Dereliction of Duty: Florida’s Failed Education Policy

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EXECUTIVE SUMMARY

Education is a fundamental value of the people of Florida, whose state constitution even calls for a “high-quality system of free public schools.” But rather than live up to this commitment, the state—led by Governor Jeb Bush and a Republican legislature—has embarked on a series of programs that undermine public education.

Florida’s Department of Education has invested heavily in privatizing education through voucher and tuition tax credit schemes, and by funneling millions of taxpayer dollars into homeschooling without oversight or accountability. On the other hand, the state has inflexible and often punitive accountability policies for its public schools, such as high-stakes testing that as one state senator puts it, “are doing more harm than good in an effort to ‘leave no child behind.’” Rather than investing critical resources in public schools or proven reforms such as class size reduction, the state has rushed to embrace unproven privatization. Even the state’s employee pension fund, which includes the earnings of education employees, has been invested in a failing company that is in the business of privatizing education.

As this report demonstrates, the state of Florida is pursuing irresponsible education policies and using taxpayer dollars to the detriment of public education. Rather than investing in public education for every child, Florida is investing millions for a handful of students in untested private programs, contrary to the will of its people and the requirements of its constitution.

Dereliction of Duty explores the following issues:

Vouchers and Tuition Tax Credits (p. 3)
Florida’s three voucher and tuition tax credit programs have cost more than $200 million. These programs were drafted with inadequate oversight and enforcement, resulting in financial and accountability problems that have prompted state officials to conduct five separate investigations, including a criminal one.

Homeschooling (p. 7)
Although parents who homeschool their children are not supposed to receive state funds to do so, Florida’s Department of Education is spending more than $8 million in public taxpayer money to support students who are being homeschooled.

Testing and Graduation (p. 9)
Unlike private schools, which are not held to any performance standards, public schools and students are carefully evaluated and sanctioned for inadequate progress. Schools that fail to meet state expectations lose funding and enrollment, preventing them from serving the needs of their students.

Class Size (p. 12)
Rather than reducing class sizes as dictated by Amendment 9, which passed in 2002, Governor Jeb Bush has fought to repeal the amendment as too costly, while ignoring
special interest exemptions and corporate tax breaks that cost the state billions each year.

Edison and Pension Funds (p. 13)
Florida’s Board of Administration has chosen to invest the state’s employee pension fund, which includes the earnings of education employees, in a company that is not only financially unstable and unprofitable, but that also threatens public education by attempting to privatize it.
INTRODUCTION

In 1998, the Florida constitution was amended, calling for a “high-quality system of free public schools” and stating that education was a fundamental value of the people of Florida. Recently, during his State of Education address, Florida Governor Jeb Bush proclaimed that in terms of education, the state has “emerged as a model for the rest of the nation…[and is] leading the nation in innovative and common sense reforms.”

In reality, however, Florida has consistently been failing its commitment to public education at the expense of its school children. Since 1998, Florida has continued to rank near the bottom in terms of adequately funding its public schools. By 2003, according to Education Week’s annual report card, Quality Counts, Florida ranked 46 out of 50 states and received a grade of D+ for adequately funding its public schools.

Despite these failings, according to a Palm Beach Post editorial, Florida’s Department of Education, following the lead of the governor and state legislature, “has reversed its priorities, giving special attention to every type of school except the traditional public school that teaches the great majority of Floridians.” Florida’s heedless rush to privatize education has severely compromised the quality of its public education. In fact, the state’s short-sighted public policy threatens to leave many children behind and fails miserably to live up to its own constitutional commitment to provide an equitable and quality education to all school children.

THE RUSH TO PRIVATIZATION—VOUCHERS AND TUITION TAX CREDITS

Florida’s constitution clearly provides that state revenues cannot directly or indirectly support religious institutions. Yet state legislators forged ahead, enacting not one but three voucher programs that divert millions of dollars each year to private, religious schools. Following the passage of the Opportunity Scholarship program, People for the American Way Foundation and other education organizations filed a lawsuit in state court contending that the voucher program violates the state constitution. In August 2002, State Circuit Court Judge Kevin Davey agreed, but as this decision is currently being appealed by the state, public taxpayers dollars continue to fund the state’s private and religious schools.

When it comes to subsidizing private and religious schools with public funds, Florida leads the nation. The state has three voucher and tuition tax credit programs enrolling more than 25,000 students and costing public taxpayers millions of dollars each year (see Table A).

These millions are spent without any significant oversight and without any substantive evaluation to determine whether such programs are truly effective. In fact, since Florida
private schools aren’t strictly evaluated like public schools, once a student uses a voucher to attend a private school, he or she bypasses the state’s system of accountability altogether.

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<th>Table A: Florida’s Voucher and Tuition Tax Credit Programs</th>
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<td><strong>Program</strong></td>
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<td><strong>Opportunity Scholarships</strong>—enable students to transfer out of poorly performing public schools to private and religious schools.</td>
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<td><strong>McKay Vouchers</strong>—enable students with disabilities to attend private and religious schools.</td>
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<td><strong>Corporate Tuition Tax Credits</strong>—provide students with tuition scholarships to attend private and religious schools.</td>
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Florida’s voucher programs grew out of the influential lobbying of pro-voucher Republicans and advocacy groups. The McKay voucher program was the creation of Florida’s former senate president, John McKay. Opportunity Scholarships were created by Jeb Bush under his “A+ Plan” for educational accountability. And a Tampa businessman, John Kirtley, heavily influenced the corporate tuition tax credit legislation by reportedly donating $100,000 to the Republican Party.

The state’s voucher and tuition tax credit legislation were drafted to include only minimal state oversight and inadequate enforcement. As a result, officials at both the state and district level seem ill equipped to handle the myriad of financial and academic accountability problems that have emerged through the state’s voucher implementation efforts.

Recent newspaper articles show that some Florida private schools participating in the voucher and tuition tax credit program have been operating outside the parameters of the state law. Some schools have operated in conditions detrimental to the health and safety of their students. Other schools have provided students with a dubious quality of education, non-certified or unqualified teachers, and inadequate services. Scholarship organizations responsible for providing students with tuition vouchers have been accused of financial mismanagement, including the neglectful management of millions of public taxpayer dollars, providing vouchers to phantom students, funding homeschools, and funneling money to a school with alleged ties to terrorists.
Due to the myriad fiscal and programmatic problems with vouchers, there are five separate investigations being conducted of the three voucher programs. The state’s Office of Fiscal Integrity even launched a criminal investigation of FloridaChild, the largest scholarship funding organization. Among financial mismanagement and other irregularities, FloridaChild has been accused of illegally charging parents a $15 application processing fee, accepting millions of dollars in transfers from other voucher groups, and soliciting a two percent donation from the private schools that received vouchers. Despite claiming that the charges were misleading, FloridaChild recently exited from the scholarship funding business. Patrick Heffernan, the organization’s director, rightly points out that his is not the only group with irregular practices. A private voucher school hailed as a model by John Kirtley (and funded by his Jacksonville-based scholarship organization, HEROES) is being investigated by the state Department of Education on charges that the school illegally forged parents’ signatures on voucher checks.

Even though evidence shows that voucher programs are poor public policy, Florida state legislators have irresponsibly chosen to expand these programs without any indication that they effectively provide school children with a better quality education. U.S. Representative Jim Davis (D-Florida) explains: “Our state is as far out there as any state in the country in what I believe is a reckless experiment. You’re going to be hearing a lot more about Florida. The facts speak for themselves.” Similarly, a senior official in Governor Bush’s Department of Education privately stated that the state’s voucher programs are “nationally embarrassing…We cannot even appear to be on top of things.”

Representative Davis’ words were prophetic. Vociferous criticism leveled at Florida’s voucher programs by the state media and local education organizations prompted Florida’s Senate President Jim King (R-Jacksonville) to demand greater oversight and accountability. In August 2003, Education Secretary Jim Horne adopted an accountability questionnaire that requires more reporting from the organizations that provide students with tuition vouchers. Horne also introduced draft legislation to further reform the voucher programs in October 2003. However, this increased oversight is largely cosmetic and does not reach the level of accountability demanded of public schools.

Continued criticism of the voucher programs and of Horne’s accountability plan prompted the state’s Department of Financial Services to step in and conduct an audit of the three voucher programs. The agency is led by Tom Gallagher, an active proponent of Florida’s voucher programs and one of the architects of school grading under the A+ Plan. In December 2003, the agency published two audit reports that offered a blistering criticism of Governor Jeb Bush’s voucher programs and of the Department of Education’s inept leadership. Gallagher, the state’s chief financial officer, states: “Overall, the Department of Education’s failure to assign leadership to this program,
combined with the absence of active participation in program management, has created a lack of accountability….” Gallagher goes on to explain that lack of critical controls, failure to adopt programmatic rules and procedures, and high management turnover has lead to instability, abuse and potential criminal activity within the voucher programs. (See Table B for details on the lack of accountability within Florida’s voucher programs.)

In January 2004, an investigation by Gallagher even lead to the filing of a criminal charge and an arrest. James Isenhour, the operator of Silver Archer Foundation, a scholarship funding group, was charged with stealing more than $268,000 in voucher money. The money was used to pay Isenhour’s other companies, his bankruptcy lawyers, and himself. (See Appendix A for details on other investigations.)

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<th>Table B: Accountability Checklist for Florida’s Three Voucher Programs</th>
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<td><strong>Accountability Provisions</strong></td>
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<td>DOE has rules in place to govern vouchers</td>
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<td>DOE has clear audit standards for groups getting tax money</td>
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<td>DOE has a program management plan to make sure vouchers comply with state law</td>
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<td>DOE has written procedures for legal compliance</td>
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<td>DOE checks to make sure private schools meet requirements of law</td>
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<td>DOE checks to make sure students meet eligibility criteria and are actually attending school</td>
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<td>DOE makes sure voucher checks are not fraudulently cashed</td>
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<td>DOE has agreements with private organizations empowered to spend millions on vouchers</td>
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Gallagher’s criticisms are echoed by other elected officials and the media. House Democratic Leader Doug Wiles explains that the “Department of Education should be embarrassed. [The] audit shows a willful lack of accountability and a complete disregard for the tax dollars of the hard working people we represent. Clearly, the audit results demonstrate a systematic effort to cover up massive problems with the school choice program.” An editorial in the *St. Petersburg Times* asks if “anyone [is] minding the voucher store,” charging that the voucher programs show “an abdication of responsibility that is breathtaking in its sweep. In four quick years, Florida has created three different voucher programs that now serve 24,000 students at a cost of roughly $135-million. Yet DOE, until just two months ago, couldn’t even determine which students received the money and whether some of them were getting more than one check….”

Critics contend that the accountability measures instituted by Education Secretary Jim Horne are merely superficial rather than a rigorous attempt to inject the state’s voucher with more oversight. The state recently suspended voucher payments from 100 private schools that service 1,700 students through either McKay or tuition tax credit vouchers. The funding suspension was due to non-compliance issues and other legal problems. But according to a *Palm Beach Post* editorial, the Department of Education was unable to
release an accurate list of the affected private schools because the very same schools allege that the Department’s information is incorrect. Given that the Department does not have accurate records on private voucher schools or scholarship funding organizations, it is unclear how this data will be verified.

But despite the massive fiscal and accountability problems associated with Florida’s voucher programs, significant changes to these programs do not seem to be in the cards. Although many in Florida’s Senate appear to be committed to reforming the voucher program, observers anticipate that the House will, in all likelihood, pass only softer changes to the legislation such as preventing scholarship organizations from being operated by people with recent bankruptcies or criminal records.

Without adequate reform, the state’s voucher programs will continue to operate much as they have to date—without meaningful state oversight and under no obligation to ensure that state money is spent on quality educational programs.

**Further Denigration of Public Education—Funding Homeschooling**

Typically, parents who homeschool their children do not receive state funding to homeschool. However, Florida’s Department of Education is spending more than $2.3 million in public taxpayer funds to support students who are being homeschooled either full-time or part-time (see Table C for more details). A *Palm Beach Post* analysis found 13 schools statewide accepted McKay vouchers or corporate tuition tax credits to educate at least 382 homeschoolers.

This number could actually be much higher. Due to the lax reporting mechanisms of Florida’s voucher programs, hundreds and even thousands of eligible students can use a McKay voucher or corporate tuition tax credit voucher to be homeschooled. While the Horne/Bush accountability questionnaire does ask private schools whether they have a physical location and where the majority of their students get the bulk of their instruction, this data has not been made public. As a result, there is no real way of knowing just how many students in Florida are receiving publicly funded vouchers to be homeschooled.

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<th><strong>Table C: High Cost of Diverting Public Funds to Private, Homeschool Organizations</strong></th>
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<td><strong>At least thirteen schools accepting McKay vouchers or corporate tuition tax credits to educate students from their homes</strong></td>
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<td><strong>State contract given to virtual schools, Connections Academy and K12, to alleviate overcrowded public schools</strong></td>
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<td><strong>Additional funding to educate 230 kindergartners and first-graders who never attended public school</strong></td>
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**Grand Total:** More than $8 million has been diverted from public schools to homeschool children

According to the *Post* analysis, 317 McKay voucher students and 65 corporate tuition tax credit students are being homeschooled. The average McKay voucher for homeschooled
students amounts to $7,245 each and the average corporate tuition tax credit voucher for such students are worth as much as $3,500 each. For the 382 homeschoolers identified by the Post analysis, the state pays $227,500. But, depending on the actual number of homeschoolers subsidized by the state, this cost could be much higher.

In addition to the unchecked flow of public funds to homeschools, the state recently granted two virtual schools $4.8 million to educate even more students in their homes. The two schools are Connections Academy, started by Sylvan Ventures, and K12 Inc., created by William Bennett, a former U.S. secretary of education. Bennett’s K12 school is already benefiting from the state’s largesse. The school accepts both McKay and corporate tuition tax credit vouchers, explaining to parents on its web site that: “with the FloridaChild or McKay scholarships, your child can attend for free. Most families that apply and qualify for these scholarships receive funding.” With a multi-million dollar state contract, K12 is poised to benefit even more handsomely than before.

The state’s $4.8 million contract with the two virtual schools establishes a pilot program which is meant to alleviate overcrowded classrooms and will provide a publicly funded education to about 1,000 students in kindergarten through grade eight. (See Table C for more details.) The two schools receive $4,800 per student, which is only about $700 less than the state’s average per-pupil cost. Given that virtual schools don’t have to pay for overhead costs, insurance, and transportation costs, among other things, this contract allows the two schools to net a significant profit at the expense of Florida’s taxpayers and public schools.

According to the details of the $4.8 million contract, only students enrolled in a public school the previous year are eligible for participation. However, the state Department of Education has interpreted the law in opposition to its true intent, allowing many kindergartners and first graders who have never enrolled in a public school to participate in the program. Critics contend that this would allow students who never intended to attend public school to receive a homeschooled education funded entirely by the state. Furthermore, instead of saving the state money by diverting enrollment from public schools, the state had to look for an additional $1 million to fund the education of some 230 kindergartners and first-graders who did not attend public school the year before. In January 2004, Horne asked the state’s Legislative Budget Committee to authorize the use of federal funds to make up this $1 million funding deficit.

State Representative Eleanor Sobel (D-Hollywood) asks: “Why were Bennett and the Sylvan Corp. awarded such lucrative contracts when our public schools are crying for more funding…This is about cronyism and not about what is best for our kids.” In fact, the cronyism charge rings true. William Bennett’s company reportedly lobbied Florida’s
Republican-led legislature actively to approve a state-funded virtual school program. The bill was approved during last-minute state budget negotiations. In fact, this deal was made so quickly that even the Governor’s office seems to be unaware of exactly how the program is being implemented by Horne and his staff. This provoked Bush’s top education aide to complain: “This is the kind of information that would be really good to come first from the Department vs. a news article.” The program’s complete secrecy has once again prompted the Department of Financial Services to step in and conduct an investigation.

Education Secretary Jim Horne recently proposed draft legislation in an attempt to tighten accountability within voucher programs. However, Horne’s proposal makes no mention of prohibiting homeschooled students from receiving state-funded voucher money. In fact, homeschool proponents and other pro-voucher advocates have actively championed the participation of homeschools in voucher programs. And why wouldn’t they? Given that Florida’s voucher programs are virtually unregulated, homeschoolers benefit from state funding without any of the accountability required of public schools.

**THE HARSH CONSEQUENCES OF FAILURE—TESTING AND GRADUATION**

Unlike the private schools in Florida, which are not held to any accountability or performance standards, the state’s public school performance is carefully scrutinized each year, by both the state (under the A+ Plan) and the federal government (under No Child Left Behind.) In Florida, public schools and students are annually evaluated on their performance and are routinely sanctioned for not demonstrating adequate progress. Public schools that fail to meet state expectations lose students (who are allowed to transfer to better performing public and private schools) and consequently, funding.

During his first term in office, Governor Bush promised to end social promotion and make the Florida school diploma meaningful. To this end, he created the Florida Comprehensive Assessment Test (FCAT) in 1998, a high-stakes test that assesses student achievement in reading, writing, math and science, and influences graduation and student promotion. In 2003, for the first time, FCAT scores would determine which third-graders would be promoted to the next grade and which school seniors would graduate.

In 2003, almost 13,000 high school seniors and an estimated 43,000 third-graders failed to pass the FCAT statewide. Many of the third-graders were slated to be held back for an additional year. However, school districts may promote some students who passed an alternative test such as the Stanford 9, participated in a summer reading camp, or showed reading proficiency through...

“We’re all for accountability…But there’s something wrong when a high school honor roll student can’t graduate (because of a bad FCAT score) or a third-grader can’t advance to the fourth grade because of just one computerized test.”

-State Sen. Ron Klein
Critic remain worried that only a few students are taking advantage of these alternatives.

Critics are also concerned that the FCAT unfairly judges a student’s performance and bases his or her future on just one test. State Senator Ron Klein (D-Delray Beach) explains: “We’re all for accountability in education. But there’s something wrong when a high school honor roll student can’t graduate (because of a bad FCAT score) or a third-grader can’t advance to the fourth grade because of just one computerized test.” Other critics are afraid that the tests are racially biased. Concerned that the majority of seniors and third-graders failing the FCAT are Black, State Representative Frederica Wilson (D-Miami) asks: “what happens to the large numbers of Black children who are failing this test at an alarming rate and missing their chance to go to college”?

Governor Jeb Bush has declared that his A+ plan is a rousing success, claiming that standardized tests and consequences for failure have dramatically improved Florida’s classrooms. However, the Bush administration paints a rosy, and sometimes selective, picture when it comes to educational achievement. His administration claims that according to the most recent FCAT scores, 60 percent of fourth-graders are proficient readers. But according to the federal National Assessment of Educational Progress (NAEP) test, only 32 percent of Florida’s fourth-graders are proficient readers. Similarly, last year, when boasting about the FCAT’s success, Bush failed to mention that the test scores of more than 18,000 minority students were not included in the analysis of student achievement. As a result, test results were skewed, showing a higher level of student achievement. When scores of all students were included, results showed that 50 percent of Black students and 41 percent of Hispanic students scored at the lowest level.

In Florida, education remains a very political issue. Charles Garcia, a Florida Board of Education member appointed by Jeb Bush, admits that while the state board was created to take politics out of education, the board is politically motivated. In November 2003, Garcia was the lone voice on the Board who favored raising FCAT passing scores so that schools would continually strive for higher grades, as was intended by the A+ Plan. The rest of the board members disagreed, voting to keep the current standards, and thereby, according to Garcia, weakening the exam. The board members’ vote would, in effect, guarantee that more schools get an A-grade during a year that George W. Bush is up for the presidential reelection.

Florida officials recently boasted that graduation has also steadily increased under the A+ Plan. The state claims a 68 percent graduation rate for students after four years of high school. Jim Horne proclaimed: “That Florida has seen such a significant increase in high school graduation in only four years is a testament to the fact that high standards, measurement and accountability add up to dramatically improved student achievement….” In truth, Florida ranks among the bottom in graduating its students. According to research conducted by the conservative Manhattan Institute, Florida graduated only 56 percent of its students in 2001, compared to the national average of 70 percent. The disparity in data is attributed to the fact that Florida counts students who opt to take the General Education Development (GED) as graduates, which skews graduation
Grading schools and vouchers are the bedrock of Governor Bush’s education plan. Under the A+ Plan, if a public school has been labeled as failing for two of four consecutive years, students from that school may take a voucher to attend a better performing public or private school. A spokesperson from the state Department of Education explains that “if a school is failing, the students that happen to be there ought not be doomed to attending that school for the rest of the academic year.” But this theory fails to consider the consequences to the schools and students that are left behind. While the Department spokesperson contends that Bush’s plan was not intended to shut down low-performing schools, that is exactly what is happening. Floral Heights Elementary School in Miami-Dade county will close after more than 45 years due to a failing grade and hence, dwindling enrollment and funding. According to a Miami Herald analysis, the 28 Miami-Dade elementary schools that have received “F” grades face losing students and funding. Ironically, these schools are in districts where classroom overcrowding is a chronic problem. Like Floral Heights, these other elementary schools may also close their doors if enrollment and funding loses severely impact their ability to effectively teach the students that remain. Rather than throwing vast amounts of money after voucher programs, the state should instead focus on poorly performing public schools, giving them the support and resources they need to turn around and better serve their student population.

Furthermore, Bush’s accountability plan financially rewards schools and staff for strong test scores, and penalizes for low performance. Unfortunately, this reward and sanction system has given rise to cut-throat education practices that do not educate all children, as is the obligation of public schools everywhere and the intent of the federal NCLB. In Miami-Dade, an elementary school principal recently wrote a memo to homeroom teachers instructing them to identify students who might be dragging down the school’s FCAT scores—such as those who live outside the school’s attendance area, are chronically tardy or absent, have behavioral problems, are inattentive, and who do not finish class and home work assignments. In a separate note, the principal explains: “These are the kids we’ve got to get ‘outta here’ if they are low on the FCAT!”

In Florida, the harsh consequences of failure impact the very institutions that Jeb Bush claims to be helping. As more and more schools are labeled as failing, some students will “escape” to private and religious schools that are not held to any academic standards or accountability while public schools will be forced to shut down due to low student enrollment and funding. High-stakes testing will result in more students being held back, fewer students graduating from high school, more students dropping out (because of an inability to pass the FCAT), and eventually fewer students applying to and attending
college. As State Senator Larcenia Bullard (D-Miami) puts it, the state’s high-stakes tests “are doing more harm than good in an effort to ‘leave no child behind.’”

**DIS-INVESTING IN PUBLIC EDUCATION—THE CLASS SIZE REDUCTION DEBACLE**

Prior to the 1998 gubernatorial election, Jeb Bush decried overcrowded schools and classrooms, stating: “I am convinced that smaller is always better than bigger when it comes to teaching kids.” But once elected, Bush failed to include smaller class sizes in his education plan and has repeatedly shown that this issue is not one of his priorities.

In November 2002, Florida voters approved three education measures, sending a clear message to the state’s Republican governor and Republican-controlled legislature to dedicate more money and thought to education issues. One of these measures was Amendment 9, a class size reduction initiative that limits the number of students in the state’s public school classrooms to 18 for pre-kindergarten through third grade, 22 for fourth through eighth grade, and 25 for high school. Class size reductions would be phased in over an eight-year period and would be funded by the state legislature.

The passage of Amendment 9 was vigorously opposed by Governor Jeb Bush, who, according to the *St. Petersburg Times*, campaigned against the amendment almost as much as he campaigned against his opponent, Bill McBride. Bush criticized the class size reduction plan as being too expensive, even going as far as to say that it will “block out the sun,” even though his administration was at the time diverting millions of taxpayers dollars to voucher programs and other education privatization efforts.

Bush was caught on tape telling lawmakers that he had “devious plans” if Amendment 9 passed. While Bush later attributed this statement to sarcasm, the Bush administration’s record in following the will of the people and implementing smaller class sizes speaks for itself. Little more than a month after its passage, state Senator Anna Cowin (R-Leesburg)—a member of the select committee created to work on implementing Amendment 9—filed legislation to repeal the amendment. But Republican leaders, afraid of alienating voters so soon after the election, refused to back Cowin’s legislation.

Following Jeb Bush’s lead on vouchers as a solution to virtually any educational problem, in March 2003, the House approved a bill that would provide students with vouchers to alleviate overcrowding in public schools. Specifically, the bill would allow school districts to give students a $3,500 voucher to use at a private school, create another $3,500 voucher program for private kindergarten programs, and expand the corporate tuition tax credit program so that more children would become eligible for private school vouchers. In keeping with Bush’s propensity to support homeschooling at the public’s expense, the bill would also give parents $4,800 to enroll their children in a virtual school from kindergarten to grade eight. And finally, the bill would fast-track graduation, reducing the number of high school credit hours from 135 to 120, and reducing the number of credits required for graduation from 24 to 18. In June, a class size reduction implementation bill enacted as law did not include the voucher and
homeschooling options that House Republicans had proposed back in April, but did include the controversial accelerated graduation for some students.

Despite signing the bill, the governor is still pushing to repeal Amendment 9, stating, “If people want to change their minds, I will be there with my support and my vote.” In August 2003, the state Board of Education voted to support repealing part of the amendment. While the board supported smaller class sizes in kindergarten through grade three, they suggested repealing smaller class requirements from grade four onwards. All seven Board of Education members are chosen by the governor.

Taking his cue from the Board of Education’s decision, House Speaker Johnnie Byrd (R-Plant City) is touting a ballot initiative asking voters to limit the class size reduction plan. Byrd has stated that he would eventually like the class size measure to be removed from the state constitution and instead have the issue be discussed in the legislature. Similarly, in October, State Senator Burt Saunders (R-Naples) began a public petition drive to partially eliminate Amendment 9.

Governor Jeb Bush’s administration claims high costs of the class size reduction program as a reason for repeal. Education Commissioner Horne claims that the money saved by repealing Amendment 9 would be spent on teacher salaries, reading specialists, and technology and career preparation for high school students. But in fact, the state could adequately fund the program by eliminating a number of special interest loopholes and corporate tax breaks. The state loses an estimated $23 billion annually in sales tax revenue due to special interest loopholes and existing exemptions for things like adult entertainment, escort services, skyboxes at sporting events, and ostrich feed. Additionally, corporate tax breaks cost the state nearly $430 million in annual revenue. And in the last four years, Governor Bush has ordered $8 billion in tax cuts. In addition to all this, voucher and tuition tax credit programs cost the state millions more each year. Jeb Bush’s administration has failed to consider repealing special interest exemptions and corporate tax breaks, thereby freeing up hundreds of millions of dollars which could be used to make education a top priority in Florida.

**FINAL STAB IN THE BACK—EDISON SCHOOLS AND PENSION FUNDS**

Edison Schools, created in 1992, is the nation’s largest private education management company. The company, which has failed to turn a profit since its inception, was once a publicly traded company but recently reverted to being privately held after disappointing stock performance, by accepting a $182 million buyout by the state of Florida’s government employee pension fund.

Ironically, a company that critics charge threatens public education by attempting to privatize it, is now being bailed out by the earnings of Florida teachers, among other state workers.
The deal was brokered in November 2003, by Chris Whittle, Edison’s founder, and Florida’s Board of Administration, which oversees the pension fund and is headed by Governor Bush. (Bush claims that the administration board handled the deal and he knew nothing about it until it was announced.)

Critics of the deal are concerned that the state jumped onto the Edison bandwagon without adequate investigation. Edison is a risky proposition, that so far, has been a failing for-profit business, and has losses of more than $354 million. The company had only one profitable quarter, but the profits came not from business but from the sale of property. The state Board of Administration, which oversees the pension fund, has a history of making poor and risky investment choices that have caused losses of more than $428 million by investing in companies like Enron and WorldCom.

House Democratic Leader Doug Wiles noted in a letter to Bush: “This transaction will risk the hard-earned savings of Florida’s public employees on a private company that has lost millions of dollars, is deeply in debt, has been subject to SEC (Securities and Exchange Commission) scrutiny and is being sued by its shareholders for misleading accounting and disclosure practices…I’m certain that the majority [of our employees] would not approve of a significant investment in a business that seeks to eliminate their own jobs.”

Similar criticism from Florida unions such as United Teachers of Dade has prompted Governor Bush to suggest that the unions are trying to influence investment decisions. Bush stated: “We shouldn’t be making decisions based on politics.” But, not surprisingly, the major players around the Edison deal are all GOP supporters, with ties to the Bush family. The dots are easy to connect:

- In October, Edison sponsored a school choice banquet, where Governor Bush was honored with an award.
- Edison hired a company that is headed by James Cayne—who raised more than $137,000 for President George W. Bush’s reelection campaign (in 2004)—to find a buyer for the company.
- Florida was represented in the deal by a firm led by David Girard-diCarlo, another fundraiser for President Bush in both 2000 and 2004.

The American Federation of State, County and Municipal Employees (AFSCME) President Gerald McEntee stated: “[The State Board of Administration’s] bad investment practices led to the massive loss of retirement funds for state employees…Governor Bush and the other trustees betrayed the faith put in them by Florida workers by putting their retirement security at risk.” Rather than learning from past mistakes, Governor Bush and his administration are rushing into another investment scheme that not only forces state education employees to prop up a company that believes in privatizing education but could also seriously compromise the state’s pension funds.
CONCLUSION—FUNDING THE WRONG PRIORITIES

Evidence from other cities implementing voucher programs, and from Florida itself, shows that voucher and tuition tax credit programs are poor public policy that drain public tax dollars with no accountability or proven results.

Additionally, despite state laws prohibiting taxpayer funding to homeschools, Florida has provided two cyber schools with multi-million dollar grants, and has also allowed hundreds (if not thousands) of students to take state-funded vouchers to be homeschooled. While homeschools and private voucher schools in Florida operate with virtually no oversight or accountability, the state’s rules for public schools are much more stringent. Student and school performance have harsh penalties for failure. While student enrollment, school funding and even graduation are all affected by the state’s accountability provisions for public schools, the state has repeatedly refused to adequately fund public education or school improvement efforts like smaller class sizes.

Governor Bush’s administration has stated time after time that the state’s education system is a great success, exclaiming that Florida is “engaged in the world’s most far-reaching reform movement.” The state is in fact changing its education system, but its priorities are all wrong. The state has blazed a destructive path that hands organizations and private schools millions of dollars with virtually no accountability, while short-changing the vast majority of the state’s students who depend on public schools and public education.

It is a shameful education policy that threatens to destroy public education in Florida. Rather than working to ensure that all children in the state get the education and support they need to become productive citizens, Florida has instead chosen to invest in only a select few, leaving most children behind, contrary to the will of its people and the requirements of its constitution.
APPENDIX A—CONTINUING INVESTIGATIONS OF FLORIDA’S VOUCHER PROGRAMS

In 2003, Florida’s Chief Financial Officer, Tom Gallagher, and the Department of Financial Services conducted an audit of the state’s three voucher programs. The agency published two audit reports in December 2003 that offered a blistering criticism of the voucher programs and of the Department of Education’s inept leadership. Based on findings from the audit, the agency commenced several investigations, some even criminal. Details of the investigations are highlighted below:

- The state’s largest scholarship funding organization, FloridaChild, is under a criminal investigation for financial mismanagement. The group is accused of illegally charging parents a $15 application processing fee, accepting millions of dollars in transfers from other voucher groups, and soliciting a two percent donation from the private schools that received vouchers, among other irregularities. The organization recently quit the voucher funding business.

- A home-school consultant from Boynton Beach allegedly received more than $54,000 in voucher funds for providing parents with administrative help. Parents complained that the consultant wanted between 30 and 50 percent of a McKay voucher for such assistance.

- Heritage Schools of Opa-locka, receiving all three types of state vouchers, are being investigated for keeping voucher money even after students returned to public schools.

- According to the Palm Beach Post, Faith Academy of Bartow, which enrolls 56 voucher students, is also under investigation.

- Gallagher is also conducting an investigation of Florida’s virtual school program, under which the Department of Education illegally permitted the enrollment of kindergarten and first-grade students who had not attended public school the year before.

- In January 2004, an investigation by Gallagher lead to the arrest of James Isenhour, the operator of Silver Archer Foundation, a scholarship funding group. Isenhour was charged with stealing more than $268,000 in voucher money. The money was used to pay Isenhour’s other companies, his bankruptcy lawyers, and himself.
Whenever public funds become readily available with little or no oversight as to how this money can be used, abuse and neglect are almost sure to follow. Here are selected highlights from two of Florida’s failing voucher programs:

**Corporate Tuition Tax Credit Vouchers—**

- FloridaChild is the largest scholarship funding organization in the state’s corporate tax credit program, accounting for nearly half of the tuition vouchers distributed in 2003. The organization used a $5.2 million line of credit to pay for vouchers, accepted millions of dollars in transfers from other scholarship funding organizations, and asked for a two percent donation from voucher schools to pay for administrative and overhead costs. None of these provisions are authorized by law. The group recently quit the voucher funding business.

- Silver Archer Foundation, a scholarship funding group created by the operator of a bankrupt correspondence school, is unable to account for $400,000 that was supposed to provide students with vouchers. The company’s chief, James Isenhour, filed for personal bankruptcy in 2000. In 2003, he filed bankruptcy papers for his correspondence school, Cambridge Academy, which is conveniently located next door to Silver Archer Foundation. Court records show that Isenhour used tens of thousands of voucher dollars to bail out Cambridge Academy and even persuaded a federal judge to let him collect a $52,000 salary per year from voucher funds. In January 2004, Isenhour was charged with grand theft for stealing more than $268,000 in voucher money.

**McKay Vouchers—**

- According to a *Palm Beach Post* investigation, 77 percent of private schools accepting McKay vouchers to educate student with disabilities do not offer special classes or services for such students. Of 641 private schools accepting McKay voucher students, 496 reported to the state Department of Education that they do not offer classes “specifically designed to meet the needs of children with exceptionalities.”

- Middlemen and “consultants” have charged parents large commissions to provide them with administrative and enrollment support for their children using vouchers. Last year, a Boynton Beach homeschool consultant received more than $54,000 in voucher funds for providing parents with administrative help. Parents complained that the consultant wanted between 30 and 50 percent of a McKay voucher for such help.
• In some instances, McKay vouchers have allowed students to continue attending a private school at the state’s expense even when the disability no longer exists. For example, a Pinellas county student who broke a leg in the spring has been permitted to use McKay a voucher six months later. In fact, he or she not only used the voucher during recuperation, but under the voucher law, may remain in the private school until graduation.103

ENDNOTES

2 S.V. Date, “Florida Vouchers Praised, Panned,” Palm Beach Post, November 30, 2003.
9 See People For the American Way research, Unaccountable by Design: Corporate Tuition Tax Credit Schemes Drain Millions from States, available at www.pfaw.org.
61 ibid.
67 See People For the American Way research on Florida’s class size reduction, available at www.pfaw.org.
83 ibid.
85 Bill Cotterell, “This School Investment Isn’t So Sound,” Tallahassee Democrat, October 6, 2003.
90 Statement made by Phil Handy, chairman of Florida’s Board of Education.  Source: Kimberly Miller, “100 Private Schools Suspended,” Palm Beach Post, December 17, 2003.
91 Audit: Corporate Tax Credit Scholarship Program, Florida Department of Financial Services, December 10, 2003.
92 S.V. Date, “Voucher Group Head Accused of Looting $268,000,” Palm Beach Post, January 30, 2004.
95 S.V. Date, “Voucher Group Head Accused of Looting $268,000,” Palm Beach Post, January 30, 2004
96 ibid.
97 ibid.
100 S.V. Date, “Voucher Group Head Accused of Looting $268,000,” Palm Beach Post, January 30, 2004.

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Dereliction of Duty

People For the American Way conducts research, examines the impact of public policy, builds coalitions in states and local communities, and takes legal action in support of the values and institutions that sustain our diverse, democratic society.

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