

The Merrow Report "Education's Big Gamble: Charter Schools" #401;
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(Voice over): THREE YEARS AGO, THIS PLAYGROUND WAS DECAYING AND UNSAFE. NOT ANY MORE. THREE YEARS AGO, STUDENT PERFORMANCE WAS ABYSMAL. TODAY, STUDENTS ARE EAGER LEARNERS, IN ENGLISH AND SPANISH.

JOE LUCENTE: It was considered one of the two worst schools in the San Fernando Valley.

JOHN MERROW: And now?

LUCENTE: And I firmly believe it is one of the best, if not the best.

(Voice over): THEIR SCHOOL IS A CHARTER SCHOOL --A PUBLIC SCHOOL THAT HAS BEEN GIVEN FREEDOM FROM BUREAUCRATIC CONTROL, IN RETURN FOR PROMISING BOTH ACADEMIC ACHIEVEMENT AND FINANCIAL RESPONSIBILITY. TODAY, MORE THAN 600 CHARTER SCHOOLS IN ALL SHAPES AND SIZE ARE IN OPERATION. THE CHARTER SCHOOL BANDWAGON IS PICKING UP MOMENTUM...AND KEY POLITICAL SUPPORT.

PRESIDENT CLINTON: Our plan will help America to create 3000 of these charter schools by the next century. Nearly seven times as there are in the country today.

(Voice over): BUT THE RUSH TO CREATE CHARTER SCHOOLS HAS LED TO PROBLEMS.

KELLY GOODREAU: I taught Kindergarten, and I had ten minutes to explain to my class...boys and girls...I'm very sorry, I'm very sad....but I have to tell you that we're not having class any more. I'm not going to be your teacher any more.

ROXANNE FINLEY: And we read the bottom and it says that today is going to be the last school day and don't come to school tomorrow because none of the teachers are going to be there.

ERIC HELMING: So they were counted like gold and in the very end they were treated like dirt.

GOODREAU: We don't have any idea where...these children... the children are going to school or if they are in school.

LAWNDIA VENERABLE: Do I think I need to be thrown in jail because I intentionally set out to defraud the State of Arizona? No, I didn't set out to defraud the State of Arizona.

SEN. MARY HARTLEY: She misrepresented herself and her school and her enrollment to the state, so that's fraud.

JOHN MERROW (Standup): ARE CHARTER SCHOOLS JUST ANOTHER FORM OF GAMBLING---BUT WITH OUR TAX DOLLARS, AND OUR CHILDREN? OR IS AN EDUCATIONAL REVOLUTION BREWING, ONE THAT WILL CHANGE PUBLIC SCHOOLING AS WE KNOW IT? QUITE POSSIBLY, THE ANSWER TO BOTH OF THOSE QUESTIONS IS ÔYES.'

CREDITS:

JOHN MERROW (Standup): THE IMPORTANT POINT TO UNDERSTAND IS THAT THE PEOPLE INSIDE A PUBLIC SCHOOL---THE PRINCIPAL, TEACHERS, STUDENTS AND THEIR PARENTS---DO NOT MAKE MOST OF THE IMPORTANT DECISIONS ABOUT THEIR SCHOOL. SOMEONE ELSE DOES. SOMEONE ELSE WRITES THE CHECKS.

HERE IN NEW YORK CITY, FOR EXAMPLE, PEOPLE IN THE BUILDING BEHIND ME HAVE ULTIMATE POWER OVER 1,100 PUBLIC SCHOOLS. THEY WRITE CHECKS FOR NEARLY 100,000 PEOPLE.

TEACHER UNION CONTRACTS ALSO RESTRICT A SCHOOL'S POWER. OFTEN UNION CONTRACTS SPELL OUT WHO CAN TEACH WHAT, WHERE AND WHEN.

CHARTER SCHOOLS ARE DIFFERENT. PEOPLE INSIDE A CHARTER SCHOOL ARE IN CHARGE. THEY WRITE THE CHECKS. THEY MAKE THE KEY DECISIONS.

MERROW: How often do you call up the Los Angeles Unified School District and say,

"may we do this?"

LUCENTE: Never.

IRENE SUMIDA: Never.

LUCENTE: (LAUGHS) That's the secret of our success. We don't have to ask permission for anything.

(Voice over): JOE LUCENTE AND IRENE SUMIDA ARE PRINCIPALS OF FENTON AVE CHARTER SCHOOL. FENTON WAS A REGULAR PUBLIC SCHOOL---AND NOT A VERY GOOD ONE--- WHEN CALIFORNIA PASSED ITS CHARTER LEGISLATION IN 1993. SOME PARENTS AND TEACHERS SAW THAT AS AN OPPORTUNITY; THEY APPLIED FOR AND RECEIVED A CHARTER. THAT GAVE THEM THE FREEDOM TO CHANGE FENTON. THEY CHOSE JOE LUCENTE AND IRENE SUMIDA TO BE THEIR LEADERS.

MERROW: You can do whatever you want?

LUCENTE: Well...

SUMIDA: Well, within reason and within the bounds of our charter.

LUCENTE: We have a charter which we must adhere to. That is our bible, our operating guide, so to speak.

MERROW: So can you teach whatever you want?

LUCENTE: No, because the charter outlines...

SUMIDA: No, the charter outlines exactly what's gonna be taught.

(Voice over): A CHARTER IS A CONTRACT, PROVIDING FREEDOM AND ACCOUNTABILITY. IF A CHARTER SCHOOL DOES NOT ABIDE BY THE TERMS OF ITS CONTRACT, IT'S SUPPOSED TO BE SHUT DOWN. THAT'S THE ACCOUNTABILITY - HALF OF THE BARGAIN.

MERROW: Is it scary being out on your own like this?

LUCENTE: No. It's invigorating. I mean, we were apprehensive at first, I mean, that's obvious.

SUMIDA: At first.

LUCENTE: But it became readily apparent to us, I would say in the first few months that we were going to make it and we were going to make it very well.

(Voice over): TO MAKE IT, THEY HAD PROBLEMS TO SOLVE: A RUN-DOWN FACILITY, LOW TEST SCORES, AND POOR ATTENDANCE. STANDING IN THE WAY OF SOLVING THOSE PROBLEMS WERE TWO HUGE OBSTACLES - THE BUREACRACY OF THE SECOND LARGEST SCHOOL DISTRICT IN THE UNITED STATES, LOS ANGELES UNIFIED, AND A POWERFUL TEACHERS UNION THAT WAS OPPOSED TO CHARTER SCHOOLS.

SUMIDA : It was so new and no one else was doing it. We were going to be totally independent.

LUCENTE: And everyone was saying, 'you can't do that. You're going to fall on your face.' We heard that from the union, we heard that from the school board president. She stood there and directed it right at me. She said, 'when you find out how little money you're going to have,' she says, 'you're not going to want fiscal autonomy.' Well, I smiled because I already did my homework. I knew she didn't know what she was talking about.

(Voice over): WHAT JOE LUCENTE KNEW WAS THAT THE SCHOOL WOULD RECEIVE \$4,600 PER STUDENT. WITH 1134 STUDENTS, THAT CAME TO \$5.2 MILLION...AND NOT ONE DOLLAR OF THAT MONEY HAD TO BE SPENT IN A CENTRAL DISTRICT OFFICE. ALL OF THE MONEY COULD BE SPENT AT FENTON....A SCHOOL WHICH, BY THE WAY, NEEDED TO HAVE SOME MONEY SPENT ON IT.

LUCENTE: The first thing I noticed was the playground was in atrocious condition. It was really unsafe. I queried the district as to how we could get it fixed, repaired, resurfaced, whatever had to happen and they told me that we were on the list but it would

probably be thirty years before they would get to it, because there was no funding available, period.

(Voice over): BUT BECAUSE FENTON IS A CHARTER SCHOOL, IT DID NOT HAVE TO WAIT 30 YEARS, OR EVEN ONE YEAR. THEY MADE THE DECISION THEMSELVES, AND GOT IT FIXED. THAT'S HOW A CHARTER SCHOOL IS SUPPOSED TO OPERATE.

JAN BRYDLE: This is my first year here, I came in July from an LA unified school, and things get fixed. I remember I said to them, it was cold in my room, I couldn't get the thermostat unlocked, and that morning somebody came and unlocked my little thermostat box and it was fixed.

MERROW: How long would it have taken at your old school?

BRYDLE: Oh I don't even want to think about that.

SUSAN CORNELL: It's the difference between having to go through the channels like with LA Unified where you have to contact this office and that office, and then they send the guy in the field out to check and the other guy comes to fix it, the difference is we're hands on and we can take care of it. So you eliminate the middle man.

(Voice over): BUT THE MIDDLEMAN DOES NOT ALWAYS GO AWAY QUIETLY, PARTICULARLY WHEN IT'S THE SUPERINTENDENT OF SCHOOLS. JOE LUCENTE DISCOVERED THIS WHEN FENTON DECIDED IT WANTED TO RUN THE SCHOOL CAFETERIA ITSELF.

LUCENTE: I received a letter from the district superintendent Sid Thompson which said, quote, "You are not authorized to operate your own food services program." And I had to do something that was very difficult for me because I have a lot of respect for the man, but I had to write a letter back on Fenton Avenue Charter School letterhead and tell him, "Thank you, I appreciate your comments. However, I don't work for you, and the people I work for have directed me to operate this food services program and we will do so effective July first."

(Voice over): FENTON CANCELLED THE DISTRICT'S FOOD SERVICE CONTRACT AND TOOK OVER THE KITCHEN. IN LOW-INCOME AREAS SCHOOL MEALS MAY BE THE MOST SUBSTANTIAL ONE OF THE DAY, OR THE ONLY ONE, FENTON'S CAFETERIA NOW FEEDS EVERY CHILD REGARDLESS OF FAMILY INCOME. IT OFFERS THREE CHOICES FOR BREAKFAST, AND FIVE FOR LUNCH. FENTON'S STUDENTS ARE AWARE OF HOW THEIR SCHOOL HAS

CHANGED.

WENDY BARRERA: There wasn't these fancy computers, first of all. There was only one and it was a little old.

CARLA LOPEZ: The yard, it was the ground it was before was messed up and now they fixed it.

MERROW: So let's see now. Better food, computers...

DELACY WATTS: Bigger computers.

MERROW: Playground, smaller classes.

WATTS: More teachers.

MERROW: Okay, smaller classes, more teachers, anything else? That's five things so far.

BARRERA: Classrooms too.

LOPEZ: The bungalows.

MERROW: Oh new classrooms, okay, so what do you call them, bungalows?

BARRERA: Bungalows.

MERROW: So there's six big differences, is that right? Do we get any more?

LOPEZ: The studio and...

MERROW: That's the TV place?

LOPEZ: Yeah. And the paint on the bathrooms.

MERROW: Painted the bathroom. Do you think all these things happened because you're a charter school?

LOPEZ: Yeah.

WATTS: Most of them.

LOPEZ: And they also painted the whole school.

MERROW: How do you feel about you have to wear uniforms.

LOPEZ: Well I think it's good, and I think it's bad, too. It's good because it's keeping us safe from the violence outside of this school. I think it's bad also because because we have to wear the same thing over and over and over.

MERROW: Delacy, how do you feel about a uniform?

WATTS: I hate them. They don't match.

MERROW: What's the worst thing about this school?

WATTS: Homework.

LOPEZ: Homework.

BARRERA: Homework.

(Voice over): TOO MUCH HOMEWORK WAS NOT A PROBLEM WHEN JOE LUCENTE ARRIVED.

JOE LUCENTE: The Superintendent spent an hour and a half telling me what a hellhole I

was being assigned to. It was considered one of the two worst schools in the San Fernando Valley.

IRENE SUMIDA: I arrived at the school in 1991 and our test scores were single-digit numbers.

(Voice over): AS A CHARTER SCHOOLS, FENTON HAS THE FREEDOM TO MAKE CURRICULUM DECISIONS, WITHIN LIMITS.

SUSAN CORNELL: We still follow state guidelines. I mean, we're not exempt from education codes at large. And without question we are a really strong curriculum based school here. I mean, our push is curriculum and educating kids.

(Voice over): FENTON USES ITS FREEDOM. FOR EXAMPLE, THE SCHOOL IDENTIFIED A PROBLEM (ABYSMAL READING SCORES), EXAMINED ALTERNATIVES, CHOSE A NEW PHONICS READING CURRICULUM, AND BEGAN USING IT. THE ENTIRE PROCESS TOOK ONLY FOUR WEEKS. IN CONTRAST, CALIFORNIA RECOGNIZED A STATEWIDE READING PROBLEM AT ABOUT THE SAME TIME FENTON DID, BUT HAS YET TO IMPLEMENT SOLUTIONS.

LUCENTE: 93-94, our first year versus 94-95, our second year, test scores across the board went up 16.1 percent. Uh, second year comparison, 94-95 to 95-96, 7.9 percent across the board.

SUMIDA: But the best part of the story is our test scores for Spanish reading, after beginning to use this phonics program, went from the twentieth percentile to the sixty first percentile last year in reading for first grade. It really made a difference. We are using that same program now in a Spanish literacy class for adults in the evening.

(Voice over): FENTON'S FAMILY CENTER OFFERS DAY AND NIGHT CLASSES FOR THE PARENTS, GIVING THEM A SECOND CHANCE AT COMPLETING THEIR SCHOOLING. THE FAMILY CENTER PROVIDES ANOTHER BENEFIT: CHILDREN WHO SEE THEIR PARENTS GOING TO SCHOOL, ARE MORE LIKELY TO DO THE SAME THING. ATTENDANCE IS ANOTHER MEASURE OF ACCOUNTABILITY AT FENTON.

SUMIDA: We look at other areas like 'Are children coming to school? Are they coming to school more often and on time?' And yes they are. Attendance has improved greatly; in fact it's nearly ninety eight percent now.

LUCENTE: Yeah. We said in our charter we would increase it from then ninety precharter, to ninety five percent. We did that in our first year.

NatSot: Awards Assembly

MERROW: I heard an announcement, "teachers, you must leave the building by six o'clock."

LUCENTE: We have to chase them out (LAUGHS).

MERROW: I never heard that in all my years.

SUMIDA: (LAUGHS) Well, because we have security just until six tonight. Normally we have security until after eight.

LUCENTE: Normally they stay as long as they want. We have security here until 8:00.

MERROW: Most schools empty out a long, long time before six o'clock.

SUMIDA: That's right.

LUCENTE: Well, your crew was here early; they saw how many cars were in the parking

lot before seven this morning and we have to chase them out, literally. The key is

instruction. The key is your teaching staff and we have a high quality teaching staff.

SUMIDA: And they've made the difference.

(Voice over): ARRIVING EARLY AND STAYING LATE....THAT'S A CHALLENGE TO NORMAL PRACTICE.....AND TO UNION RULES. TEACHER UNION CONTRACTS SPELL OUT WORKING HOURS, WAGES, AND SENIORITY PRIVILEGES, RULES THAT APPLY TO ALL TEACHERS IN A DISTRICT. BUT BY LAW CHARTER SCHOOLS ARE EXCUSED FROM FOLLOWING THOSE RULES.

JEANETTE FOCOSI: Here there's a concentrated empowerment because we are physically autonomous, we are self governing, We do not make staff selection, or grade assignments by seniority, you know we do some things that are difficult, making hard choices. And to put children first rather than the teacher first.

MERROW: What's been the union's reaction to this charter school?

LUCENTE: Well, initially uh, their reaction was very negative. Uh, they advised teachers

to be extremely careful--that they were going to be losing their rights if they became a

charter school. Uh, they would lose their benefits. Uh, oh it just, all kinds of things

which really weren't true. They treated them more like they were renegades than they were

members of their own union.

FOCOSI: At first we scared them to death because we were giving up, they said you're giving up everything that we've worked so hard to attain.

MERROW: One of the things I heard, Sam, is that the union was obstructionist, that they were sending lawyers out here to talk to the teachers and saying, 'this isn't going to work, you're going to lose your benefits' and so on.

SAM KRESNER: I don't think that we were being obstructionist in what we were trying to do. I think we were trying to inform people of all the dangers, and wanted to make sure they made an informed decision.

FOCOSI: The union developed into another bureaucracy as heavy and big and as the district.

CORNELL: I think the union because of what it does, services 35,000 teachers, that their focus has to be different than our 50 some odd teachers here. That our issues are not necessarily the union's issues anymore.

KRESNER: We became a union because we were needed, and I think the best way to eliminate a union is to eliminate the need for a union.

(Voice over): THE UNION HAS NOT GONE AWAY, IN FACT IN SOME CITIES UNIONS ARE ADAPTING AND CHANGING...EVEN TO THE POINT OF HELPING RUN CHARTER SCHOOLS IN SAN DIEGO, PHOENIX, COLORADO SPRINGS, KAILUA, HAWAII AND NORWICH, CONNECTICUT.

FOCOSI: Right now we don't need a union, but I think we need to always be thinking about in the future. It serves a purpose, it's a watchdog.

(Voice over): JEANETTE FOCOSI EMBRACES HER NEW ROLE.

FOCOSI: We're revolutionaries here. You know, we're taking chances. And we manage our own funds. That gives us power, that gives us courage to take some risks.

(Voice over): TAKING RISKS AND ELIMINATING MIDDLEMEN HAS PAID OFF AT FENTON, AND NOT JUST IN BETTER ATTENDANCE AND HIGHER TEST SCORES. THE SCHOOL HAS ALSO SAVED MONEY. THE FIRST YEAR SURPLUS PAID FOR TECHNOLOGY AND CAMPUS IMPROVEMENTS. THE SECOND YEAR, THE SURPLUS WENT TO THE TEACHERS. EACH TEACHER RECEIVED A BONUS OF AT LEAST \$1,000.

(Voice over): FENTON'S ORIGINAL CHARTER IS FOR FIVE YEARS. IT EXPECTS TO BE RENEWED IN 1998, BUT, DESPITE FENTON'S IMPRESSIVE RECORD, THE LOS ANGELES UNIFIED SCHOOL DISTRICT HAS NOT SHOWN MUCH ENTHUSIASM FOR CHARTER SCHOOLS. L.A. UNIFIED, WHICH HAS 663 SCHOOLS, HAS APPROVED ONLY 15 CHARTER SCHOOLS, INCLUDING FENTON.

(Voice over): JOE NATHAN OF THE HUMPHREY INSTITUTE AT THE UNIVERSITY OF MINNESOTA HAS BEEN INVOLVED WITH CHARTER SCHOOLS FROM THE BEGINNING.

NATHAN: What I think that California shows is the power of the idea that teachers and parents all over the state, even given the enormous hurdles that they have to go through to get these schools, or to convert the schools, or to create new ones, they've been willing to do that because they're so desperate to create the kind of schools that they think make sense, and willing to be held accountable. Inner-city schools. Sacramento and Los Angeles and San Diego, have converted because these educators have said, "We know we're working with low income kids. We know we're working with kids from troubled families, and we're willing to be held accountable for results, if you'll just give us the freedom to control the budget and to control the personnel."

CORNELL: My perception of the charter schools is it lets us do as teachers and as a school what I've heard for the 22 years I've been in teaching, which is let us do it, give us the money, let us buy our own supplies, let us make our own choices, we know what's best for our kids. It's real hard for someone who's sitting downtown to know what's best for the children at Lake View Terrace and the kids in my room specifically. So what the charter does, is it lets us do that.

LUCENTE: These are children who have long been ignored, who have not had opportunity and we want to turn it around and change that label from disadvantaged to advantaged.

STANDUP: CONSIDER FOR A MOMENT HOW FENTON AVENUE CHARTER SCHOOL HAS USED ITS FREEDOM: FOR THE MOST PART, IT'S GONE "BACK TO BASICS": TO PHONICS, TO UNIFORMS, TO EMPHASIZING FAMILY, TO MAKING THE SCHOOL SAFE. BUT FENTON HAS ALSO EMBRACED TECHNOLOGY AND ITS PROVIDING FREE BREAKFAST AND LUNCH FOR ALL

STUDENTS.

FREEDOM MEANS JUST THAT: THE POWER TO MAKE DECISIONS, THE POWER TO DO WHAT SEEMS BEST. THAT VIRTUALLY GUARANTEES THAT EVERY CHARTER SCHOOL WILL BE ONE OF A KIND.

(Voice over): ALMOST NOTHING ABOUT THIS CHARTER SCHOOL IS TRADITIONAL. MINNESOTA NEW COUNTRY SCHOOL, IN RURAL LE SUEUR, OPENED IN 1994, TWO YEARS AFTER THE STATE OF MINNESOTA PASSED THE NATION'S FIRST CHARTER SCHOOL LAW. 7 TEACHERS AND 91 STUDENTS, GRADES 7-12, GO TO SCHOOL IN THREE STOREFRONTS, NEXT TO LOCAL BARS ON MAIN STREET. EVERYTHING ABOUT THIS CHARTER SCHOOL LOOKS, FEELS AND SOUNDS DIFFERENT.

NatSot: kid at computer with classical music

DEE THOMAS: Not all learning needs to take place in a room with four walls and twenty-five chairs. Learning can take place with kids on their own. Learning can take place you know, by putting a student with another student. Students teach each other. Students teach teachers.

(Voice over): WITH THIS PHILOSOPHY, THE SCHOOL ATTRACTED STUDENTS WHO WERE LOOKING FOR ALTERNATIVES.

AARON SIVER: I really wanted to learn. And I just moved over here anyways. And so I had the option of either going up to the regular high school or coming down here. But I had already been so far in high school that all that was really left for me to take is elective classes. And if that was the case I could just as well go here and learn a lot of things that I like to and get credit for them.

RYAN FISHER: Well, I was home schooled for about seven years before I came to the school. I have never gone to a public high school like the traditional classroom. I am taking one class currently there. But I was wanting to get more into some science areas and thinking of just going out and taking a class or two at the high school when we first began three years ago. And found out about this school. And it seems like a lot of I like home schooling but with more resources.

GRETA LIND: Well, I want to be a veterinarian and I have an opportunity to shadow a veterinarian, ride with them, otherwise I wouldn't have been able to do that at a regular

school.

FISHER: I'm doing a few apprenticeships in different companies around town. I'm learning programming. I'm also doing a project on photography, where I'm learning how to use my camera better, and how it actually works.

SIVER: Everyone works at their own speed. Those who want to get ahead can get way ahead and move onto something else.

FISHER: In math you have the option of either taking a class or working more on your own.

BRANDON RADEMACHER: Or you can set up something with the teacher where you are working with the teacher and working along with the class but you're off on your own working at your own speed with it.

MERROW: I'm sort of like a stodgy old adult here, but who keeps you on track?

FISHER: There are some students who can't keep on track or who just have a hard time working in those kinds of atmospheres. And for those students, it usually works better for them to go back to the traditional classrooms.

THOMAS: As we've put kids into self-paced curriculums and have them do items of interest, we find that they actually do some real deep questioning. And they do learning for learning's sake rather than learning for a grade.

(Voice over): DEE THOMAS WAS A PUBLIC SCHOOL PRINCIPAL BEFORE SHE CAME TO THE CHARTER SCHOOL. JOHN SCHULTZ RAN A SMALL BUSINESS AND SERVED ON THE LOCAL SCHOOL BOARD. BOTH BELIEVE IN NEW APPROACHES TO EDUCATION.

SHULTZ: What we are measured on is does the student become an effective uh problem-solver? Does the person become an effective lifelong learner? And we think it's more important that the student, when they need that information at some point in their life, will be able to access that information and be able to utilize it in a way that's beneficial to them - rather than memorizing some facts about the civil war.

MERROW: I guess I'm lost here if you're saying here at New Country, you end up knowing how to access stuff. Do you end up knowing stuff?

FISHER: It's putting the knowledge that you learn and the context that you can learn. I am taking one class up at the high school, chemistry, in the context that you can use. I'm taking one class up at the high school, chemistry and you do nothing with the knowledge really. It's all interesting but there is no application you know to the real world.

MERROW: Whereas...

FISHER: Whereas over here I'm doing things that I'm using every day. I'm learning skills learning information that I use.

(Voice over): IN TRADITIONAL CLASSROOMS, TEACHERS DECIDE WHAT TO STUDY, AND BELLS RING TO TELL EVERYONE WHEN TO START AND WHEN TO STOP.

RADEMACHER: If you're in a class and say you're really making progress on something up in a traditional school and you want to keep moving along with it. All of a sudden the bell rings and you have to go to another class. Where you could have gotten twice as far instead of having to pick up the next day after 20 other classes forgetting it all.

MERROW: No bells ringing here?

RADEMACHER: No bells.

(Voice over): BECAUSE OF THE CHARTER SCHOOL, THE EXISTING HIGH SCHOOL IS DOING THINGS DIFFERENTLY.

JOHN SCHULTZ: Since the school has started, the administration of the school has said that they instituted a four-period day in the high school....

MERROW: Instead of the usual seven-period.

SCHULTZ: ...Instead of the seven-period day. And instituted it in a much rapid, much more rapid process than if we had not been here.

(Voice over): HAROLD LARSON IS THE SUPERINTENDENT OF NEW COUNTRY'S SPONSORING DISTRICT.

MERROW: Do you hope that your school system's going to learn from that charter school?

LARSON: Well, sure. And that's our intent--is to learn from the experiences at the charter school.

KOLDERIE: This puzzles people because everybody thinks that if you want the district to change, you ought to get your hands on the district directly.

(Voice over): TED KOLDERIE OF THE CENTER FOR POLICY STUDIES IN ST. PAUL, MINNESOTA, BELIEVES THAT GOOD CHARTER SCHOOLS WILL MAKE THE REST OF THE SYSTEM BETTER.

KOLDERIE: It works better really, to work indirectly by creating good schools in the charter...arrangement, and let that example, then, leverage on the district.

NATHAN: Ted and I have a modest disagreement on this issues. I think that there are two purposes. It's to increase student achievement overall, increase graduation rates and so on, by encouraging the larger system to improve, but also by giving parents and teacher and community groups new opportunities to create these kinds of schools and unleashing as we're seeing in Le Sueur and all over the United States enormous amounts of energy and passion, people who really believe that they can make a difference in the lives of kids.

(Voice over): BUT PASSIONATE, ENERGETIC INDIVIDUALS LIKE JOHN SCHULTZ AND DEE THOMAS...AND THE VERY IDEAS OF FREEDOM AND ACCOUNTABILITY....SCARE SOME PEOPLE.

SHULTZ: When we presented our program to the, to their board, the administration were behind it a hundred percent. They thought it was the greatest thing uh, greatest, greatest plan they'd, they'd ever seen. Uh, the teachers uh who opposed the school said, "This is an ideal program. We'd do the same thing if we could." Uh, so it wasn't an issue of the quality of the program that uh was uh preventing uh the process moving forward. It was just the fear of change.

(Voice over): FEAR OF CHANGE---SPECIFICALLY THE FEAR THAT THE TRADITIONAL SCHOOL WOULD LOSE STUDENTS, TEACHING JOBS AND MONEY--LED TO A HARSH CLAUSE IN THE CHARTER.

SHULTZ: We have a tough clause in there that in the first three years of our existence, we guarantee we will not financially negatively impact their school.

(Voice over): IN LAYMAN'S TERMS, TO GET ITS CHARTER, MINNESOTA NEW COUNTRY SCHOOL HAD TO PROMISE TO SPEND SOME OF ITS MONEY WITH THE SCHOOL DISTRICT. THAT IS, IT HAD TO ACCEPT RESTRICTIONS ON ITS FREEDOM..AND MAKE DO WITH LESS.

MERROW: Has it meant more work for you?

SCHULTZ: Oh, no doubt!

THOMAS: Of course it has. Without a doubt.

SCHULTZ: Uh, I've bled more than I ever want to bleed.

THOMAS: We vacuum the floors and we scrub the bathrooms and we run off our own papers and we answer the phone and we do a variety of things that it would be nice to have someone do for us.

(Voice over): JOHN SCHULTZ MAINTAINS, HOWEVER, THAT STUDENTS HAVE NOT SUFFERED.

SCHULTZ: I don't think that it's hurt any student's learning. I don't think it's hurt satisfaction of our parents with our program. It's just like everything uh, you could've maybe had one extra this or one more of that. You know the real problem is the fact that the state of Minnesota, as most states, do not give start-up money for charter schools. They give you no planning money, they give you no facilities money. They give you no evaluation money. And in this legislative session, that's being addressed in Minnesota, we think. That's the real issue. If you went to any charter school in Minnesota and said, "How was the first year" or second year, whatever, the story'd be the same. There are just not enough resources. And everybody has bled. And so that's not unique to this charter school.

(Voice over): MINNESOTA NEW COUNTRY SCHOOL'S CHARTER HAS BEEN RENEWED.....WITHOUT THE TOUGH CLAUSE. TODAY, LE SUEUR IS PROUD OF ITS CHARTER SCHOOL.

SCHULTZ: When they promote this community to businesses, et cetera, they are able to say to those businesses, "Choose LeSueur, we have choice. We're one of the few school districts in rural Minnesota that offers choice."

(Voice over): THIS NON-TRADITIONAL CHARTER SCHOOL IS FREE TO TEACH ANY WAY IT CHOOSES...BUT IT'S FREEDOM WITH ACCOUNTABILITY. STUDENTS HAVE TO TAKE THE STATE'S STANDARDIZED TESTS AND MEET ALL STATE GRADUATION REQUIREMENTS. STUDENTS DO NOT SEEM TO MIND THAT ACCOUNTABILITY ACCOMPANIES FREEDOM.

JOHN MAXWELL: To me it's just freedom flashing in big neon lights.

STANDUP: MINNESOTA'S CHARTER SCHOOL LAW ATTEMPTS TO BALANCE FREEDOM AND ACCOUNTABILITY. THE ORIGINAL LAW PERMITTED ONLY

EIGHT CHARTERS, ALLOWING THE STATE TO KEEP CAREFUL WATCH. THE REVISED LAW PERMITS A MAXIMUM OF 40. THE LAW ALSO REQUIRES AN ANNUAL AUDIT OF EVERY CHARTER SCHOOL, TO INSURE FISCAL ACCOUNTABILITY. NOT EVERY STATE IS AS CAREFUL. ARIZONA'S APPROACH TO CHARTER SCHOOLS EMPHASIZES FREEDOM BUT PAYS SCANT ATTENTION TO ACCOUNTABILITY.

(Voice over): ARIZONA ALLOWS ANY SCHOOL DISTRICT TO GRANT--OR EVEN SELL--A CHARTER. THE LAW ALSO ALLOWS TWO SEPARATE STATE AGENCIES TO GRANT CHARTERS. TODAY, ARIZONA IS THE HOME OF NEARLY ONE-THIRD OF ALL CHARTERS SCHOOLS. IT'S A FREE-WHEELING, EXPERIMENTAL ATMOSPHERE THAT STATE SUPERINTENDENT LISA GRAHAM KEEGAN EMBRACES.

LISA GRAHAM KEEGAN: My own philosophy is one that says each child in the system ought to be worth the amount of money that we pay for the education of that child So for me that means I'm in favor of school choice, private school choice, public charter schools, traditional public schools; whatever it is that gets it done for that child.

(Voice over): AS A REPUBLICAN STATE LEGISLATOR, LISA GRAHAM KEEGAN HELPED WRITE ARIZONA'S EDUCATION REFORM LAW, WHICH PASSED IN 1994. THE FOLLOWING FALL 46 CHARTER SCHOOLS OPENED, AND SUPERINTENDENT KEEGAN EXPECTED SOME OF THEM TO FAIL.

KEEGAN: I said going in we're going to lose seven or eight of these schools in the first year and we didn't lose a single one and I don't think that's a good thing. I think we were probably artificially propping them up and somehow we had done something that kept them from...going out of business in that very first year when we should have allowed it to happen ...but we didn't, we didn't.

MERROW: This is sort of a doctrine of "acceptable risk." It's okay to start...you start fifty and six or seven go out of business, that's okay. I'm not quite sure I understand.

KEEGAN: Your question, is it okay to open up a school of choice...and to start a new endeavor completely new endeavor in public education trying to get an exceptional education here; is it okay to open up schools and have some of them fail? Yes it is. You bet.

(Voice over): ONE OF ARIZONA'S FIRST CHARTERS WENT TO DR. LAWNDIA WHITE VENERABLE, A RISING STAR AMONG PHOENIX EDUCATORS.

VENERABLE: Prior to opening this charter school, I was probably the most hireable person here in the State of Arizona. You know, I had done my time in the classroom, I had done my time as an administrator both at the district office and in uh, at the school level. I had gotten the highest degree possible--they call it a "terminal degree." I had become a member of the Honors Society by receiving a 4.0. And I was, I am multilingual and I have extensive knowledge of curriculum development. And just about any school district that I went to would have hired me.

(Voice over): IN HER CHARTER, DR. VENERABLE PROMISED TO CREATE A KINDERGARTEN-THROUGH 12TH GRADE SCHOOL, WHICH SHE NAMED "CITIZEN 2000." SHE SAID "CITIZEN 2000" WOULD RESEMBLE THE UNITED NATIONS...TEACHING DIFFERENT LANGUAGES AND RESPECT FOR OTHER CULTURES, WHILE ALSO EMPHASIZING TECHNOLOGY AND SOCIAL SKILLS.

VENERABLE: It is extremely difficult for a young person to get a job today, they have to have etiquette, they have to be able to speak well, they have to be able to present themselves among the competition, not only here in the United States of America, but throughout the world. But more importantly, they should know international protocol. We don't want to offend the people who we're doing business with, and lose our multi-million dollar contracts, because we were too insensitive of the needs of that country, or the cultures of that country.

(Voice over): HER SCHOOL WAS TO BE A BUSINESS, RUN TO EDUCATE CHILDREN AND MAKE MONEY. FOR-PROFIT CHARTER SCHOOLS ARE PERMITTED IN ARIZONA.

VENERABLE. I hired employees, I began an office, I bought office equipment, I publicized brochures, I had open houses, had ice cream socials, did all the things that you would do to develop a business prior to opening.

(Voice over): "CITIZEN 2000" OPENED IN AUGUST OF 1995 IN RENTED SPACE NEAR DOWNTOWN PHOENIX. KRISTIN SHEARS, KELLY GOODREAU, DAWN LOCH AND ERIC HELMING WERE AMONG THE TEACHERS.

KRISTIN SHEARS: The women on the staff received a scarf and the men received a tie and on certain days, we would dress up and wear our little uniform too and you know, it

was a "Save the Children" tie and scarf. And you know it tied in with the whole time, she was saying you know, she was, she wanted to make this wonderful school.

DAWN LOCH: I think you saw healthy, happy kids. Very, a lot of interaction within small groups and teacher-student interaction. younger grades going up and working with older grades because we had such small classroom sizes - it left a lot of flexibility open for what we could do in the rooms. So I think you saw very happy kids. Very happy teachers working with the kids. As far as what was going on in the classrooms.

KELLY GOUDREAU: And happy parents as well because we had the interaction every day of speaking with their parents.

FINLEY: These teachers were there, they were good teachers, they were dedicated to the students, they were dedicated to the school, they were dedicated to the vision.

(Voice over): CHERYL FINLEY'S DAUGHTERS ATTENDED CITIZEN 2000. SO DID VICTOR DIAZ'S DAUGHTERS.

DIAZ: When I heard my daughters as first graders coming in and doing sign language, I mean, that was, I mean, when they're talking to each other in sign language and the father doesn't even know what they're talking about, I mean, you can just imagine the excitement I got from seeing that.

(Voice over): THE EXCITEMENT DID NOT LAST. ALMOST IMMEDIATELY, CRACKS BEGAN TO APPEAR IN THE FOUNDATION. TEACHERS WERE THE FIRST TO NOTICE.

ERIC HELMING: You can buy into a dream but if it doesn't have an attendance policy or a discipline policy to back it up, that dream doesn't mean anything. And those concrete things were never hammered out, and that's really when things started to unravel.

SHEARS: There was no, you know, specific directions as to, "You will do this and this and this is what is correct."

HELMING: It was wonderful on paper. Certainly the product that she had displayed to

parents-- you know, things that were written in pamphlets or in brochures or in the staff handbook-- that was fantastic. You could open up the staff handbook and find references to ballroom dancing and etiquette and equestrian-type things. You know, we're gonna teach these kids how to ride horses. But, you know, when it came right down to it, provisions were never made to do any of these special things. And classroom teachers have enough things to do... have enough things to do already... [LAUGHTER]...Without having to try to learn how to ballroom dance so I can teach it. You know, I can't do that so...

SENATOR HARTLEY: From the moment I read the charter, I don't think they should've been allowed to have a charter.

(Voice over): STATE SENATOR MARY HARTLEY, A DEMOCRAT, VISITED CITIZEN 2000 SHORTLY AFTER IT OPENED AND MET WITH DR. VENERABLE.

HARTLEY: She gave me pens, and mugs, and a book, and the kids had patches and she had key-chains, an amazing amount of promotional material to promote the school.

(Voice over): "CITIZEN 2000" HAD AN ANNOUNCED ENROLLMENT OF 495 STUDENTS. DURING HER VISIT, SENATOR HARTLEY COUNTED HEADS.

HARTLEY: She had claimed more students than we actually felt we saw, and she explained that the number of students varying as sending the students off to do community service hours, elsewhere in the community, that's why they weren't physically on site.

(Voice over): ENROLLMENT MATTERS TO CHARTER SCHOOL OPERATORS IN ARIZONA BECAUSE CHARTER SCHOOLS ARE FUNDED ACCORDING TO THE NUMBER OF STUDENTS. THE MORE STUDENTS, THE MORE STATE MONEY. WITH AN ANNOUNCED ENROLLMENT OF 495, "CITIZEN 2000" RECEIVED \$2.4 MILLION FOR ITS FIRST YEAR. DR. VENERABLE WAS FREE TO SPEND THAT MONEY AS SHE SAW FIT, SHE WAS FREE TO HIRE WHOMEVER SHE PLEASSED.

MERROW: You surrounded yourself with family members.

VENERABLE: That's correct.

MERROW: Your sister, your mother, your brother-in-law, another sister, your fianc/, your brother. How do you explain that?

VENERABLE: Well, when I look at this business of school, I saw it as being literally a

monumental task--a task that I couldn't perform by myself. When you do hire family members, they don't ask you for overtime. When you're there at ten o'clock at night unpacking boxes and setting up desks and screwing together tables and putting in deadbolts and doing all those things, they don't say, "Well you know, I should have been off the clock at four o'clock today and so now you owe me time and a half or double-time." On the weekends when you're down there picking up trash and installing playground equipment to get the school up and open, your family members don't say, "Am I getting paid for this?" Family members pitch in and are there for whatever you need.

STAND UP: DR. VENERABLE PAID HER SISTER \$79,000 A YEAR TO BE ASSISTANT PRINCIPAL. SHE PAID HERSELF \$89,000 -- BOTH OF THOSE SALARIES EXCEED PHOENIX PUBLIC SCHOOL STANDARDS BY \$20,000...BUT BOTH OF THOSE SALARIES WERE LISTED IN HER ORIGINAL CHARTER SCHOOL APPLICATION...THAT MEANS THAT THE STATE DID NOT OBJECT WHEN IT HAD A OPPORTUNITY TO DO SO.

(Voice over): UNDER THE LAW, DR. VENERABLE WAS FREE TO WRITE THE CHECKS. AND SHE DID.FOR HER MOTHER'S MORTGAGE, FOR RENOVATIONS TO HER HOME, FOR HER DIVORCE ATTORNEY'S FEES, FOR JEWELRY, FOR FLOWERS, FOR HER INCOME TAXES, AND FOR SWIMMING POOL SUPPLIES. DR. VENERABLE SAYS SHE WAS JUST PAYING HERSELF BACK. THAT SHE HAD LOANED THE SCHOOL A LOT OF HER OWN MONEY GETTING STARTED.

VENERABLE: I put everything in my life into this school, every asset I had.

(Voice over): DR.VENERABLE DID NOT SEPARATE HER OWN FINANCES FROM THOSE OF THE SCHOOL.

VENERABLE: Was that a critical mistake? Oh yes, it was. Certainly. If I had to do it all over again? Oh yeah, I would have started day one. Day one, instead of charging things on my charge card, instead of writing checks from my personal account, instead of just transferring a large sum of twenty-five thousand at a pop into my Citizen 2000 bank account, I would have had a CPA draw up a loan contract from Lawndia White Venerable to Citizen 2000 and then when I made a repayment to myself I would have had a CPA go back and look at all those documents and, and note all that.

MERROW: Why didn't you do that? That seems like a no-brainer to do that. Why didn't you do that?

VENERABLE: Hindsight's 20-20.

STANDUP: ARIZONA STATE LAW PROHIBITS MINGLING PERSONAL MONEY AND STATE MONEY, WHICH IS WHAT DR. VENERABLE WAS DOING. SUPERINTENDENT KEEGAN AND THE STATE OF ARIZONA KNEW WHAT WAS GOING ON AT "CITIZEN 2000," BUT THE ARIZONA STATE BOARD OF EDUCATION, WHICH WAS LEGALLY RESPONSIBLE FOR THIS CHARTER SCHOOL, DID NOTHING.

(Voice over): SIX MONTHS AFTER THE SCHOOL OPENED, ARIZONA'S AUDITOR GENERAL ISSUED A PUBLIC REPORT, DECLARING THAT "CITIZEN 2000" WAS OUT OF COMPLIANCE WITH THE LAW. FOUR MONTHS LATER, THE AUDITOR GENERAL ASKED THE STATE BOARD TO TAKE ACTION AGAINST "CITIZEN 2000." IT HELD MEETINGS BUT TOOK NO ACTION.

DR. VENERABLE, HOWEVER, WAS ACTING. DURING THE SUMMER AFTER HER FIRST YEAR, SHE DECIDED TO CLOSE THE HIGH SCHOOL. DESPITE ELIMINATING FOUR GRADES--BASICALLY ONE THIRD OF THE SCHOOL--SHE REPORTED TO THE STATE THAT SHE EXPECTED THE SAME NUMBER OF STUDENTS, 495.

THE STATE ASKED NO QUESTIONS. SIMPLY WROTE A CHECK FOR THE FIRST INSTALLMENT. "CITIZEN 2000" OPENED FOR ITS SECOND YEAR WITH 247 STUDENTS - HALF THE ORIGINAL ESTIMATE.

MERROW: Oh my God. How much did they overpay you by?

VENERABLE: About \$200,000, \$250,000.

ERIC HELMING: A lot of our problems came with attendance. So these students were counted. We counted them. The administration counted them. The school board counted them. So they were counted like gold and in the very end they were treated like dirt.

Nat Sot: Channel 12 news report from Nov. 18, 1996: "Mary Smith is finished teaching classes at the citizen 2000 charter school even though the school year isn't over. She along with the rest of the teachers and the 220 students found out there won't be classes tomorrow or ever again. Smith didn't want to talk. Tonight the State Board of Education had plenty to say...(Keegan: the fact of the matter is the school has run out of money) Superintendent Lisa Graham Keegan and the Board of Education now must fix the problem. They didn't get much help from the schools owner and operator Lawndia White Venerable who filed for bankruptcy. So with the bankruptcy filed, the school closed and

220 students no place to go to school tomorrow, tonight the state is working to find those kids a new school... Mitch Trusswell, 12 news, Arizona news station."

ROXANNE FINLEY: Ten minutes before school was about to end, they come in and they'll pass out these papers and the teacher has us read them, and we read the bottom of it says that today is going to be the last school day and don't come to school tomorrow because none of the teachers are going to be there.

KELLY GOUDREAU: I taught kindergarten and I had ten minutes to explain to my class...boys and girls...I'm very sorry, I'm very sad...but I have to tell you that we're not having class any more. I'm not going to be your teacher any more. They had no...idea. They did not understand. Some of them were confused. I saw them pounding their...feet. I had ten minutes to get their cubbies emptied into a bag, give them a hug and...have them leave my room.

MERROW: What was it like for you?

GOUDREAU: I was devastated too. I mean I held back the tears until...my last...little one left and then I just...was crying and now I could cry thinking about it cause we don't have any idea where...these children... the children are going to school or if they are in school.

MERROW: Is it a disruption in your life?

ROXANNE: Kind of, because I have to change schools, and I have to go from knowing everybody to knowing hardly anybody.

KRISTIN SHEARS: I was teaching fourth grade and fourth graders, they knew and we had talked about what could happen. I wanted them to be prepared and I mean it just hit me at.... When we're leaving they're asking well... we planned a dance for Friday...the Student Council planned a dance. So they were saying, "well, we're still going to have the dance on Friday aren't we?" And I...I could... you know there's no school any more....there is no school dance... there's nothing.

MERROW: So there's no money left?

VENERABLE: There's very little money left, yes

MERROW: And you've filed for bankruptcy?

VENERABLE: That's correct.

(Voice over): WHAT WENT WRONG? DR. VENERABLE SAYS THAT ARIZONA'S ACCOUNTING RULES, CALLED 'THE UNIFORM SYSTEM OF FINANCIAL RECORDS' OR 'USFR,' IS TOO COMPLICATED.

VENERABLE: There's no one in the State of Arizona who currently owns a charter school, who is familiar with all aspects of the USFR. No one, not a single charter school owner.

KEEGAN: Doctor Venerable, first of all represented to the board repeatedly that she knew how to follow the uniform system of financial records which is our accounting practice and what she got sideways with. She was invited to attend a workshop on following the USFR and did not send anybody. We had most of our charter schools attend that workshop, a day long workshop, on how you're going to have to account for the issue of funds et cetera and she chose not to go.

(Voice over): THE USFR RULES TAKE UP OVER 500 PAGES. WOULD A 1-DAY WORKSHOP HAVE BEEN SUFFICIENT? SHOULD ATTENDANCE HAVE BEEN MANDATORY? THOSE QUESTIONS WERE NOT ASKED IN ARIZONA.

KOLDERIE: We tend to blame failures on the operator. In any kind of arrangement like this you can have bad buyers. You can have dumb buyers... careless buyers. It's important to let, have the accountability question run also, to the people who granted the approval in the first place.

NATHAN: Sometimes we have incidence of voter fraud. I think most people would say that's bad, but we don't want to do away with the idea of voting, because we have incidence of voter fraud. Sometimes we have companies that make shoddy products, but that doesn't mean we want to have a system where the government, as it used to be in Russia, was in charge of all the production. I think they've made some mistakes in Arizona.

(Voice over): STATE SENATOR MARY HARTLEY AGREES. SHE BELIEVES THE LAW PROVIDES TOO MUCH FREEDOM, AND NOT ENOUGH ACCOUNTABILITY.

HARTLEY: Red flags were there when the legislation went into place, and I think that

will find that just in every other area there are people that find ways to maximize opportunities that poor legislation allows, and I think this is the case.

MERROW: You make it sound like the state legislation put all this money out on the table without having procedures that kept unscrupulous persons come along and just take some.

HARTLEY: Oh, yeah, well, that's what I, that's what I actually think has happened, unscrupulous people exist in the world, and yeah, it was taken advantage of, this legislation was taken advantage of.

MERROW: Do you expect to have charges filed against you?

VENERABLE: I don't know what to expect. I had sloppy bookwork. And... do I you know, so I say that I should be held you know, I don't even know what kind of punishment you give me. I think the punishment you've already given me is very steep. And I've been stripped of, everything I've had professionally, I've been stripped of my dream of having a school, I've had two hundred and fifty kids harmed, not to mention the kids who dropped out prior to the school closing. I've had a year of torment as a result of this one issue. Do I think I need to be thrown in jail because I intentionally set out to defraud the State of Arizona? No, I didn't set out to defraud the State of Arizona.

MERROW: Do you think there's a possibility of criminal charges?

HARTLEY: I know it's being investigated, and it wouldn't surprise me.

MERROW: What would the charge be?

HARTLEY: Probably, possibly, fraud and mismanagement of public funds.

(Voice over): THAT'S WHAT THE STATE OF ARIZONA HAS CHARGED DR. VENERABLE WITH, IN A 31 COUNT INDICTMENT.

STAND UP: THIS IS AN EDUCATION STORY, BUT IT IS ALSO ABOUT MONEY. WITH CHARTER SCHOOLS, THE STATE MONEY GOES DIRECTLY TO THE SCHOOL THE STUDENT ENROLLS IN. CHARTERS ARE OFTEN CONFUSED WITH "VOUCHERS," BUT THEY ARE VERY DIFFERENT. IN A VOUCHER SYSTEM, THE EDUCATION MONEY WOULD GO TO THE PARENT...WHO WOULD THEN BE FREE TO SPEND IT AT ANY SCHOOL, A PUBLIC SCHOOL, PRIVATE SCHOOL OR PAROCHIAL SCHOOL.

BUT CHARTER SCHOOLS ARE PUBLIC SCHOOLS.... BY LAW, THEY CANNOT PICK AND CHOOSE THEIR STUDENTS. BY LAW, THEY CANNOT REQUIRE STUDENTS TO PRAY. BY LAW, THEY CANNOT CHARGE ADDITIONAL TUITION. PRIVATE SCHOOLS AND PAROCHIAL SCHOOLS ARE

FREE TO DO ALL OF THOSE THINGS.

THE LEGISLATION IN ARIZONA THAT NOW ALLOWS CHARTER SCHOOLS WOULD HAVE SET UP A VOUCHER SYSTEM.... SOME SAY THAT WOULD HAVE DESTROYED PUBLIC SCHOOLING. VOUCHERS WERE REMOVED FROM THE LEGISLATION IN THE ELEVENTH HOUR.

MERROW: You wanted vouchers in the original legislation.

KEEGAN: I did.

MERROW: Do you still want vouchers?

KEEGAN: Yeah I do. As part of the system.

NATHAN: Are there some people in Arizona, who want to use the charter idea to move to

vouchers? Absolutely. No question about that.

MERROW: So part of what's going on in Arizona, is at least some faction that would like

to get rid of public schools?

NATHAN: There are some people in Arizona who would like to have all kinds of schools,

public, private, and parochial, receive tax support. I think that that's a bad idea, but there

certainly are some people like that in Arizona, and they've been involved; in fact one of

them was one of the chief sponsors of the legislation.

MERROW: There are those who say that your goal is to basically break apart the public school system.

KEEGAN: Right. I've heard that. Right. I think that's ridiculous.

What I want is for any

child, I have responsibility for about seven hundred and fifty thousand of them in Arizona;

I want them to be a worth a...to...just a great amount of money, not too much; enough

money so that someone would say ah...I want to attract that child into my school and

provide a great education across the board, traditional public education, public charter

schools, private schools, if that's the choice a parent wants to make.

HARTLEY: Superintendent Keegan has, in fact, been quoted in the paper as saying that

she doesn't believe that public... school system will remain intact in Arizona. That she

views it as some hybrid that will evolve.

MERROW: I don't know what that means.

HARTLEY: A hybrid between private (especially if she gets her vouchers), between

private, charter, and public schools. That it will cease to exist as we know it.

STANDUP: VOUCHERS OR NOT, THE "CITIZEN 2000" STORY REVEALS

SERIOUS WEAKNESSES IN ARIZONA'S APPROACH TO CHARTER SCHOOL ACCOUNTABILITY--REMEMBER, DESPITE ALL THE EVIDENCE AGAINST CITIZEN 2000, THE STATE BOARD OF EDUCATION DID NOT CLOSE THE SCHOOL - DR. VENERABLE DID THAT HERSELF WHEN SHE FILED FOR BANKRUPTCY. AND "CITIZEN 2000" IS NOT THE ONLY CHARTER SCHOOL THAT HAS RUN INTO DIFFICULTY...AT LEAST A HALF DOZEN CHARTER SCHOOLS ARE IN TROUBLE. NEVERTHELESS, ARIZONA'S STILL PUSHING CHARTERS. AT LEAST 37 NEW CHARTERS HAVE BEEN APPROVED, BRINGING THE TOTAL TO ABOUT 200 CHARTER SCHOOLS...AND THE ARGUMENTS CONTINUE.

KEEGAN: It isn't the case that it is working spectacularly well in the traditional system and we'll just start something up new here and there'll be a lot of risk in it. There is risk in public education right now.

HARTLEY: I think the average taxpayer wants a good educational system. I think, I hope, that the average tax payer feels that there might be a role for charter schools in that system, but I don't think they want a free for all. Which is what they've gotten.

VICTOR DIAZ: I still believe in the dream that Citizen 2000 had, and I know there's other charters out there that Arizona has to offer. And, uh, in fact my daughter's... Monday was the last day, Tuesday they started a new school at another charter school.

MERROW: So you still believe in charter schools?

DIAZ: So I... 100 percent. I will back it up 100 percent.

(Voice over):WITHOUT A STATE MODEL FOR ACCOUNTABILITY, CHARTER SCHOOLS IN ARIZONA HAVE TO FIND THEIR OWN WAY.

MERROW: What's your annual salary?

LARRY PIERATT: 64,000.

MERROW: What's your annual salary.

JAN GLEESON: Close to \$47,000.

MERROW: Citizen 2000, the charter school that's now closed...the principal was making \$85,000, the assistant principal \$75,000. Why don't you make that much money?

PIERATT: Well, I think it's important that we realize that we're here for students and that's the whole purpose of our school is to is to put money where students are.

(Voice over): PRINCIPAL LARRY PIERATT AND ASSISTANT PRINCIPAL JAN GLEESON OF HORIZON CHARTER SCHOOL DID NOT SET THEIR OWN

SALARIES. THOSE WERE SET BY HORIZON'S SCHOOL BOARD, WHICH ALSO DOES THE HIRING. HORIZON CHARTER SCHOOL IS IN CHANDLER, A SUBURB OF PHOENIX. IT SERVES 408 STUDENTS, GRADES KINDERGARTEN THRU 12TH.

HORIZON'S SCHOOL BOARD HIRED AN OUTSIDE ACCOUNTING FIRM, TO MAKE CERTAIN THE SCHOOL COMPLIES WITH ARIZONA'S COMPLEX BOOKEEPING RULES, THE USFR. THE SCHOOL, WHICH OPENED IN THE SUMMER OF 1996, IS A NON-PROFIT CORPORATION.

PIERATT: If you're for-profit then you're looking for profit. You're looking to put money in your pocket and to find ways to make sure that that happens. If you're going in as a non-profit then you have your mission in mind. You have your purpose out in front and in public and forthright for everyone to see.

VO: HORIZON EMPHASIZES OPENNESS AND ACCOUNTABILITY.

PIERATT: The style of administration certainly lends to an open involved...empowering approach. To explain that we empower the teachers within a cluster; grades K through two or three through five or six through eight or nine through eleven...to determine their own day, their own schedule, how they're going to deliver the curriculum that's prescribed within the charter and required by the state.

VO: TEACHERS ARE FREE TO CREATE CURRICULUM...LIKE THIS STOCK MARKET LESSON FOR STUDENTS IN GRADES 6-8.

NatSot: classroom

GLEESON: We offer gifted instructional elements to all students. So what that means is we spend a lot of time with problem solving with students. A lot of leadership opportunities.

NatSot: classroom

GLEESON: We try to have the students demonstrate what they've learned in a hands-on way so that everything isn't always reduced to a piece of paper. They're building and creating and making things.

(Voice over): THESE LESSONS WERE DEVELOPED BY THE TEACHERS--BUT THEY HAD TO BE APPROVED BY THE STAFF BEFORE THEY COULD BE USED.

PIERATT: We work with them and listen carefully and give suggestions and then we meet

with them regularly to see exactly how is it going for ôem. Always asking questions and not coming in with a hammer on their head but simply asking those questions in areas we have concerns.

VO: ACCOUNTABILITY RESONATES AT EVERY LEVEL. EVERYBODY LISTENS, AND EVERY OPINION COUNTS.

PIERATT: We listen very carefully to parents. We listen very carefully to students and we listen very carefully to staff and the idea is that what's working and what isn't is an open discussion. Students are given the opportunity to interact with their teachers at the end of the day and say...what was good about today and what needs to be improved so that I can learn better tomorrow.

NatSot: ÔPlus/Delta' meeting

PIERATT: And teachers...really listen to that. They act upon that because they're held accountable. It's a public accountability.

NatSot: ÔPlus/Delta' meeting

PIERATT: This is the greatest joy of my life to have the opportunity to develop an environment where kids can grow and be leaders and...and change the world because I truly believe we're...we're at the beginning of that opportunity and I think that's the key that charter schools give so many people.

(Voice Over): IS HORIZON CHARTER SCHOOL OVERLY PREOCCUPIED WITH ACCOUNTABILITY? PROBABLY NOT....IT'S TRYING TO FIND THE RIGHT BALANCE OF FREEDOM AND ACCOUNTABILITY. HOPING TO DELIVER ON THE CHARTER SCHOOL PROMISE.

Stand Up: WE BEGAN WITH TWO QUESTIONS: ARE CHARTER SCHOOLS GAMBLING WITH OUR TAX DOLLARS AND OUR CHILDREN? YES, SOME OF THEM ARE.

DO CHARTER SCHOOLS REPRESENT AN EDUCATIONAL REVOLUTION? ABSOLUTELY.

BUT THE REVOLUTION, IS NEW -IT'S ONLY 5 YEARS OLD ...AND IT'S SMALL - ONLY 600 SCHOOLS, IN A COUNTRY WITH MORE THAN 85,000 PUBLIC SCHOOLS. ALL WE CAN SAY FOR CERTAIN RIGHT NOW IS THAT THE NAME ÔCHARTER SCHOOL' IS NO GUARANTEE OF ANYTHING. WHATEVER YOU DO, READ THE FINE PRINT.

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