n542977>

Brown, et al. v. Board of Education of Topeka, Shawnee County, Kan. et al.

Marachi, R., & Carpenter, R. (2020, October). Silicon valley, philanthro-capitalism and policy shifts from teachers to tech. *Strike for the common good: Fighting for the future of public education*. University of Michigan Press.
<https://doi.org/10.3998/mpub.11621094>

McCombes, S. (2019, May 8). *How to Do a Case Study | Examples and Methods*. Scribbr. Retrieved January 17, 2021, from
<https://www.scribbr.com/methodology/case-study/>

Miron, G., & Gulosino, C. (2016). *Virtual Schools in the U.S.* 2016.

Miron, G., Gulosino, C., Shank, C., Elgeberi, N., Davidson, C., Alvarez, F. H. D., Jurdzy, B., Larsen, J., Pham, D., Ruder, K., Urdapilleta, L., & Urschel, J. (2021, February). *Profiles of For-Profit and Nonprofit Education Management Organizations: Fifteenth Edition*. Retrieved July 23, 2021, from
<http://nepc.colorado.edu/publication/emo-%20profiles-fifteenth-ed>

Miron, G., Shank, C., & Davidson, C. (2018). *Full-Time Virtual and Blended Schools: Enrollment, Student Characteristics, and Performance* (Research Brief). National Education Policy Center, School of Education, University of Colorado. Boulder, CO. Retrieved April 10, 2020, from https://nepc.colorado.edu/sites/default/files/publications/RB%20Miron%20Virtual%20Schools%202018_0.pdf

Molnar, A. (2014). *Virtual Schools in the U.S.* 2014.

Molnar, A. (2015). *Virtual Schools in the U.S.* 2015.

Molnar, A. (2017). *Virtual Schools in the U.S.* 2017. National Education Policy Center, School of Education, University of Colorado. Boulder, CO.

A Nation at Risk (ED 226 006). (1983). National Commission on Excellence in Education, Washington, D.C. Retrieved March 25, 2020, from
<https://files.eric.ed.gov/fulltext/ED226006.pdf>

National Alliance for Public Charter Schools. (2020, June 17). *The federal charter schools program: 2020 annual report*. National Alliance for Public Charter Schools. Washington, D.C. Retrieved May 24, 2021, from
https://www.publiccharters.org/sites/default/files/documents/2020-06/CSP%20Annual%20Report%20_%20Final.pdf

National Charter School Resource Center. (2020). *Accessing Federal Programs - A Guidebook for Charter School Operators and Developers*. NCSRC. Bethesda, MD. Retrieved May 24, 2021, from https://charterschoolcenter.ed.gov/sites/default/files/files/field_publication_attachment/Accessing%20Federal%20Programs%20-%20A%20Guidebook%20for%20Charter%20School%20Operators%20and%20Developers.pdf

- Nichols, S., Berliner, D., & Noddings, N. (2007). *Collateral Damage: How High-Stakes Testing Corrupts America's Schools*. Harvard Education Press.
<https://books.google.com/books?id=kaVhDwAAQBAJ>
- Nikole Hannah-Jones's keynote speech at the Network for Public Education, 4th Annual Conference. (2017, October 14–15). Oakland, CA. Retrieved September 16, 2020, from
<https://www.youtube.com/watch?v=6DUR5MxCyGY>
- Noble, H., & Heale, R. (2019). Triangulation in research, with examples. *Evidence-Based Nursing*, 22(3), 67–68. <https://doi.org/10.1136/ebnurs-2019-103145>
- Noguchi, S. (2015, April 1). *San Jose: Rocketship charter scales back grand expansion plans*. The Mercury News. Retrieved April 26, 2021, from
<https://www.mercurynews.com/2015/04/01/san-jose-rocketship-charter-scales-back-grand-expansion-plans/>
- Orfield, G., & Frankenberg, E. (2014, May 15). *Brown at 60: Great Progress, a Long Retreat and an Uncertain Future*. The Civil Rights Project, University of California at Los Angeles. <https://civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/brown-at-60-great-progress-a-long-retreat-and-an-uncertain-future/Brown-at-60-051814.pdf>
- Page, S. E. (2018). *The model thinker: What you need to know to make data work for you*. Basic Books.
- Pulliam, J., & Van Patten, J. (2007). *History of education in america*. Merrill.
<https://books.google.com/books?id=dgQkAAAACAAJ>
- Rashid, Y., Rashid, A., Warraich, M. A., Sabir, S. S., & Waseem, A. (2019). Case Study Method: A Step-by-Step Guide for Business Researchers. *International Journal of Qualitative Methods*, 18, 160940691986242. <https://doi.org/10.1177/1609406919862424>
- Ravitch, D. (2010). *The Death and Life of the Great American School System: How Testing and Choice Are Undermining Education* (Revised and Expanded). Basic Books.
- The Republican Party platform of 1980* [Archived by The American Presidency Project at the University of California, Santa Barbara.]. (1980). Retrieved March 27, 2021, from
<https://www.presidency.ucsb.edu/documents/republican-party-platform-1980>
- Roithmayr, D. (2014). *Reproducing Racism: How Everyday Choices Lock In White Advantage*. NYU Press.
- Rooks, N. M. (2017). *Cutting school: Privatization, segregation, and the end of public education*. The New Press.

- Rosenberg, G. (1991). *The hollow hope: Can courts bring about social change?* University of Chicago Press.
- Saltman, K. (2018). *The swindle of innovative educational finance*. University of Minnesota Press. <https://books.google.com/books?id=Hph5DwAAQBAJ>
- Scott, J. (2009). The Politics of Venture Philanthropy in Charter School Policy and Advocacy. *Educational Policy*, 23(1), 106–136.
<https://doi.org/10.1177/0895904808328531>
- Smith, J., Wohlstetter, P., Farrell, C. C., & Nayfack, M. B. (2011). Beyond ideological warfare: The maturation of research on charter schools. *Journal of School Choice*, 5(4), 444–507. <https://doi.org/10.1080/15582159.2011.624938>
- Solo, R. A. (Ed.). (1955). *Economics and the Public Interest*.
- Suits, S. (2019). Segregationists, Libertarians, and the Modern "School Choice" Movement. *Southern Spaces*, 57. <https://doi.org/10.18737/43330>. 2019
- Tewksbury, G. E. (2016). Schooling the Market: Venture Philanthropy, Field Building and the NewSchools Venture Fund, 206.
- Virtual Schools in the U.S.* 2013. (2013).
- Whitmire, R. (2014). *On the rocketship: How top charter schools are pushing the envelope*. Jossey-Bass.
- Woodworth, J. L., Raymond, M. E., Chirbas, K., Gonzalez, M., Negassi, Y., & Donge, C. V. (2015). *Online Charter School Study*. Center for Research on Education Outcomes (CREDO). Stanford University, Stanford, CA.
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (Sixth edition). SAGE.
- Zimmer, R., Buddin, R., Smith, S. A., & Duffy, D. (2019). *Nearly three decades into the charter school movement, what has research told us about charter schools?* (EdWorkingPaper: 19-156). Annenberg Institute at Brown University. Providence, RI.
<http://www.edworkingpapers.com/ai19-156>