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In Pennsylvania, The Dismantling Of A Public School System



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Education

I look at K-12 policies and practices from the classroom perspective.



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Will the Chester Upland School District be sold for parts? GETTY

As the new year begins, one Pennsylvania public school district faces the prospect of being completely dismantled and handed over to charter operators. Chester-Upland School District is poised to become an example of what can happen to a public school district that needs assistance, and gets nothing but trouble instead. CUSD has weathered every sort of challenge a district can face, but may now be on its last legs, about to make history as the first Pennsylvania district to be completely privatized.

Segregation and Financial Collapse

The city of Chester rests in the southeastern corner of Pennsylvania, just across the river from New Jersey, just above the Delaware border, and just a few miles southwest of Philadelphia. It was settled as “Upland” by the Swedish in 1644, making it the oldest city in Pennsylvania. William Penn renamed it himself, right after he took possession. Its

population peak was around 66,000, post-World War II, its economic base largely industrial and manufacturing.

The Chester-Upland school system's history is a history of U.S. segregation in miniature. Through the first half of the 20th century, the schools were segregated as a matter of policy (this is covered in some detail in [John McClarnon's portrait of civil rights leader George Raymond](#) in *Pennsylvania History*). In 1946, the school board finally agreed to a plan to desegregate students (but not faculty). But then the board instituted a policy that allowed students to request transfer to a school outside their assigned boundaries. Most applications by whites were approved; most by Blacks were denied. By the 1953-54 school year five elementary schools had almost entirely Black student bodies, even though white students lived within the schools' boundaries.

In 1953, the board floated a \$3.5 million bond issue intended to finance a redrawing of school boundaries. "The bond issue was," McClarnon writes, "in fact, a \$3.5 million re-segregation project." Shortly afterwards, the Supreme Court issued its *Brown v. Board of Education* ruling, but the school superintendent noted that the decision wouldn't have any legal ramifications for the county "where segregation is admittedly a fact but not a policy."

[A series of protests and demonstrations](#) culminated in almost nightly protests in April of 1964, all centered on ending de facto segregation in the schools. National civil rights leaders came to Chester, as did state troopers. Governor William Scranton negotiated a peace in part by creating the Pennsylvania Human Relations Committee. The PHRC ruled that the Chester School Board had broken the law, and the district was ordered to desegregate, a ruling that went through appeals for three years before the board voted to "eliminate or substantially reduce segregation" in October of 1967.

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Meanwhile, middle class white flight from Chester continued; the 1960s saw an exodus of major employers like Ford Motor and Baldwin Locomotive. People and solid middle class jobs were both leaving, and the school district's tax base was evaporating.

[Help Is Not On The Way](#)

Today, Chester Upland shares boundaries with four other districts. Chichester has a [C rating from Niche](#). Penn-Delco, which seceded [from Chester Upland in 1960](#), and Ridley

are [both rated B](#), “above-average” districts. Wallingford-Swarthmore has a [Niche rating of A+](#). Chester Upland is [rated D+](#). All four adjacent districts are wealthier and far whiter than Chester Upland. Chester Upland covers just five square miles, packed in between the four districts that each cover less than ten square miles, with fewer than 25,000 residents. Segregation in Delaware County remains a “fact but not a policy.”

With the community’s middle class hollowed out Chester Upland schools found themselves increasingly in trouble, both fiscally and academically. By the 90s. schools had entered the modern age of accountability in which, theoretically, performance problems would be identified so that the state could help out. Chester Uplands School District is a fine example of how that simply didn’t happen.

By 1994, the district was named the worst-performing school in the state, and his remained consistently among the lowest performers in the state. In 2000, the state declared the district financially distressed, meaning that they would be taken over by a state-appointed Board of Control.

One of the board’s first moves was to hire three different private sector companies to run the district’s schools. “We wanted to create a level of competition,” board president Thomas E. Persing [told Education Week](#) in 2001. The bulk of the contract went to Edison Schools, Inc., the for-profit edubiz launched by Chris Whittle in 1995; by 2001, they had acquired [a somewhat checkered history](#), both educationally and financially. Still, they were the leading takeover artists in the country. In just a few months, the state would be pushing for them to take over Philadelphia schools as well.

School takeovers have [a poor track record for a variety of reasons](#). This takeover went poorly. There were reports of [violence and a lack of safety](#) in the schools. The district reportedly had [a huge hidden deficit](#), Edison battled the local administration, and in June of 2005, saying they [had not been fully paid and that](#) “we were no longer going to be enough of an active agent for positive change,” Edison pulled out. Pennsylvania’s first attempt at a private takeover of a public system had failed.

In 2005 Governor Ed Rendell [called on the board members to resign](#) and be replaced; they were overspending their budgets by millions of dollars. In 2007 another state takeover board, the Empowerment Board of Control, took control of the district for both financial and academic reasons, and stayed in charge until the law that put them in place ran out in 2010. But in 2012 [yet another school takeover law was passed](#), and the district was once again under the thumb of the state, this time via a Chief Recovery Officer. Within two years, the first such officer was removed by the state secretary of education via the courts, and replaced with another state-appointed receiver. None of these takeovers actually helped, but they did shatter any hope for continuity of leadership in Chester.

The financial instability of the district was one issue, but its academics have been another. The district's rankings [based on the state Big Standardized Test](#) (the PSSA) placed it solidly within the bottom five districts in the state (Pennsylvania has roughly 500 school districts). A 2007 Johns Hopkins University report put Chester High School among the 1700 schools nationally with [exceptionally high drop out rates](#). In 2013, the district's [graduation rate was 56%](#). And in 2012, "[Pennsylvania School District Goes Broke](#)" was another Chester-related headline; that fall, teachers and staff agreed to work [without pay](#), and the district entered yet another round of receivership that continues today.

The Rise Of Chester Charters

In 1998, attorney and businessman [Vahan Gureghian](#) decided to become involved in education. He created [Charter School Management, Inc. \(CSMI\)](#), based on the "premise that by applying basic business management principles to schools" and separating the business side from the education side, he could run a successful school. He launched two businesses in Chester; the Chester Community Charter School (CCCS), a non-profit charter school, and CSMI, a for-profit charter management business. He has since expanded [into other states](#), but Chester remains the core of his business.

The business has been successful for Gureghian. [He was the second largest donor](#) to the career of Governor Tom Corbett (he served on [Corbett's education transition team](#)), and has contributed over a million to [other PA politicians and PACs](#) (almost exclusively GOP). [His wife serves as general counsel for CSMI](#) and has made plenty of political contributions as well. While occasional questions have arisen about the organization's financial practices, Gureghian most famously attracted attention with his Palm Beach real estate dealings. [The Gureghians spent \\$12 million](#), via a trust, for a Florida house they razed; they then built a mansion on the Palm Beach beachfront lot (1071 N. Ocean Blvd, about [6 miles up the street from Mar-a-Lago](#)), but in 2015 decided to put the 35,993 square foot building up for sale for \$84.5 million. [The property sold in 2019](#) for around half that. They have contracted for a smaller beachfront property in Palm Beach. All that is in addition to their [multi-million dollar mansion in Gladwyne, PA](#), often used for political fundraisers. CSMI has done very well for Gureghian.

Scandals have occasionally hit CSMI. In 2019, one of their former charter school principals in New Jersey [sued the company](#), saying she was fired for blowing the whistle on illegal practices in the school, including cutting corners "for money's sake." [A 2008 study found](#) CSMI paying low teacher salaries while running up the highest administrative costs in the state. And in general, CSMI has [resisted calls for transparency](#) when it comes to how it uses taxpayer dollars.

Chester Community Charter School has also had issues. In its earlier years, the school boasted test scores higher than the surrounding public schools. Its test results [from 2007-2011](#) came under question in a [larger sweep of cheating in the state](#). The school was allowed to [investigate itself](#), and found no wrong-doing; the former testing head of CCCS was [sanctioned by the state](#), But the state required tighter test security, and CCCS scores then plummeted.

CCCS has also come under fire for gaming the system when it comes to special education students. In Pennsylvania, charters are paid a per-student fee from the sending district, with one set fee for regular student and another set rate for students with special needs. However, the special needs rate is the same regardless of which special needs that the students have. A charter that enrolls many students with low-cost special needs can pull in a great deal of money. [This funding issue is a subject of hot debate](#) in the state; one charter school was caught [over-identifying students with low-cost special needs by 1000%](#).

In 2015, [Chester Upland School District's state-appointed receiver found](#) that high-cost autism students made up 8.4% of public school enrollment, but at the three charter schools in Chester, autism students made up 2.1%, 0%, and 0% of enrollment. Low-cost speech and language-impaired students made up 2.4% of public school enrollment, but in the three charters, the enrollment was 27.4%, 20.3%, and 29.8%. In the Chester system, special needs students net the charter about \$40,000 per student, even if their special instruction only costs pennies.

The end result was that by 2015, the district was actually [sending more money to charter schools than it was receiving in aid from the state](#). An attempt by Governor Tom Wolf to give CUSD some relief, particularly in the special ed formula, was rejected by the courts. Judge Chad Kenney denied the relief, [but clearly saw the issue](#):

The Charter Schools serving Chester-Upland Special Education students reported in 2013-2014...that they did not have any Special Education students costing them anything outside the zero to twenty-five thousand dollar range, and yet, this is remarkable considering they receive forty thousand dollars for each one of these Special Education students under a legislatively mandated formula. This means the legislative formula permits the Charter to pocket somewhere between fourteen thousand dollars and forty thousand dollars per student over and above what it costs to educate them.

And to add further injury, 2015-2016 was the year of a [37-week budget impasse](#) in Pennsylvania, seriously impeding the flow of school funding from the state. Districts with strong reserves were better able to weather that storm; Chester Upland was not one of those districts.

It Sounds Like They Are Serving People Up For Dinner

In recent years, problems have just continued to pile up. In 2015, [staff agreed to work without pay](#) yet again. In 2017, Pennsylvania auditor general Eugene DePasquale declared that the district was [in such “administrative chaos”](#) that his office couldn’t even complete an audit. He cited repeated administrative turnover, and observed, “So when they moved from one building to another, they basically lost all the records.” What findings his office could complete showed increasing debt and a negative fund balance.

At the same time, the three charter schools in Chester, even though they only covered grades K-8, had enrolled over half the students in the district. CCCS has become the largest bricks-and-mortar charter school in the state. Pennsylvania’s charter laws (the auditor general called them [the “worst in the U.S.”](#)) were no help, and Pennsylvania’s funding gap between rich and poor districts has continued to be [one of the worst in the country](#). Chester Uplands has been on the losing side of all of these issues, with the added impact of repeated, failed state takeovers, using a receivership model that puts the court-appointed receiver in charge with huge powers and who is, [as attorney Michael Churchill \(Public Interest Law Center\) put it](#) in an interview, “accountable to no-one.”

“It sounds like they are serving people up for dinner,” said [Uncle P of CMPRadio](#).

In 2017, CCCS landed an unprecedented deal. In Pennsylvania, charter schools can only win authorization for five years of operation at a time. But one year into their five-year span, receiver Peter Barsz [awarded CCCS an additional five year to their term](#) weeks after he was appointed by the court to be the latest of Chester Upland’s receivers. That move gave CCCS a free hand to continue collecting taxpayer dollars with few accountability levers in place. The only real explanation offered for the move has been that it was deal in which CCCS promised not to try expanding into the high school market, despite the fact that CCCS has shown no interest in expanding into that less-profitable arena.

The [recovery plan of December, 2019](#), laid out the troubles that faced the district. Since 2012, four recovery plans, four receivers, three chief recovery officers. Constant turnover in staff and faculty. The school district had “failed to maximize potential benefits from” previous plans, aka the previous plans hadn’t worked. 100% of student body eligible for free and reduced lunch; 89% Black, 7% Hispanic. Substantial amounts of “deferred maintenance” and “underfunded capital improvements budgets” were blamed for dropped enrollment. “The morale of the workforce,” noted the plan, “is highly strained.” The news was not all bad; Stetser Elementary in particular was outperforming the rest of the district and charter schools, qualifying as a high-poverty school performing above expectations. And yet, in the official discussions and planning, nobody seems to have ever brought up the notion of using Stetser as a model to use throughout the district.

But late in 2019, right after [Barsz announced his coming resignation](#), CCCS asked the court to let charters [take over full operation of the K-8 schools](#) in the district. Having gutted the district financially, they wanted a chance to grab the shell, too. The charter chain did not ask to be the only operators consider, but they did indicate CSMI was poised and ready to do the job. Judge Barry C. Dozor, the judge overseeing the fate of the district, [declared that such a move was “premature” in December](#).

Then came the spring of 2020. After decades of various failed takeover, economic downturns, and steady drain of meager financial resources by charters, Chester Upland was now like other districts in the state, facing [financial strains from the pandemic](#). In an unusual move, superintendent [Juan Baughn resigned his post](#) and was appointed the new receiver for the district.

By May of 2020, Dozor apparently felt the proposal had matured enough, and he directed the district to [move forward with proposals to charterize](#) the district, with Dozor declaring “the gravity of the school district’s financial distress, aggravated by the economy, and financial crises by the Covid-19 pandemic” were harbingers of a “far grimmer” future for the district. Half of the 7000 students were already in charters, though a CSMI spokesperson said the company doesn’t handle high schools.

In June, the superintendent’s post was filled by [Carol Birks](#). Birks came from New Haven Public Schools, where the [board bought out her contract](#) after just a year and a half on the job. She had been opposed from day one by parents who saw her as favoring [the corporate-style school choice programs](#) and noting her ties to Achievement First, a charter school chain. She was a source of controversy in New Haven, [cutting teachers and hiring consultants](#). The only board member who didn’t vote to pay her to walk away [wanted to outright fire her instead](#). While she entered CUSD [claiming “no preference” for any management style](#), folks who were concerned about charter takeover saw her history as big red flag. As the superintendent of a district in receivership, her power are limited, but at \$215,000/year, [she is one of the highest-paid superintendents](#) in the state.

In mid-2020, the teacher contract ran out. Teachers were given a choice of a one year contract extension with a pay freeze and slight increase in health plan costs, or they could reject the extension and run the risk of an immediate jump to a high-cost health plan (allowed by the court) and possible need for a strike to fight back. The teachers chose the one-year extension with pay freeze.

In September of 2020, [the district handed over “managerial functions and services”](#) to the [Chester County Intermediate Unit](#) (in PA, intermediate units function like separate regional school districts and field offices of the state department of education). This entailed cutting many district administrative positions and shifting personnel and

management operations. I've spoken to local activists who voice concerns over that transition, citing bills that go unpaid for months and a lack of transparency about what mechanisms are being used to handle the transfer of records and materials (no small concern in a district with a history of terrible record-keeping).

For the academic side of operations, the district moved ahead to outsource operation of the schools in October. But Dozor's ruling in May had set four criteria for a Request For Proposal process (putting the district outsourcing out for bids), including released audits of district finances, public postings of the RFP, assurances that the charter operator being considered could actually educate all student effectively, and a requirement that the entire process be public. In December, a group of parents and community organizers went to court [alleging that none of those requirements were being met](#), that, in fact, the district was trying to charterize in secret; parents only learned about the RFP when CCCS went to court in November to ask that the RFP be modified.

Advocates for the district complain that the public has been kept in the dark. There are stories of fish and grits breakfasts thrown by charter operators, folks showing up as charter supporters in court and receiving gift cards afterwards. "If there was not money in this," one advocate told me, "none of these carpetbaggers would be here. There's money in poverty."

The receiver's original deadline for RFP bids had been December 14; that was pushed back to January 22 so that the court could deal with CCCS and parents first. That hearing was held earlier this week. The results, [as reported by the lawyer for the parent group](#), were a setback for the receiver. The court revived its original requirement for completion and release of the most recent audit. The receiver said, "Any day now," but given the history of audits in CUSD, the court made itself plain—the district may not accept RFP bids until thirty days after the completed audit has been posted on the district website. However, [the parent group was denied its request](#) to have the whole RFP process suspended. There are five possible different configurations for outsourcing the school district in part or in total; some of the language of the RFP may still be tweaked, but that would not change the configurations.

Twenty providers have [reportedly received the RFP](#), with eight submitting proposals so far. After bids are submitted, a task force will sort out the "best" ones; the task force will include four school board members, a few other persons, and be led by [Dr. Leroy Nunery, a consultant hired by the receiver and author of the RFP](#). Nunery has experience with troubled districts; he served as [acting Philadelphia superintendent](#) in 2011, just before a [Chief Recovery Officer was appointed](#). After Nunery's task force narrows the selections, the receiver will make a choice, then that choice will be put out for public comment, then the court will make a final call.

They don't have much time. The dream is to hand over the district to new management on July 1, 2021, the day after the teacher's one-year contract extension runs out. The new management would have the ability to hire whoever they wished.

Can Things Get Any Worse?

For the moment, the folks in the Chester Upland School District can't do much but sit and wait. Only when the proposals are opened will parents and taxpayers be able to see how dire the prospects are. CUSD, after nearly a century of pummeling by all the forces that can line up against a school district, may be well into a charter death spiral.

The death spiral occurs when charters strip resources from the public system, leaving that system further struggling, which fuels more parent departure for charters. But that's only part of the picture, because the public school being left behind in this spiral is the high school. In Chester Upland, that's a school with many problems of its own, including trouble simply managing the student body (sources talk about rifts between the two sides of the city, dating back to the long-gone days when one side of Chester was poor and one was reasonably well-off).

Charter operators often consider high schools just too difficult and expensive to run, and so we get stories as we saw in Erie, PA four years ago when the superintendent [threatened to simply close all the high schools in the district](#). The five outsourcing options allow bidders to propose taking over all schools in the district, but none require it. Charterizing only K-8 could knock the bottom out of the funding bucket, creating an even greater catastrophe for the high school.

What is the hope for Chester Upland schools? Local control has failed them in the past. State-mandated takeovers have been disastrously unsuccessful, and the state itself has left the district woefully underfunded (low test scores did not lead the state to target resources to aid the district). Bad charter laws have stripped them of funding they could not spare, and returned results that seem no better—and in some cases worse—than the public system provides. How can a charter management company hope to operate a better school district with the same inadequate funding, minus the taxpayer dollars that go to fund millions of dollars in administrative salaries and generate profits for a for-profit company. And some local residents fear that the CUSD board and leadership simply want to wash their hands of the responsibility for a system that cannot catch a break.

Chester Upland could be helped. Pennsylvania could address its hugely underfunded public school system instead of falling back on the historically ineffective policy of school takeovers and receiverships. But it [would be expensive](#). Pennsylvania has created a fair funding formula, but [only applies it to "new" money](#) added to the education budget. The state could also address the nonsensical charter funding issues outlined above, but charter

schools that benefit from those formulas are [a powerful state lobby](#). Pennsylvania could even address the issue of for-profits; the banning of for-profit charter schools is largely symbolic as long as arrangements like the one between CCCS and CSMI are allowed. Banning for-profit charter management organizations would better insure that taxpayer dollars collected for education would be spent on education, and not multi-million dollar mansions.

Within CUSD itself, Stetser Elementary could be used as a model for other schools. Delaware County school district lines could be redrawn to end the history of de facto segregation.

It is hard to see what will happen to Chester Upland next. It may well become the first district in the state to be completely—or almost completely—privatized. The district's story is complicated—this long post skips over many other issues there—but the lesson is simple. When a district is segregated, abandoned, underfunded, and deprived of resources, it suffers. And when the state, rather than aiding it, allows it to be picked over and fed upon by private for-profit businesses, it suffers even more, creating the possibility of a community that is no longer able to fulfil the promise of a free public education for all of its children. Chester Upland seems less likely to have a happy ending and more likely to end as a tragic cautionary tale. Pennsylvania's students deserve better.

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I spent 39 years as a high school English teacher, looking at how hot new reform policies affect the classroom.

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