

# A Seven-Year Switch:

## Charter Management Perils in the Troubled Highland Park District

By Ben DeGrow



# Introduction

Seven years ago, Highland Park Schools went through a highly publicized period of turmoil and organizational upheaval. The troubled time for that Detroit-area district was brought on by a steep drop in enrollment and the deep financial crisis that followed. By contrast, the district's newest upheaval is rooted less in obvious signs of distress than in conflicting visions of what success looks like.

The state enacted a charter school law in 1994, and the first charter school, known in state law as a “public school academy,” opened a year later. By 2012, the idea of governing a school through a contract, or charter, had expanded beyond individual schools to encompass entire districts. Highland Park, in metro Detroit, and Muskegon Heights, on the state's west side, both came under state emergency management because of their fiscal woes. The emergency manager for Highland Park decided to [convert](#) the conventional district into a “public school academy system.” When the manager sought outside help to oversee the schools' operations and instruction, only the Leona Group, a Michigan-based charter management company, stepped forward.

In 2018, the state relinquished its control over Highland Park, and the newly empowered district school board pushed Leona out in favor of another management company: Promise Schools. The new operator has the charge of bringing Highland Park's sole public school to new levels of academic achievement and winning back thousands of students who have left for opportunities elsewhere. But many families with students at the school are unhappy with the Highland Park board, which first must prove it can calm a turbulent situation and regain their trust.

Educators and officials in Highland Park have struggled with the task of preparing the city's poor and often transient student population for college and career. The new school operator has a hard task in front of it. The school is improving yet still fragile, and its new leaders will have to find a way to preserve and build on the cultural gains of the last few years. They will also have to help student achievement, which has started to make gains, improve more and improve faster — all while dealing with the disruption that brought them to Highland Park in the first place.

## Background: Crisis Point

Highland Park is a 3-square-mile city, bounded almost entirely within Detroit. The city peaked in population before World War II, as part of a thriving center of automotive production. For decades, the small city was the headquarters of the Chrysler Corporation. Plant and office closures, white flight and related socioeconomic pressures changed the landscape, however. As a result of long-term fiscal distress, the city government came under state emergency management, which lasted from 2000 to 2009.

Troubles for the school system followed shortly after the city left state management; Highland Park City Schools reached bottom during the 2011-12 school year. The district's students were more likely to [drop out](#) than to graduate (within six years of starting high school). [Deteriorating facilities](#) and [chaotic classrooms](#) became common and even expected. [Enrollment](#) fell below 1,000 students from a height of nearly 4,000. More than two-thirds of public school



students who live in the district had fled to another district or a charter school. The biggest drop-off in enrollment, though, came from fewer Detroit residents transferring into Highland Park through Schools of Choice, a state law by which many students opt to cross district lines.

Starting from its 2008 peak, student enrollment plummeted by 74% in four years, but the district [reduced](#) its spending by only 53% over the same time period. The resulting [fiscal mismanagement](#) contributed to it starting the 2011-12 school year with an \$11.3 million hole in its general fund. More than \$1.7 million in bills from vendors went unpaid. Students, parents and staff were even victimized by the schools' elected leadership when an indictment, conviction and [18-month prison sentence](#) later came down on outgoing school board member Robert Davis for improperly spending district funds.

By March 2012, the state government had taken over and given the district an extra [\\$8.2 million](#), which let it complete the school year. Three months later, Joyce Parker, an emergency manager appointed by Gov. Rick Snyder, laid off most staff members and announced a plan to convert the district into a public charter school system. She had earlier sought bids from management companies to take over the troubled district.



## Leona Steps In

The Leona Group was the only organization to respond to the request for proposals, and in late July 2012, Parker granted it a five-year contract. Under it, Leona would operate the newly renamed Highland Park Public School Academy System, which comprised Highland Park Community High School and two K-8 campuses: Barber Elementary and Henry Ford Academy. About the same time, Parker [appointed](#) the first three members of the Public School Academy System (PSA) board to provide direct oversight of the educational program.

Highland Park parents and other residents were not exactly clamoring for an unfamiliar company to come in and save them from dire circumstances. Leona would need time to prove its good faith and build bonds of trust. “It was a pretty contentious situation because in the beginning, we weren’t embraced by the community. We were thought of as the outsiders. Who was this group coming in taking over our school, our district?” said Carmen Willingham, who started as a Barber Elementary school leader in 2012 and eventually became the superintendent of the charter school.

Leona had less than six weeks before the school year began to get things ready. The need for transformation was obvious, beginning with the physical plant. The Mackinac Center later documented the [filth and disrepair the company found](#), including infestation by rodents, in many schools. Leona contributed more than a million dollars up front on renovations to meet safety standards, so students could attend classes. A combination of local and state tax dollars later repaid the company.

“The grass outside had not been cut in, I believe, a year. When we entered the building there was trash all around,” Willingham said. “Even entering my office we had to clean up before I could even find a space to sit in the office. And

all of the classrooms, well, several of the classrooms were the same. So before we could even think about bringing kids back into the school we had to clean up first. And I mean physically clean up.”

Early reports from the transition were [positive](#): smaller, more manageable classrooms and higher standards for students. “Because of the fact Leona Group came in and they helped save [Barber Elementary] from being closed, no one wanted a school in their neighborhood to be closed,” said Joan Hairston, the mother of a then-Highland Park student. She later served on the PSA board overseeing school operations and worked for the Leona Group as the school’s parent representative.

“Parents were happy that they did come in because after a couple months’ transition, they saw that they were for the kids and the families, and they had programs for the kids and families here,” Hairston added.

The Leona Group had the opportunity to bring order to a previously chaotic school environment, and started by working behind the scenes. From early on, it provided the back-office services that a school district’s administrative staff would ordinarily perform. These included human resources, compliance, risk management, supervision of technology and special education services, finance and payroll.

For these services, Leona negotiated annual management fees at a rate that started at 12% with a \$780,000 guaranteed minimum, but which ended up at 9.5%. Yet to ensure that Highland Park Schools could operate with sufficient resources and remedy its fiscal situation, the company took no fees in 2013-14, and it accepted reduced payouts in most other years. Over seven years, Leona collected a total of \$2.5 million to provide back-office services, a little more than half the amount the contract entitled it to.

Enrollment declined for a few more years after Leona came in. One reason was the board’s decision to close Henry Ford Academy in 2014 and the district’s only high school a year later. Barber Elementary was revamped and renamed Highland Park Renaissance Academy (HPRA), and it began to enroll all the district’s K-8 students. From a low of 311 students in 2015-16, enrollment increased by 20% within three years. Almost every student was African American, more than 90% lived in a low-income household and 14% had a disability.



Joan Hairston



# Building Trust and Stability

Leona's staffers emphasized a can-do attitude in meeting the needs of their at-risk students. "I tell the staff, I know it's hard," said school leader Rachel Brooks, who held several different positions in Highland Park once Leona arrived in 2012. "I know it's challenging. However, any students that come through that door, we are going to try to educate the best way we know how. And we turn no kids away."

"That's the bottom line," she said.

Brooks says that school leaders have consistently worked to meet students' needs with the funds they have. Whenever she or Willingham expressed a need for classroom technology, building maintenance or other resources, Leona and the PSA board met it. "There's *nothing* that the staff asks for that they don't get," she said.

Willingham, meanwhile, is justifiably proud of the 70-plus community partnerships she has helped the academy secure over the years. Civic organizations, businesses large and small, churches, charities and others have combined to sponsor events and activities, and to donate gifts, services, scholarships and other prizes.

The rich community support was obvious to Abbie Groff-Blaszak, who directed the Michigan Department of Education's Office of Educator Talent when she visited the school in fall 2016. "Despite the unique challenges that the community and its public school system have faced in recent years," she later wrote to Willingham, "I was welcomed into an inspiring learning environment, in which the community around it has rallied, invested, and committed resources to ensure a high-quality education for every student."

Eventually, families from the surrounding area saw that the school system was building relationships with the community and helping the whole child. "We are educating humans, not only just academically, but socially, emotionally, physically. There is not a student who comes into this building who is not taken care of," Willingham said. "Meaning, we have got hotel rooms for parents who have been displaced. We have bought so many clothes and shoes and bus cards. We have students who take three buses to get to our school because they choose our school."

The school closures were painful events, but Leona and its supporters said they were needed to pay off long-term debt and achieve financial stability. By 2015, the Highland Park general fund had finally turned positive, and it has grown steadily each year since. In 2017, the chartered system had enough money on hand for contingencies and planning purposes that it escaped the state's financial watch list.



# Emergency Management Ends

In October 2016, outgoing emergency manager Steven Schiller, a Snyder appointee who had been doing double duty overseeing Muskegon Heights' school finances, sent a brief email message to his successor, Kevin Smith: "One thing that needs to be done soon is an extension of the Highland Park Renaissance Academy's contract. It was my intention to extend that contract another 5 years." That would have carried the contract through the end of the 2021-22 school year. But Schiller's successor was not inclined to follow the recommendation.

Smith, a trained finance attorney and former chief of staff for Detroit Public Schools, had an 18-month stint as Highland Park Schools' emergency manager. In April 2018, the state released the school district from emergency financial management, making it the [last](#) school district to be under direct state financial supervision. As a result, the local school board — the board of the school district, as distinct from the PSA board — gained a greater measure of authority.

Reflecting on his time in Highland Park, Smith described his strength as navigating the district through its difficulties to prevent it from reliving the past downward fiscal spiral. It is no longer responsible for directly educating students, but it does have to pay down the financial obligations it incurred before emergency management kicked in, and it uses local property tax money to do so. Highland Park's total general fund [debt](#) had been reduced to \$6.8 million, as of June 30, 2018. According to the latest projections, the debt will be paid off by 2032.

"What I've seen over the years with other school districts and communities, they don't handle the transition right from emergency management back to local control. The trend has been that there's usually some backsliding or relapse into some fiscal stresses," he said. "And I think the reason is that communities aren't really prepared to govern themselves because you're talking about some elected officials and community members who don't have a great deal of experience understanding how the business side of schools work."

The newly empowered local district board hired Smith on with a two-year contract as chief operating officer, wanting him to expand his focus "to fix the district." He set his sights on raising the academic bar and taking Highland Park Schools in a different direction than the one the Leona Group had provided. Smith hired Zakia Gibson as education officer to help him change the school's approach.

HPRA was operating under the first year of a three-year educational strategic plan when Smith moved from the job of emergency manager to that of chief operating officer. The plan laid out a series of steps to change the school's curriculum, instructional methods, and assessment tools, all aimed at boosting academic achievement. The key steps it called for included hiring and training an instructional coach, improving the system for observing how teachers perform in the classroom, and developing a way to more consistently identify and help students who need extra assistance. The strategic plan also called for upgrading testing technology, to help both students who take the tests and staffers who analyzed the results.

## A New Report Card

With the emergency manager gone, the district board was free to act as the charter school's authorizer, receiving a fee equal to [3% of its total state aid dollars](#). By law, the authorizer gets paid by the charter school and holds it accountable to a contract. Over 80% of Michigan's nearly 300 charter schools are authorized by universities and community



colleges; the rest are authorized by local and intermediate school districts. The unusual arrangement in Highland Park — a newly empowered local district acting as authorizer of a charter operator that had displaced it — created the conditions for new tensions.

One of the first things the district board did was to focus on community outreach. According to the district's chief operating officer, community forums and surveys conducted in summer 2018 revealed wide-ranging opinions of the school's performance. "People would say, 'Oh we're doing great,' but have no quantitative basis for making that statement," said Smith. "Or people would say, 'We're doing poor,' and I would say, 'Well, how do you know that?'"

Seeking more information, the district created a [Quality Performance Report Card](#) for HPRA. The PSA board, school staff and the management company met most of the performance goals set by the district board. "I think Leona Group was very strong in fiscal responsibility and accountability," Smith acknowledged.

The district board wanted to know what key members in the school community thought. Leona provided it with a preliminary survey. While parent satisfaction surpassed the 80% target set by the district, the survey of faculty and staff found their satisfaction rate fell short at 70%.

The report card also downgraded Leona for the conditions of the school facilities and grounds. A December 2018 inspection report highlighted broken windows and heating and lighting problems at the K-8 academy property on Buena Vista Street. There was also evidence of mold and water damage at the building, the report said. It isn't clear whether the evidence was left over from the time before Leona's arrival and cleanup work or whether the damage accumulated during its tenure.

"I don't think the facilities were in horrible condition, but it's not an environment that I think attracts parents who think there's something very special happening here," Smith said. It is important to note that the Highland Park charter system, like all other Michigan charter schools, cannot impose local property taxes, which can help cover facilities costs. In Highland Park, local tax dollars go the district board to help pay down outstanding debt.

Finally, the district board pointed to disappointing [results](#) on M-STEP, the state's standardized test. Few students met their targets for learning growth, especially in math. HPRA finished at roughly the 10<sup>th</sup> percentile on the state's most recent School Index, which ranks all public schools in Michigan. Composite scores on the index are closely tied to student poverty rates, which may partially explain the ranking.

School leaders say some people misinterpret the results. "I don't think they're looking closely at the data," said Ernest Parker, HPRA's data coach and math interventionist. "We don't keep the same kids for long, extended periods of time. We receive kids that are below grade level, and then it's our duty to bring them up to grade level. So they're making progress."

The 2017-18 school year was the first time HPRA staffers used NWEA's Measures of Academic Progress, a popular computerized student testing tool, to internally track their progress toward closing achievement gaps. School leaders attribute the low marks partly to students adjusting to a new testing format. Preliminary results from 2018-19 look substantially better, though a lot of room for growth remains.

"Every year our scores are increasing," school leader Brooks said. "We're not doing the leaps and bounds that we have hoped for. However, we are not going backwards. And so I can honestly say that's the only thing that the naysayers have been able to talk about."

Smith had agreed to extend Leona's contract through June 2019 with an expectation that the school continue to make improvements, but many parents and staff members did not embrace Smith's aggressive plans.

# Collision Course

As 2019 got underway, two factions were on a collision course. One faction, the PSA board, saw progress and decided to stick with Leona. A second faction, the elected district board, grew increasingly impatient with Leona's progress in achieving Smith's vision for stronger academic outcomes.

Numerous parents and staff expressed skepticism and distrust in the district board. "In all the years that I've been here, I've never seen a board member in this building to take a tour, to sit in a classroom, to read to our kids," said Brooks.



Carmen Willingham

Parent and classroom aide Ladonna Sawyer echoed Brooks and fondly recalled a visit from Leona Group CEO Dr. Bill Coats. "He sat with the kids, interacted with the kids, helped the kids with work and things," she said. "[He] never, never belittled the kids. He treated them like they were his kids." Sawyer also remembers seeing, in 2012, emergency manager Jack Martin bringing food to Saturday school sessions and tutoring high school students himself.

Willingham, the longtime school employee, recalled a meeting with Coats, as well as Smith and Gibson. According to Willingham, Coats said that "his commitment is to be here as long as we are wanted here." Yet members

of the district board publicly indicated that they wanted to work with someone else. "Change is uncomfortable, but sometimes change makes things better," district board president Alexis Ramsey [told](#) Chalkbeat Detroit.

Using its power as the school's authorizer, the district board formally called on the PSA board to look for a new charter school manager. PSA board vice president John White said the call was unexpected, but on March 1, 2019, the PSA board complied and sent out a request for proposal, seeking management services for Highland Park starting in the 2019-20 school year.

Some school parents objected when they learned about the demand for a new search. Jamille Edwards – a grandparent, veteran local police officer and former district school board member – circulated a petition, and nearly 100 parents signed it to support the existing management. "We were blindsided . . . to know that they wanted to get rid of the Leona Group," Edwards said.

"Because we are the consumers, we dictate where our children go," she added. "And if there's a problem, let's fix it. Let's not uproot our children and disrupt their educational program, and don't uproot our teachers that we have grown to love and trust."



# PSA Board Sent Overboard

Four groups, in addition to Leona, submitted on-time replies to the PSA board's call for proposals. Meeting behind closed doors, the PSA board selected Leona and one other applicant as finalists to present to the district board. "That's when the wheels came off the wagon, so to speak, and the authorizers didn't even want [Leona] to have an interview or to continue," said White, the PSA board vice president. The district board, he said, was untruthful. "They pulled the chair out from under us."

In an April 2 letter to PSA board president Archer Collins, Smith expressed his frustration with both the process the PSA board used and its outcome. While accusing Collins' board of violating the Open Meetings Act, he also restated that the authorizing district was "looking for significant changes from the product provided to date." Smith later added, "We have questions about the sincerity of a search for improved options that believes only 1 alternative to the status quo is acceptable."

Ten days later, the district board unanimously adopted a resolution removing all members of the PSA board. The district claimed that the PSA board was "compromised due to a lack of transparency in the [bid] process and [the] potential influence" of Leona on some of its members. A portion of the state's [charter school law](#) obligates an authorizer to "[t]ake necessary measures to ensure that the [PSA board] operates independently of any educational management company involved in the [school's] operations." The district board cited that provision to justify ousting the PSA board.

The move startled at least one PSA board member.

"We were waiting to hear what corrective action they wanted in place, what they wanted to see in the process, and they said then you can move ahead. But instead of moving it ahead, they just disbanded the whole board," said Hairston.

The resolution also directed Smith to recommend replacement members for the PSA board within a week. This quickly and effectively relaunched the process to select a new management company. The turmoil filtered down to HPRA's classrooms and hallways. "The children are very confused. They're not sure what's going to happen," Amecia Fuller Ragland, an electives teacher, observed in the aftermath of the upheaval.

Brooks dedicated extra time to quelling concerns her students had. "I tell the kids all the time, if you have any questions, make sure you see Ms. Brooks because I can answer and I'm going to try to answer them," she said. "I mean I don't want you to be misled. I don't want people to give you bad information. So if you've got any information, come see me and the parents as well."

Leona Group executive vice president Georgia Rodgers issued strong words to Smith as she declined a formal offer to participate in a new interview process.

"The apparent corruption and conflicts of interest, orchestrated by the elected board through you, are disgraceful and a mockery to any fair and transparent process that has the best interest of children at heart," she wrote in a letter dated April 23, 2019. "It deeply saddens us that decisions are being made that are detrimental to the success of Highland Park Renaissance Academy, and the well-being of staff, students and families."

Smith takes a different view. "I think the leadership was doing the best they could, based on what it knew, that being The Leona Group. But I don't think the community had any understanding of what alternatives are out there and how could it be improved," he said.

# New Management

On May 17, 2019, the newly constituted PSA board chose Detroit-based [Promise Schools](#) to take over the management of Highland Park's education system, effective July 1. Promise Schools currently manages two charters, MacDowell Preparatory Academy (K-8) and Jalen Rose Leadership Academy (a high school), both in nearby northwest Detroit.

The Highland Park district's five-year [strategic plan](#) has set out ambitious goals that include steady, significant growth in student enrollment and standardized test scores, as well as adding grades 9 through 12 and opening a learning center for students with special needs. If the district wants to draw back more children in the younger grades, there is plenty of room: Four in five Highland Park resident K-8 students are currently enrolled elsewhere.



Smith believes it will be important for his board to look at how much the school's new operator can close the achievement gap in its first year. "It doesn't mean that students will all be meeting state standards, but if you want to measure whether you're seeing progress or not, measure where the students end up at the end." Another high priority will be to use some of the district's \$1.5 million in sinking funds to upgrade facilities.

"Communities in general have things done to them," he added. "They don't really have a lot of control over things and so it can be frightening, and my goal and objective as a leader is to make sure I'm sensitive to what they want, which is why we did the community forums and frankly you have to just earn their trust. I think you just have to deliver."

Smith witnessed firsthand what he called the "failed experiment" of the Education Achievement Authority, a state-created entity meant to reform the worst of the state's public schools. The EAA operated from 2011 to 2017, when the still-struggling Detroit schools came back under local school board governance. From that experience, Smith took away a major lesson about public buy-in. "Despite your good intentions, your validity or feasibility of your plan, if the community doesn't understand what's going on, they don't buy in, you spend most of your time fighting," he said.

Highland Park's chief operating officer has dedicated money to updating the district's website, primarily to communicate with parents and other community members about the latest changes. "Once you get to where you can establish a vision for the community, where you can see and measure where we actually are, I think people start to warm up to the idea," Smith said.

Boosting enrollment will first require gaining the trust of the school's families. Nearly three-fourths of its current students live within Highland Park. Most of the rest hail from different parts of Detroit. The Leona Group has offered to provide students transportation to any one of its other area [schools](#), which could work against the district's ability to boost enrollment. The voluntary offer is available to families who want their children to continue the type of educational programming Leona offers. At least some of HPRA's current staff have opted to transfer to one of the company's other schools.



# Moment of Transition

As the outgoing HPRA superintendent, Willingham has promised Smith a smooth transition. “But we’re not going to accept anyone disrespecting us,” she declared, adding, “We’re continuing to operate in truth and reality. We’re continuing to serve the community. We’re continuing to educate our students, give them the best education that we can possibly give until we’re done here.”

Her May 3 letter to parents struck a similar tone. “I am pleased to say that we will leave with the same dignity, integrity and pride that we entered Highland Park Renaissance Academy with seven years ago.”

Over the past seven years, it’s clear that converting the district to charter status and bringing in the Leona Group brought improvements to the Highland Park school system, both in its financial standing and in its culture and environment. Parent satisfaction is high. Enrollment has moved upward in the past few years, and the latest academic results show signs of progress.

Still, with district leaders expressing impatience and frustration with the school’s rate of progress, 2019 has brought another season of disruption and transition. The months and years ahead will reveal whether the change in management yields better results and opportunities for students in Highland Park schools. And observers far beyond metro Detroit will likely use the results as they consider the role of charter management in improving troubled urban school systems.



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