A New Turnaround Model: Michigan’s Highland Park Goes Charter

By Audrey Spalding

Executive Summary*

This brief examines the series of events that lead to the Highland Park school district being converted to a system of charter public schools in 2012. Used as a strategy to help the district eliminate its large fiscal debt while still providing resident students with a local public school option, Highland Park’s charter conversion is one of the first of its kind in the state and even the nation.

Michigan has about 50 school districts operating with budget deficits. The state has tried several reform measures to deal with fiscal and academic failures, including state takeover of individual schools and the dissolution of entire districts. Highland Park’s experience may provide lessons for policymakers and school officials attempting to deal with similar issues in other Michigan school districts.

This paper chronicles Highland Park’s enrollment decline and financial mismanagement, along with the students’ poor academic performance. State data and in-person interviews, a result of more than a year’s worth of visitations to Highland Park schools by the author, are used to provide an accurate representation of the district’s operations.

During the first year of charter school operation, students demonstrated significant learning gains, with some grades posting academic growth far above the average Michigan student. The charter school company, which had just five weeks to prepare to operate the district before the start of the 2012-13 school year, has invested more than $1 million in the schools, and has cleaned the previously filthy facilities.

This paper is a companion piece to "The Highland Park Transformation," a short documentary video featuring interviews with Highland Park students, parents and teachers about the district’s conversion. That video can be found online here: www.mackinac.org/highlandpark.

Introduction

In July 2012, it was announced that two for-profit charter school companies would be taking over two of Michigan’s failed school districts. On the western side of the state, Mosaica Education would be running the Muskegon Heights school district. And in south-eastern Michigan, in the center of Detroit, The Leona Group would be operating the Highland Park school district.1

Converting an entire school district to a system of charter schools was unprecedented at the time. This report details the conversion of Highland Park schools and is based on more than a year’s worth of visitations to the school and interviews with school leaders and staff members.

* Citations provided in the main text.
In Highland Park, the timeline of events resulted in the charter school company being given just five weeks to assess and clean Highland Park school buildings, to hire staff and to prepare to open the schools in the first week of September.

As discussed further in this paper, there is substantial evidence that the district’s facilities were mismanaged by the conventional district, along with many signs of academic neglect. Highland Park parents and students say that the schools have dramatically improved under new management. During the first year of The Leona Group’s management, the facilities have been cleaned, updated and maintained, and students are exhibiting learning growth. But staff members acknowledge that there is much more work to be done.

There are important lessons to be learned from Highland Park’s story, especially considering that about 50 Michigan districts are facing overspending crises, and some face the threat of financial emergency. In recent years, Michigan has tried a number of tactics to turnaround schools that are failing either academically or financially, including state takeover and closing and dissolving districts by sending students to contiguous districts.

The charter conversion model, or “charterization,” in Highland Park is yet another approach to deal with failing school districts. Understanding this process and the initial results for one district is an important step in the process of deciding how to best reform Michigan’s failing schools.

The Decline of Highland Park Schools

Falling Enrollment

Detroit-area students have a number of public school options: They can attend one of the city’s approximately 100 or so charter schools, or attend a nearby district using “Schools of Choice,” a policy that allows a student living in one district to attend a school in a different district.

Student enrollment at the Highland Park school district declined precipitously during the most recent five-year period — from about 3,900 students during the 2007-08 school year to just over 1,000 students during the 2011-12 school year. Highland Park’s loss of students during these years was primarily driven by students choosing to attend public schools in different districts.

The first year of significant enrollment decline over this recent period occurred between the 2007-08 and 2008-09 school years, with enrollment dropping by about 24 percent, or 917 students. The following year was no better: Highland Park lost 36 percent of its student enrollment, more than 1,000 students in a single year.

Despite this drop, Highland Park largely benefited from Schools of Choice. In the 2007-08 school year, for example, 2,411 nonresident students attended Highland Park schools through Schools of Choice — meaning that more than 60 percent of students attending Highland Park schools did not actually live in the district. Nearly all the students entering Highland Park schools were residents of Detroit Public Schools — a district which had had its own financial and management difficulties for a long time.

Nevertheless, between the 2007-08 and 2011-12 school years, Highland Park lost 2,857 students. Over the same period, the number of students using Schools of Choice to attend Highland Park schools dropped by 2,060, meaning 72 percent of the enrollment decline in Highland Park resulted from nonresident parents opting not to send their children to Highland Park any longer through Schools of Choice.

* For more on Schools of Choice, see “5I - Section 105 and 105c Schools of Choice Pupils” (Michigan Department of Education, June 2011), accessed Dec. 6, 2013, http://goo.gl/3TueOq.
Financial Difficulties

Since a large portion of a district’s state funding is based on student enrollment, as a result of these enrollment declines, Highland Park lost significant amounts of state revenue. During the 2011-12 school year, Highland Park received $10 million from state taxpayers, down from $26 million in 2007-08. This $16 million (or about 61 percent) decline in state revenue accounted for the vast majority of the district’s decline in total revenue over the period.

However, reductions in total district spending did not decrease proportionately. Even though total district revenue declined each year from 2007-08 to 2011-12, Highland Park spent more than it took in each of those five years. The most dramatic case of overspending was the 2010-11 school year when the district spent 16 percent more than it received in revenue.

Not surprisingly, as Graphic 1 shows, total district expenditures throughout this five-year period were not reduced sufficiently to deal with the district’s declining enrollment. While student enrollment dropped by 74 percent since 2007-08, total expenditures fell by 53 percent.

Alleged Misuse of Funds

Not only did the district fail to downsize fast enough in the face of rapidly decreasing enrollment, but Highland Park school officials were also accused of outright theft of district resources. Former Highland Park school board member Robert Davis was charged with and indicted for stealing more than $125,000 from the district between 2004 and 2010. Jamille Edwards, a former Highland Park school board president, was ordered by a judge in 2009 to repay the district $3,700.

In interviews with the author, former Highland Park school district teachers discussed boxes of unopened and unused textbooks and extravagant trips. One teacher said the district, while student enrollment and revenues were dropping quickly, had paid for a large group of employees to attend a conference at a five-star hotel in Orlando. The conference lasted one week, and Highland Park employees received a $100-per-day meal stipend.

Mismanaged Facilities

In other interviews with the author, students, teachers and other staff members mentioned the deteriorated state of the school buildings. Rodents had been seen on the third floor of the high school, and several different high school students mentioned seeing rodents on other floors during the school day. Swimming pools, on the first floors of both the elementary schools, were not in working condition and were filled with trash and unused school equipment.
All three of Highland Park’s school buildings had toilets that were caked with filth. In its lawsuit against the district, the American Civil Liberties Union noted that the school bathrooms were “not properly maintained, often smeared with feces, lack toilet paper and paper towels, and missing stall doors and other fixtures.”

Comments made by students and staff members in interviews were similar to the allegations made in the ACLU complaint regarding the state of school facilities prior to the district converting to a system of charter schools.

Student Academic Performance

During the 2011-12 school year, just 5 percent of Highland Park eighth graders scored proficient or better on the Michigan Educational Assessment Program test in mathematics. Astoundingly, this was an improvement. No district eighth grader scored proficient or better on either the 2010-11 or 2009-10 MEAP mathematics test.

Just one other conventional school district reported zero students scoring proficient or better on the eighth grade MEAP mathematics test during those two years — the Buena Vista School District. That district was closed and dissolved in 2013.

Highland Park eighth graders fared better on the state reading test, with 48 percent scoring proficient in 2011-12, up from 21 percent during the 2010-11 school year. But high school students reported worse scores. No student scored proficient or better on the Michigan Merit Exam test in mathematics (administered to 11th grade students) during the 2008-09 and 2009-10 school years, and only 3 percent did in the following year. Student scores were higher on the MME reading test, but nothing to brag about: 14 percent of students scoring proficient or better during the 2011-12 school year.

Charter Conversion

A review team appointed by Gov. Rick Snyder determined that Highland Park was facing a financial emergency. Criteria for a financial emergency include deficit spending for more than three consecutive years and having a deficit of more than 15 percent of district revenues. During the 2010-11 school year, according to the report, Highland Park had spent 54 percent more than what it had received in revenues.

The review team recommended that the Highland Park School District be taken over by an emergency manager. Gov. Snyder agreed with the findings and announced in January 2012 that an emergency manager would be appointed to oversee the operations of the district.

After the initial determination that Highland Park was facing a financial emergency, the Michigan Department of Education gave the district a $188,000 advance in state funding so that the district could pay its employees. Less than a month later, the MDE gave the district another advance of $261,000. Legislation was also passed that year which provided $4,000 in per-pupil funding for Highland Park students that would follow those students to attend another district or charter school for the remainder of the 2011-12 school year.

After procedural delays stemming from a suit brought by a former Highland Park school board member, Joyce Parker was appointed as emergency manager of Highland Park schools in May 2012. As an emergency
manager, Parker had the ability to void collective bargaining agreements and restructure operations of governments facing a financial emergency.\textsuperscript{35}

On June 8, Parker issued her first order, which was to lay off all non-instructional employees of the school district. Later, the district’s contract with the teachers’ union was terminated, effectively laying off all the district’s teachers too.\textsuperscript{36}

Just 10 days later, Parker announced that the district would be converted to a system of charter schools — the Highland Park Public School Academy System.\textsuperscript{37} According to a financial plan prepared for the district by the emergency manager, the school district of Highland Park would primarily be limited to making payments on the district’s debt and levying district taxes.\textsuperscript{38} Under the plan, it is projected that it will take the district until 2042 to pay off its debts.\textsuperscript{39}

Parker’s plan stated unequivocally that the district would not be providing educational services. The plan stated: “[T]he District will expend no funds for the direct provision of public educational services by the District in public schools operated by the District.”\textsuperscript{40}

In late July, it was announced that the Highland Park Public School Academy System would contract with The Leona Group, a charter school operator, to run its schools. Leona runs approximately 20 other charter schools in Michigan, most of which are located in high-poverty areas, similar to Highland Park.\textsuperscript{41} That fall, the Highland Park school buildings reopened as charter schools under the name “Highland Park Renaissance Academy.”

For a timeline of these events, see Appendix A.

\textbf{First Year Challenges}

In its first year, the 2012-13 school year, the Highland Park Renaissance Academy faced a number of challenges. Not only were officials not initially aware of just how egregious some of the previously discussed facility, financial and academic challenges were, HPRA has also faced a lawsuit as well as organized protests in its first year.

The chartered district is defending itself as part of an ongoing lawsuit brought by the American Civil Liberties Union against the Highland Park school district, the State of Michigan, the State Board of Education, the Michigan Department of Education, the Michigan Superintendent of Public Instruction, The Leona Group and Joyce Parker. The lawsuit was originally promoted as defending students’ “right to read,” and argued that Highland Park students attending the district prior to its conversion to a charter school system had been subject to academic neglect.\textsuperscript{42}

Later, the ACLU lawsuit has expanded to include other arguments, including suggesting that Leona should never have been selected to run Highland Park schools. In its documents, the ACLU has claimed that the state “should know” that Leona “is incapable of producing appropriate results.”\textsuperscript{43}

In interviews, HPRA Superintendent Pamela Williams declined to discuss the specifics of the ACLU lawsuit, but did note that dealing with it had taken up a considerable amount of time and resources.\textsuperscript{44}

During the 2012-13 school year, a number of books that the schools were not planning to use were thrown out. Some Highland Park residents found the books in a dumpster near the school, and organized protests around the issue. Protest signs included “Dump the [emergency manager], not the books.”\textsuperscript{45} HPRA staff members say that they are having difficulty removing trash from the pools — which were filled with broken furniture — for fear of triggering more protests.\textsuperscript{46}

HPRA staff members say that another large challenge during the beginning of the 2012-13 school year was making sure parents and students knew that Highland Park schools were still open. Approximately 260 students showed up during the first week of school.\textsuperscript{47}
According to the latest enrollment tally, however, 859 students attend the charter district.48

First Year Successes
In interviews with this author, students at all three Highland Park schools say that, from their perspective, the schools have improved. Students say that the schools are cleaner, that teachers have a better focus on teaching, and that they are seeing better leadership from school principals.49 Teachers who stayed with the charterized district say that they have taken large pay cuts, but that the improvements in culture may be worth it.50

Leona officials say that the company has invested more than $1 million to clean and improve Highland Park school buildings.51 Moreover, the company manages the district for far less than the district previously spent on administration. Leona management costs are about 10 percent of district revenue, compared to the more than 25 percent of revenue that was previously spent by the conventional district on central administration and management.52

During its first year, HPRA also posted promising student academic growth. Highland Park eighth graders did especially well: In the fall of 2012, they scored in line with the bottom 25 percent of Michigan eighth graders. By the spring of 2013, however, they were close to the 50th percentile.53 The average reading and math test scores for nearly all grades improved by a statistically significant amount in all three HPRA schools.54

Conclusion
There is no question that Highland Park was a struggling district. Financial mismanagement, alleged theft and a failure to maintain facilities all contributed to a school environment that was not conducive to learning. And neighborhood parents voted with their feet, leaving the district in droves and exacerbating the district’s fiscal problems. Fortunately, all of these issues are being addressed by the district’s conversion to a system of charter schools.

While some might hope to see a total recovery after a single year of operation, the difficult reality is that Highland Park schools have a long way to go. Not only are HPRA officials trying to address the large problems that led to the district’s financial collapse, they have also had to grapple with litigation and protests.

Charter conversion, as seen in Highland Park, does offer some advantages over other efforts to reform struggling schools. Students are able to continue to attend their neighborhood schools and the charter company undertakes the financial risk of continued enrollment decline and the upfront costs of fixing up the schools. Moreover, though HPRA still faces challenges in reinventing Highland Park schools, students are posting academic gains as measured by standardized tests. In some cases, the gains are well above what is typical for Michigan students.

HRPA has had a promising first year. Officials and teachers have remained resilient, despite challenges. As the charter district continues operation, policy makers should watch carefully. If charter conversion works in Highland Park, it could be a promising solution for other failing districts.
Appendix A: A Timeline of Events

Timeline of Events

- Jan. 3, 2012: The Highland Park School District Financial Review Team issues its report to Gov. Rick Snyder, confirms that a financial emergency exists, and recommends the governor appoint an emergency manager.\(^{55}\)

- Jan. 12, 2012: Snyder agrees with the review team’s assessment, and determines that a financial emergency exists in the district.\(^{56}\)

- Jan. 12, 2012: Michigan Department of Education announces it will advance $188,000 in state aid so the district could make payroll.\(^{57}\)

- Jan. 27, 2012: Gov. Snyder appoints Highland Park’s first emergency manager, Jack Martin.\(^{58}\)

- Feb. 8, 2012: Michigan Department of Education advances $261,000 in state aid so the district could make payroll.\(^{59}\)

- Feb. 15, 2012: An Ingham County judge rules that the review team violated open meetings law by not meeting in public.\(^{60}\)

- Feb. 22, 2012: Financial review team reconvenes, and allows public comment.\(^{61}\)

- Feb. 23, 2012: Financial review team resubmits its report to Gov. Rick Snyder. Snyder re-determines that a financial emergency exists in the Highland Park school district.\(^{62}\)

- March 2, 2012: Gov. Snyder reappoints Jack Martin as emergency manager.\(^{63}\)

- May 10, 2012: Joyce Parker appointed as emergency manager, succeeding Jack Martin.\(^{64}\)

- June 8, 2012: Parker issues her first order as emergency manager, laying off most of the employees of the school district.\(^{65}\)

- June 18, 2012: Parker announces a plan to convert the district to a system of public charter schools and create the Highland Park Public School Academy System.\(^{66}\)

- June 18, 2012: Parker issues order to request applications from charter school operators to run the district’s schools.\(^{67}\)

- July 12, 2012: The American Civil Liberties Union files a lawsuit against the district, emergency manager, the State of Michigan, the State Board of Education, the Michigan Department of Education, the Michigan Superintendent of Public Instruction, and the Leona Group, alleging that students have been denied their “right to read.”\(^{68}\)

- July 27, 2012: Parker announces that the district will contract with The Leona Group to run Highland Park schools.\(^{69}\)

- Sept. 4, 2012: First day of school for the new Highland Park Renaissance Academy schools.
Endnotes


5 Ibid.


11 Author’s calculations based on Ibid.

12 Ibid.

13 Author’s calculations based on Ibid.


18 Patricia Ashford, Interview with Audrey Spalding, May 7, 2013.


23 Ibid.

24 Ibid.


28 Ibid.


39 Ibid., 4.

40 Ibid., 6.


44 Highland Park Renaissance Academy Superintendent Pamela Williams, Interview with Audrey Spalding, July 24, 2013.


47 Highland Park Renaissance Academy Superintendent Pamela Williams, Interview with Audrey Spalding, July 24, 2013.


49 Student interviews conducted by Audrey Spalding between December 2012 and May 2013.


51 Madalyn Kaltz, “The Leona Group Will Revitalize Highland Park Schools” (The Leona Group, July 17, 2013).

52 Ibid.

53 “Inter-Quartile Range for Growth Trajectories: Mathematics Michigan” (Scantron Corporation, 2005); “Inter-Quartile Range for Growth Trajectories: Reading Michigan” (Scantron Corporation, 2005); “Diagnostic Test Reports” (Scantron Corporation, Aug. 7, 2013).

54 “Diagnostic Test Reports” (Scantron Corporation, Aug. 7, 2013). Ninth-graders failed to post statistically significant gains in reading.


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