

## California charter schools are double-dipping in public coronavirus aid

Like all of California's public schools, charter schools—which are publicly funded but privately operated—received full public funding through the 2019-20 school year and will maintain the same level of funding for 2020-21. However, while many small businesses have struggled during the pandemic, charter organizations also applied for and received funding through the federal Paycheck Protection Program (PPP), leaving the public to cover the same bill twice.

With Parents United for Public Schools in Oakland, we analyzed Small Business Administration (SBA) data and found that **California charter organizations have received between \$240.7 million and \$565.6 million in PPP loans, in addition to their full funding as public schools.**<sup>1</sup>

Additional findings:

- **268 loans were awarded to charter organizations representing a total of 420 charter schools.** Because some charter organizations are too big to be eligible for loans, we estimate that over 51 percent of eligible charter schools received these loans.
- **Only 35 percent of PPP loans to charter organizations benefited independently managed schools,** while 65 percent benefited charter schools affiliated with a Charter Management Organization (CMO), or charter school chains.
- While California chain-managed charter organizations received as much as \$374 million, independent charter schools received as much as \$185 million.

### Shake Shack-type loans to California charter schools

Some charter school chains have accessed PPP funds in a similar manner to Shake Shack and other corporations that provoked outrage early in the program—too big to actually qualify by having over 500 employees but applying school by school and amassing very large sums.

- California's Learn4Life chain, despite having over 1900 employees, has accessed **up to \$51 million through 12 PPP loans** to various business entities.<sup>2</sup>
- The scandal-plagued Inspire Schools chain accessed **up to \$29 million dollars by applying individually for 11 different schools plus its parent organization,** despite having over 1300 employees.<sup>3</sup> Inspire was just found to have provided its outgoing executive director with over \$1 million in retroactively authorized pay advances and is currently the subject of a Fiscal Crisis and Management Assistance Team (FCMAT) extraordinary audit based on a joint complaint from six county superintendents.<sup>4</sup>

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<sup>1</sup> "The California charter schools that have received coronavirus aid meant for small businesses," In the Public Interest, June 24, 2020. <https://www.inthepublicinterest.org/the-california-charter-schools-that-have-received-coronavirus-aid-meant-for-small-businesses/>

<sup>2</sup> Learn4Life Employee Welfare Benefit Plan DOL Form 5500, number of active participants in March 2019: <https://www.efast.dol.gov/portal/app/disseminatePublic?execution=e1s5#>

<sup>3</sup> Inspire District Office, dba Inspire Public Schools DOL Form 5500, number of active participants in April 2019: <https://www.efast.dol.gov/portal/app/disseminatePublic?execution=e1s14#>

<sup>4</sup> "Inspire charter school founder received \$1 million in payroll advances, report says," The San Diego Union-Tribune, June 26, 2020.