

CHARTER SCHOOLS TEND TO FARM OUT A LOT OF ADMINISTRATIVE TASKS

JUSTIN MURPHY @CITIZENMURPHY

Since charter schools are smaller than a traditional school district and sometimes lack some central office capabilities, they often contract with larger organizations that handle administration, purchasing and other tasks.

Rochester Prep and PUC Achieve charter schools in Rochester are among many that follow this model. The contracts can be lucrative, in some cases consuming the vast majority of a school's budget and thereby obscuring the spending from public view.

In 2014-15, Discovery Charter School in Greece paid \$118,000 to its affiliate, the Education Success Network, for human resources and technology management as well as the subcontracted services of EnCompass: Resources for Learning, a tutoring company. The school said the \$118,000 contract represents more than \$400,000 worth of services — \$368,000 in academic support and \$82,000 for administrative, but did not provide a further breakdown of what was provided.

It did not bid for the work, it said, because ESN makes “significant and extensive in-kind charitable contributions to (Discovery) ... that are impossible to procure through any (bid) process.”

Similarly, ESN also took in \$545,000 from the Norman Howard School, a private school in Henrietta for students with disabilities.

State law requires that public entities, including charter schools, solicit bids for all “public work” exceeding \$20,000, though there are exceptions. In cases where bidding is not required, the services in question “must be procured in a manner so as to assure the prudent and economical use of public moneys in the best interests of the taxpayers ... and to guard against favoritism, improvidence, extravagance, fraud and corruption.”

Common Cause New York Executive Director Susan Lerner said a key part of that safe-guarding is ensuring that both contracts to a party have their own independent representation. “The (problem is that) these interrelated relationships often lead to contracts that are not negotiated at arm's length,” she said. “Unless you have independent directors, there's no way to preprogram. vent that kind of conflict moving from an apparent to an actual conflict of interest.”

When asked about his conflicting roles as landlord and tenant, or contractor and purchaser, Joseph Martino, who holds leadership positions in five ESN entities, wrote in an email: “I have consistently recognized and announced my connection to Education Success Network, Education Success Foundation, the Norman Howard School and EnCompass, and have appropriately recused myself from all Discovery votes related to ... providing services to Discovery through our family of organizations. Yes, I have a conflict that I regularly disclose and that the Discovery board acknowledges and addresses using the policies put in place to address such situations.”

He pointed to a “strictly-adhered-to conflict-of-interest policy” that applies to all branches of the organization. The policy, however, has not proved to be an obstacle to questionable practices.

In March 2015, for instance, Discovery board members, including Martino, unanimously approved an agreement with ESN for its summer school pro- The board members decided there was no conflict of interest because ESN “would need to work hard to find money to simply cover their expenses and, therefore, would

likely not profit monetarily from the program.”

They did not request bids for other summer program providers because they believed other providers would charge too much — a question that could have been answered definitively with a bidding process.

The signed agreement does not state the cost of the program, but rather says only that ESN would subcontract with EnCompass and “provide program funding, with assistance from Discovery.”

According to Discovery board chairman David Vigren, the total cost to En-Compass ended up being \$134,000, to which Discovery contributed \$54,000 in grant funding it had received.

Lerner said it was clearly inappropriate for Martino to vote on a contract with an organization he leads.

“Such a person should not be voting on a contract in any instance, profitable or non-profitable,” she said.

JMURPHY7@Gannett.com



The former University Prep Charter School for Young Men school building at 180 Raines Park is controlled by E2 Charter Properties LLC, a subsidiary of the Education Success Network. It is a possible site for Exploration Charter School of Science and Technology, an ESN school.

PHOTOS BY MAX SCHULTE / STAFF PHOTOGRAPHER