



Reclaiming Educational Fraud and Waste: A Conceptual Framework to Locate the True Sources of Resource Leakage and Harm in The U.S. K-12 System

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The recent dismantling of federal educational institutions has been legitimated under the banner of “eliminating fraud and waste.” In this paper, we reclaim these terms to locate the sources of potential fraud and waste in the U.S. K-12 education system through a novel conceptual framework that centers both structural components and the actions of educational actors. We posit that overdiagnosing failure within the public education system, coupled with a lack of regulation of private actors, are the true sources of potential fraud and waste in the system. We apply this framework to the Arizona charter school market to illuminate how it can be used by policymakers and researchers to understand particular contexts in which fraud and waste are prevalent.

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Abstract

The recent dismantling of federal educational institutions has been legitimated under the banner of “eliminating fraud and waste.” In this paper, we reclaim these terms to locate the sources of potential fraud and waste in the U.S. K-12 education system through a novel conceptual framework that centers both structural components and the actions of educational actors. We posit that overdiagnosing failure within the public education system, coupled with a lack of regulation of private actors, are the true sources of potential fraud and waste in the system. We apply this framework to the Arizona charter school market to illuminate how it can be used by policymakers and researchers to understand particular contexts in which fraud and waste are prevalent.

Introduction

The first education-related policy actions of the Trump administration were to degrade the capacity of federal institutions that provide educational funding, support, and data to school systems, researchers, and education policymakers (Cortellesa, 2025). These cuts were made in the name of reducing fiscal waste and increasing educational efficiency in our nation's education system. In March 2025, half of the employees of the U.S. Department of Education had positions terminated in the name of cost savings (U.S. Department of Education, 2025a). These individuals play a crucial role in maintaining key aspects of the national education landscape, encompassing K-12 and higher education, including, but not limited to, student loans, civil rights enforcement, protections for students with disabilities, and Title I funds.

As the majority of education funding is at the state and local level (Hanushek, 2025), these cuts are unlikely to provide significant cost savings for the American taxpayer. Instead, this system is now incapacitated without the personnel, institutional memory, and subject matter expertise that are necessary for effective educational provision. This, as scholars and policymakers have noted (Bauer et al., 2025), is wasteful. For example, the newly formed Department of Government Efficiency (DOGE) cancelled teacher pipeline development grants, which could have provided new practices that could better sustain a dwindling teacher workforce (Carballo & Perez, 2025; U.S. Department of Education, 2025b). The knowledge created from these grants is now less available for public impact, and the programs that were created do not have the funds to continue, leaving them at risk for elimination instead of being able to be incorporated into existing schooling structures (Merod, 2025).

In this paper, we situate our argument in opposition to DOGE-aligned conceptions of fraud and waste and describe how opportunities for educational fraud and waste thrive in an

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increasingly under-regulated, privatized, and decentralized landscape in the United States. First, we describe the literature on neoliberalism and market-based reforms in education, which are the foundation for our conceptual work in this paper. We then provide our framework that interrogates the role of capital, government failure, and institutional actors in creating opportunities for fiscal waste and fraud. In addition to explicating our framework, we provide an illustrative example of applying the framework to the Arizona charter school sector that shows that this framework can illuminate research questions, policy considerations, and organizing opportunities. We chose the charter sector as a site for applying this framework because it is a policy issue that has been widely studied and debated in education (Cohodes & Roy, 2025; Harris, 2025). We show how this framework can illuminate novel questions, even in very robust literature.

Given the shift in the political and institutional landscape during the second Trump administration, we also aim to make this framework discernible for the American public so that they can interrogate the claims of their elected and unelected officials who are engaging in activities that alter the delivery of public education. Our goal is to provide a framework that allows the generation of research and policy questions as well as the activation of civic energy that can ensure that public funds improve our institutions and provide educational opportunities for our children. We write with a normative belief that public schools and children are deserving of plentiful resources and societal investment that will ensure a thriving democracy and a better future for all.

Previous Literature

The Origins of a Decentralized System

The 1960s and 1970s marked an era of educational criticism (e.g., Apple, 1979; Freire, 1970; Illich, 1970; Willis, 1977; Giroux, 1983), following the surge in investment in capitalism and industry throughout the United States. However, an evolved centralization of neoliberal and capitalistic ideals since the 1980s has led to a systemic attack on centralized education and recurrent calls for reform, overhauling educational policy, curriculum, and beyond, to support student learning and capitalize on student outcomes and achievement. Underpinned by research examining student achievement factors and the impact of educational resources (e.g., Coleman et al., 1996; Jencks et al., 1975), in 1983, the federal government published *A Nation at Risk*, a report seeking to improve life and achievement among children but ultimately ushering in a nationwide problematizing of school and teacher performance and underprioritizing equity, resource accessibility, and supporting all students, especially those from marginalized communities (Klees, 2020; Lipman, 2004). A more recent iteration of blaming the education system was penned in a report by the Council of Foreign Relations by former Secretary of State Condoleezza Rice and former New York City Schools Chancellor Joel Klein where they framed the persistent failures of the U.S. public education system as one of the country's largest national security liabilities (Levy et al., 2012). The authors state: "Educational failure puts the United States' future economic prosperity, global position, and physical safety at risk."

In the struggle to sustain and advance capitalism via the educational output of students and human labor, neoliberal ideals and ongoing calls for decentralized education have shifted the focus in education and policy from examining educational inequities, supporting marginalized populations, and accessible educational resources, to market-based solutions idealizing

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measurement, testing, and privatization (Hastings, 2019; Klees, 2020; Parker, 2020). The impact of this shift and the ongoing call for market-based reform has served to erode sustainable and citizen-producing principles of the United States' public education system in serving students (Parker, 2020; Ravitch, 2010). This shift was both financial and ideological, and hence, has also paved the way for educational waste and fraud in the name of revitalization, innovation, and individualization of education (Au, 2016; Lipman, 2011).

Constant Crisis Legitimizing Constant Intervention

The notion that public schools are ineffective, broken, and under crisis (Baker & Corcoran, 2012; Hess & Noguera, 2021; Johnson, 2023; Tang, 2010) often leads to the promotion of more private sector intervention in public education whether through policy tools (e.g., increased school choice) or through contracting with private vendors who can provide part of a school's essential services (e.g., high impact tutoring, expanded learning programs, etc.). Increased operational autonomy and private sector partnerships can allow for innovation, increased capacity, and educational improvement. Under some conditions, the proliferation of these policies and private partnerships has been highly detrimental to students, families, and the education system at large (Aydarova, 2024; Cowen, 2024; Fontana & Jennings, 2024), especially when profit is prioritized or instability is created in the educational landscape. The impacts of these broader trends in privatization and private sector involvement are also often hidden behind other issues. For instance, Farmer & Weber (2022) demonstrate that the persistent financial precarity in Chicago Public Schools is not only due to declining enrollment but also the terms of deals made with financial institutions that manage the district's debt. Klein (2007) identifies the process of profiting off crisis, both real and manufactured, as *disaster capitalism*. Klein argues that crises are often policy windows for privatization and commercialization, which would be

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politically infeasible at other times. Given the frequent diagnosis of public education as failing and the layering of crises (e.g., declining enrollment, the pandemic, etc.), these windows for privatization are both frequent and enduring.

Neoliberal Ideals Shaping the U.S. Educational Landscape

In many ways, the reforms and agendas presently underpinning the U.S. education system exemplify neoliberal ideals and frameworks. This includes, 1) privatization or decentralization of governance of public services such as education, 2) reduction of government (e.g. state or federal) oversight or interference in policies, organizational governance, and/or funds, 3) high stakes and/or market-based performance and solutions, and 4) emphasis on individualization and choice throughout education (Apple, 2001; Bulkley et al., 2011; Cottom, 2017; Greene-Bell & Pearman, 2024). Moreover, throughout educational contexts, neoliberal frameworks, which have become increasingly commonplace, strive to individualize and decentralize education systems on the basis that it will help to increase efficiency, management, equity, and performance outcomes via innovation, standardization, and autonomous control.

However, the reality of such frameworks is often counterproductive and cyclical in the reproduction of inequity and disparity across educational systems, especially for marginalized communities. By sanctioning privatization, reduced oversight, competition, and individualization throughout policy and reform, neoliberal ideals also empower racial inequity and capitalism by creating an educational landscape with prominent resource disparities, limited accessibility, cultural exploitation and erasure, and communal division among students (Bulkley & Burch, 2011; Freidus & Ewing, 2022). This is primarily because education predicated on neoliberalism and privatized frameworks and operations often prioritizes 1) education as a commodity vested in profit and private entities rather than public services dedicated to communal and minoritized

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interests, 2) standardization and competition over critical cultural awareness, integration, and collaboration, and 3) innovation and individual success over systemic inequities and general quality of education. Hence, these neoliberal ideals are evidenced and problematized by the ongoing expansions of privatized and individualized educational services, programs, and school systems throughout the United States, which in many cases represent the underpinnings of flawed neoliberal logic (Buras, 2021; Aydarova, 2024).

Moreover, such ideals are not only fought with inequity but also serve to increase the feasibility and occurrence of educational fraud and waste due to an emphasis on privatization and individualization (Burch, 2006; Green et al., 2015). Specifically within the context of charter school expansions and closures, which often have embedded or adherent private management and enterprise, the role, responsibility, and expectation of education shifts away from a public service which acts, presumably, in the best interests of students and local communities (Duncan-Shippy, 2023; Green et al., 2015; Spires, 2025). Rather, under educational neoliberal frameworks via privatization and market-based solutions, education has become a marketplace where students, parents, and local communities are consumers interlocked in competition for resources, access, and equity (Apple, 2001; Buckley & Burch, 2011).

Although potentially well-intentioned, reform initiatives and policies that engage pillars of neoliberal frameworks (e.g., charter school expansions and closures, private educational services, voucher programs) also have been shown to overlook and/or amplify issues of inequity and disadvantages to students (Fontana & Jennings, 2024; Freidus & Ewing, 2022; Green-Bell & Pearman, 2024). These policies, while not inherently fraudulent, have been increasingly criticized as a driving force behind educational waste and inequity (Lipman, 2011; Au & Ferrare, 2015). As these policies prioritize market-based logic, they emphasize competition, efficiency,

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and individual choice rather than collective investment, accountability, democratic ideals, and solutions, and citizenship which also serves to exacerbate systemic inequities and ineffectually divert public funding and resources (Ravitch, 2013; Scott & Holme, 2016; Horsford, Scott, & Anderson, 2019). A current example of this is the ongoing push for charter school advancement and investment in the United States (U.S. Department of Education, 2025c), which, in its effort to provide alternatives to struggling public schools, also functions to decentralize education and communal ties through reduced resources, opportunities, and stability (Frankenberg, Siegel-Hawley & Wang, 2011).

Privatization and Profit in the U.S. Education System

Privatization, which in many ways has been cultivated by neoliberal frameworks, has become a new reality across education from private to public sectors via the integration of market-based and marketplace frameworks that posit students and their communities as consumers rather than a social investment (Apple, 2001; Rodgers & Liera, 2023; Cottom, 2017). However, such privatization represents not only a change in educational landscapes and policies but also a fundamental shift in the expectations and priorities in regards to students and their learning. Moreover, privatization places the essential task of advocating, obtaining access, and achieving in education on students, their parents, and/or their communities (Freidus & Ewing, 2022).

One of the most precise literatures on the mechanisms of profit in the U.S. Education system is based on the extractive practices of higher education finance. Cottom (2017), for instance, documents the rise of the for-profit sector in higher education and shows how enrolling in these institutions. Part of the precarity introduced by higher education is the burgeoning student debt landscape, which has increased racial wealth gaps and thwarted individual pathways

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to economic stability (Charron-Chénier & Seamster, 2021). Eaton (2022) contends that the rise of student debt can be attributed to the involvement of financiers in the governance of elite higher education institutions that pushed for the deregulation of student loans. This literature has contributed to meaningful policy change, such as the regulation of for-profit colleges and the cancellation of student loan debt.

Given that the U.S. K-12 system is free to students and families and funded through a combination of local, state, and federal funding, there is an overlapping but fundamentally different landscape of capitalistic activity. School districts commonly utilize private contracting for a host of services, including food and nutrition, transportation services, personnel management and hiring, and professional development (Burch, 2006; 2021). These are intentional decisions to seek out external help rather than build internal capacity for the sake of efficiency (Burch, 2009), but this also presumes that districts have the capacity and the necessary information to make informed decisions about contracting and renewal (Forbes & Gordon, 2012). Additionally, these arrangements also have the potential to add costs to students and families. For instance, a choice-rich schooling landscape requires families to search for a high-quality schooling option, which can be a burdensome process, especially for low-income and minoritized families (Jabbar et al., 2025; Brown, 2022), even when there is targeted information available (Corcoran et al., 2018).

Closures and System Instability

Across the United States, educational reforms and policies, especially those of charter school education, have become increasingly integrated by neoliberal ideals (i.e., competition, choice, privatization, and market-based services) and privatization (e.g., reduction of state and federal regulation and control and integration of private entities). Such shifts, although marketed

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to increase efficiency, equity, and performance, have rather served to exacerbate and reinforce issues of equal access to education and resources, racial inequity, and racial capitalism among students and faculty (Apple, 2001; Gerrard et al, 2022; Burch, 2006; Gonzalez & Joki, 2024).

By design, charter schools are afforded greater autonomy and control over educational regulations, monitoring, organizational governance, and funding (Harris, 2025; Buras, 2021). While not innately fraudulent, this autonomy increases the opportunity and likelihood for charter school actors, stakeholders, and institutions to commit fraud through malicious intent or incapacitated actions and/or governance. Included within autonomy, is a lack of regulated requirement among charter schools to provide certain transparencies or disclosure that are often mandated for many public institutions (i.e. finance reporting, public access to policies and governance, shared academic metrics, and accurate outcoming reporting, hiring, dismissal, and evaluative practices, annual reporting, etc.) (Apple, 2001; Bulkley & Burch, 2011; Buras, 2021; Burch, 2006).

While many charter school reform initiatives and policies are marketed as innovations that achieve efficiency, equity, and access across education, the resulting landscape is instead often ripe for potential fraud, disparity, and inequity (Green et al., 2015). Primarily, this is due to considerable demands placed on charter schools to meet specific performance metrics and student outcomes to stay open and to continue to receive essential funding. However, as indicated by empirical scholarship, there are multiple systemic components, born from increased privatization and integration of neoliberal logic and ideals, that contribute to educational fraud, mismanagement, and inequity. These components include 1) complex capital and funding structures (Mingat & Tan, 1986), 2) market-based competition in which charter schools compete for funding and students (Apple, 2001; Bulkley & Burch, 2011), 3) lack of or inefficient

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oversight and accountability, and 4) weak and/or unregulated organization governance systems (Buras, 2021; Burch, 2006).

Definitions

The framework we present here argues that the U.S. public education system is ripe for educational fraud and waste due to several key levers and opportunities embedded within the structures of our public system. We conceptualize *educational fraud* as the intentional misuse of public funds due to misappropriation geared toward the personal and professional enrichment of individual actors and/or organizations. Fraudulent activities either lack the intention to provide something of value to the public or the public good is extremely deprioritized over other motives, such as short-term profit or personal gain. It can also involve some level of deception, whether that's on the level of overstating results or the active embezzlement of public funds.

Educational waste, then, while still harmful, is more so dictated by the unintentional mismanagement of funds due to factors largely outside of the control of individual school and school systems leaders. For instance, districts given a quick timeline to spend emergency funds may not always have the capacity or the guidance necessary to spend funds in ways that maximize student benefit and minimize corporate profit. We conceptualize waste as primarily a function of a lack of institutional and individual-level capacity, which in and of itself is a function of neglect and underinvestment. Using new resources well and for their intended purposes requires baseline institutional capacities (Lu and Matheny, 2025), ranging from subject matter expertise to the ability to understand a target population and their needs.

A Framework to Understand the Conditions for Educational Fraud and Waste

Frequent Diagnosis

There is a large apparatus devoted to assessing individual students and teachers, school systems, and the national U.S. system. Every state has its own assessments that assess students throughout their time in grade school. The National Assessment of Educational Progress (NAEP) has historically been given every 2 years to compare students across states. The PISA is given to students in OECD countries every three years and is used to compare U.S. students to students in other countries that are economic competitors. On an individual level, there are also numerous ways to identify students who need extra support, but these labels have traditionally been shrouded in deficit-based ways of framing these populations (Kolluri & Tichavakunda, 2023). The preoccupation with labeling students also creates the omnipresent diagnoses of failure (McDermott, 2001; Varenne & McDermott, 2008). These constructions have the dual effect of potentially increasing the support and creating sites of intervention.

Racialized Failures

The persistent racial and socioeconomic segregation of American society also begets racial and socioeconomic opportunity gaps. Education policy has been tasked with closing these gaps, even though economic inequality and poverty persist in the United States. The segregation within the education system also makes it easier to racialize educational dysfunction and target districts for intervention. State education agencies can take over districts that are chronically low-performing or in states of fiscal crisis, which Morel (2017) contends is often at the expense of political power for Black and Brown people in the localities where takeovers take place. In a nationwide study of state takeovers, Schueler & Bleiberg (2024) found that academic

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performance is not as strong a predictor for districts that serve large populations of Black students, and the average state takeover does raise academic outcomes.

Local Control and Markets

Part of the American ethos is a strong belief in local control and markets. The decentralization of the American system means that there are important decisions and discretion around resource allocation at the local, state, and national levels. Theoretically, this allows for decisions that align educational visions with local needs. Edwards & DeMatthews (2014) have noted that since the 1980s, the trends in decentralization and embrace of neoliberalism have created a focus on urban districts as sites for policy experimentation and a demand for technical assistance in these areas. These efforts are typically funded and championed by venture philanthropists who are often committed to private-public partnerships and private sector solutions for public schools (Scott, 2009). Districts like New Orleans, Oakland, Washington, D.C., Newark, Philadelphia, and Chicago have all undergone large efforts to incorporate charter schools, reshape district governance, and embrace educational technology. When not driven by a public entity, these reforms allow for private involvement and profit generation. Additionally, they often shift key functions or potential new capacities away from the school district or state entity into private organizations (DeBray et al, 2014). For instance, New School for New Orleans (NSNO) is a non-profit in New Orleans that acts in coordination with New Orleans Public Schools to manage the all-charter school district. NSNO provides teacher training and professional development, conducts research, and constructs policy recommendations. Since the beginning of the all-charter system, when the school district was stripped of its basic functions and power due to state takeover, NSNO has filled gaps in capacity and also made itself essential to the district's function. To be clear, these conditions themselves are not, in and of themselves, a

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guarantee of the presence of fraud. Taken together, they explain why there are pockets of intense private intervention in racialized spaces, which is often the fertile soil for waste and fraud to flourish.

Available Capital

Our framework (see Figure 1) posits that K-12 schools encounter an increasingly complex constellation of public and private sources of capital. Generally, education funding is given to schools on a per-pupil basis. There can be additional funding given to schools from states and the federal government if schools are serving populations of higher need (e.g., Title 1 grants for schools serving low-income communities or concentration grants given from the State of California to districts with high proportions of English learners, foster youth, and low-income students). School districts have the autonomy to spend these resources and buy educational products from vendors, such as curriculum, professional development courses, and software. The money that schools and districts receive from the state and federal government has historically been a direct function of how many students they serve and the characteristics of those students.

There have been two shifts in funding trends that we would like to highlight as potential opportunities for waste and fraud to increase. First, there is the increase of school choice policies that allow public funds to “follow” students where they go in lieu of public schools (e.g., MFP dollars for charter schools, voucher dollars for private schools, and ESA dollars for homeschooling). We highlight the mechanisms of potential concern that did not previously exist before these policies in Table 1. Generally, these policies introduce opportunities for the flow of public dollars to private entities, which do not need to comply with the same standards of public oversight. For example, charter boards can create contracts with service providers and educational vendors without oversight or scrutiny. They can also approve salaries for charter

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school leaders that far exceed what is typical in the education employment marketplace. In an analysis of the all-charter system in New Orleans, twenty years after its post-Hurricane Katrina inception, Harris and Carroll (2025) found that there has been increased spending in New Orleans; however, instructional spending has decreased, while other administrative spending has increased. They estimate that an additional \$699 per student is spent on administrative costs, which they explain is due to a loss of economies of scale. Because each charter organization acts as its own LEA, there are repetitive functions throughout the New Orleans school system across the dozens of charter operators in the city.

Private schools that accept vouchers are typically not required to share academic results and progress of their students because private schools do not operate under the same regulatory frameworks as public schools. Therefore, no quality assurance can be done for the educational experiences that students receive at voucher-accepting private schools. Even though there have been large statewide voucher programs, there has been limited research on how students are performing relative to their public school counterparts due to a lack of student achievement data. Families who are given educational savings accounts can use these funds for private schools, educational vendors, and homeschooling providers.

<insert Table 1>

We want to emphasize that we do not believe that every individual or institution participating in choice programs is guilty of fraud or wasting public resources. There are many different incentives to operate a school of choice, including operational autonomy, which allows for the potential creation of innovative school models or ethnocentric schools that provide culturally-responsive curriculum for students of color.

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However, it is important to be clear about these pathways and incentives for fraudulent behaviors, especially amidst a trend of deregulation in the U.S. government. The market logics behind school choice policies tout the promise of competition, deregulation, and free labor practices to create more economically efficient and productive schooling organizations. In practice, the wide embrace of choice has also decentralized school budgets and deregulated whole swaths of the publicly funded school market. This then allows for new opportunities for educational vendors working with both individual families and schools of choice to sell products and services. Take, for example, transportation in the New Orleans all-charter school district. There are numerous transportation vendors that provide bus services to individual charter operators (Hashim & Sattin-Bajaj, 2023). Many of these routes overlap, and yet, there are still significant inequities in the transportation of students attending charter schools in New Orleans (Valant & Lincove, 2023). This highlights how education expenditures in decentralized and deregulated environments can increase education expenditures, while failing to mitigate and potentially exacerbating inequalities.

Historically, private actors have had significant influence over the development of the U.S. public school system, and the private education system in the U.S. has coexisted with the public one. However, in recent years, private influences have more boldly asserted an agenda of deconstructing and reconstructing the American education system. Instead of focusing on purely charitable pursuits, major foundations have invested in reform strategies such as proliferating charter schools, personalized learning platforms, and governance reforms. (Tompkins-Stange, 2016). This form of more interventionist philanthropy, which in the most recent decades has been described as “venture philanthropy”.

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Scott (2009) documents the contributions that this sector of actors has made to the proliferation of charter schools in the United States, which has produced new tensions in how civil rights agendas are pursued within the education political landscape. The market-based frames of individual action in school choice policies have shifted the onus of mitigating racism and civil rights concerns onto the individual (Scott, 2013). It is important to note that while the temporal context may be different, Pierce (2017) reminds us that similar efforts were present in Reconstruction-era policies, where Du Bois (1911) detailed the shift from prioritizing publicly funded and guaranteed education for formerly enslaved Black people to promoting privately funded and inequitably-resourced schools and colleges. Put simply, education systems under racial capitalism have long been, and continue to be, sites of predatory inclusion (Seamster & Charron-Chénier, 2017), exploitation, and, as we argue in this paper, educational fraud and waste.

One of the largest meetings of vendors in the educational marketplace happens annually at the ASU-GSV Summit, an educational technology conference organized by Global Silicon Valley (GSV) and Arizona State University (ASU). In a controversial decision, the 2025 conference invited Secretary of Education Linda McMahon, who had recently overseen the systematic dismantling of key parts of the Department of Education. McMahon is a vocal proponent of increasing federal funding for school vouchers and education savings accounts. Vendors in the educational marketplace can stand to benefit from the deregulation of education dollars and the public dollars that could be given directly to families. One of the more recent Education Savings accounts programs in Arkansas, the Arkansas Children's Educational Freedom Account Program has 14,219 participants who can use up to \$6,856 for private school

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tuition or services from state-approved education vendors. These vendors include virtual homeschool services, tutoring providers, dance and martial studios, and equestrian stables.

As the types of institutions that can accept public funds diversify, the task of ensuring that these vendors are providing quality services becomes more and more complex. Standardized tests are required of public schools and, for better or for worse, are a common metric for performance. Private schools are not required to administer these assessments. These assessments are also not appropriate for judging the performance of non-academic educational experiences, like after-school or enrichment programs. The expansion of unregulated choice provides opportunities for profit for vendors who only have to appeal to consumer choice and not government regulation or bureaucratic processes.

Failure of Government

Furthermore, nebulous, yet urgent, policy goals (e.g., reversing pandemic-related “learning loss”) persist amidst perpetual cycles of educational crises (Slater, 2015; Robbins & Cipollone, 2023). These notions of education as perpetually in crisis lend themselves to creating a climate of urgency that pressures organizational actors to move swiftly to mitigate harms, a speed at which intentional malfeasance or unintentional incompetence can become embedded features within the system, rather than anomalies, due to lack of support, limited organizational capacity, and funding cycles that make it difficult to monitor how organizations are spending public dollars. One of the primary education initiatives of the Obama administration was Race to the Top grants, which asked that states create innovative plans for school improvement, with a specific preference for plans that included school turnaround efforts, the opening of high-quality charter schools, and the implementation of Common Core Standards. Scholars have noted that these large shifts in curriculum and standards are usually aided by private foundations and push

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schools to contract with external providers to supply professional development, assessments, and teaching materials (Burch, 2020). By increasing the stakes and urgency to meet academic standards, schools often cannot use the resources they are given to build internal capacity, but instead are left seeking outside assistance from organizations and corporations that have optimized their products for specific shifts in the educational policy environment. Thus, these shifts have become a source of potential profit. Aydarova (2024) documented the networks of influence within the Science of Reading policy movement, showing how conservative think tanks and education vendors used policy and legislation to carve out a particular market for their services.

The second failure of the government that allows for fraud and waste is a failure to effectively regulate private actors. For instance, there have been challenges with charter school authorizing practice, which has prevented the market from focusing on both quality and accessibility. Charter school authorizers (CSAs) are both market gatekeepers and regulators, but there is a large variance in how CSAs perform their work and prioritize goals like educational equity over other goals like fostering freer educational markets (Bulkley et al, 2024). Another aspect of the deregulation and decentralization that can occur with increased privatization and choice is the loss of democratic oversight (Lay, 2022) and without any gain of localized community engagement (Castillo & Hernandez, 2024). Charter schools and independent schools are overseen by boards composed of non-elected private citizens. In the case of charter schools, these citizens allocate public dollars and oversee the educational experiences of students attending American public schools. However, there is no democratic accountability within charter board structures, and their status as state actors is nebulous (Green & Eckes, 2024). In contexts like New Orleans and Memphis, charter school boards have been a mechanism that

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diminishes the political power of communities of color and a place where school reform agendas are injected without public input (Lay, 2022; Lu & Williams, 2023). If these boards fail to meet their duties, there is very little that the government or the public can do to induce better governance at schools of choice that are utilizing public funding.

Failure of Actors

With all of the previous issues, there is an increased potential for incapacitated actors and actors with malicious intent to waste public resources. We draw an important delineation between incapacitated and actors with malicious intent . Incapacitated actors are actors without the skills, resources, or capacity to successfully direct public funds towards their intended goals. For instance, a school system could be awarded a federal grant to implement a new learning initiative that eventually fails to produce results because of a lack of personnel support or technical expertise (Lu & Matheny, 2025). Incapacitated actors are a product of systemic failures to provide support and individual failures to accomplish a task well. On the systemic level, the concept of education debt (Ladson-Billings, 2006) can help to explain the mismatch between what is demanded of education systems and what they are capable of doing. Expecting systems that have experienced generations of underinvestment along racial lines to perform at the level needed to mitigate racial inequality is a tall charge, especially when current resource allocations do not adequately account for several generations of neglect (Ladson-Billings, 2006; Love, 2024).

Additionally, there is a trend of deprofessionalizing teaching and educational careers. While opening alternative pathways into teaching and education can widen the education labor market to include more talent, it can also introduce new and unvetted actors into the space and also reframes educational careers as “stop-overs”. In an opinion piece, Dr. Huriya Jabbar (2018)

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posits that the charter sector has altered teaching from a career to a gig for its instructional labor force. She writes: “Constant churn prevents schools from collectively and continuously improving themselves....Some turnover in schools can be positive, as when low-performing teachers are let go, but research shows that turnover can be so disruptive that it lowers student achievement in places where students struggle the most.” This churn also has the potential to be costly, as school operators need to devote more resources to sustaining a viable human capital pipeline, relying on outside organizations to source talent. It is also a potential source of waste when investments in the development of individual professionals are lost when they exit a system (Holme et al, 2018).

Actors with Malicious Intent Can Be Emboldened Through a Lack of Oversight and Regulation.

While we do not believe that the modal professional in education operates in this system with malice, we also want to identify mechanisms in which actors with malicious intent can be emboldened with a lack of oversight and regulation. There is little to no research that systematically documents or pinpoints the intentionality of actors to commit fraud in the U.S. K-12 education system. As previously mentioned, research on the for-profit education sector and student loan markets in U.S. higher education has located how corporations and powerful individuals have shaped the political economy of higher education to maximize profits at the expense of low-income students seeking educational opportunities. There is a growing literature in international contexts about the prevalence of patronage and corruption in state-provided education, which points to how gaps in state-provision capacity provide opportunities for actors to profit from state funds. For example, there have been several studies that examine sources of fraud in higher educational credentialing in South Africa (e.g., Jimu, 2018). In these cases, the

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fraud centers on incentives for individuals and schools to cheat on examinations that determine important life outcomes. A parallel can be drawn here to systemic cheating in the United States, most notably in Atlanta Public Schools, where there was an organized, multi-school effort by school officials to inflate student achievement in response to pressure from high-stakes testing. However, there is still a need to flesh out our understanding of incentives to defraud the public or obfuscate realities for the sake of a profit motive. This is one place for the field of education policy and design to grow.

While there's been little systematic documentation of fraud and waste in academic literature, there has been significant documentation of instances of fraud in local and national education journalism. The next section of this paper uses information gathered from primary sources to show how our framework can be applied to understand the conditions in which charter school fraud in the Arizona charter market emerges.

Applying the Framework: Charter School Fraud

We offer the following illustrative case to demonstrate the applicability of our conceptual framework to instances of educational fraud and waste.

Context

Media reports, policy briefs, and empirical research detailing examples of fraud and waste in charter school contexts have, unfortunately, become commonplace across the educational landscape (Akron Beacon Journal, 2015; Alston, 2025; Buras, 2021; Burris, 2020; Ertas, 2021; Fensterwald, 2024). A 2014 report from The Center for Popular Democracy & Integrity in Education argued that charter school fraud and waste is not an aberration or series of missteps, but instead, an endemic feature of the lack of adequate oversight and accountability within charter school sectors. The authors explain that their analysis of publicly available data on

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charter schools (e.g., court cases, media reports, regulatory audits) uncovered cases of fraud and waste totaling at least \$100 million in public funds. Examples included charter operators using funds for personal gain, inappropriate use of school resources to support external businesses, and receipt of public funds for services that were not provided. Notably, these cases were not relegated to one particular geographic region or state, but instead were drawn from across the United States, including Arizona, California, Colorado, Washington, D.C., Florida, Hawaii, Illinois, Louisiana, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Texas, and Wisconsin. The case of Bradley Academy of Excellence (BAE) in Arizona provides an opportunity to better understand the ways in which such fraud and waste occur and the systemic conditions that enabled its existence.

The state of Arizona has an extensive history of enacting school choice policies, including “...charter schools, tax credit programs for public and private schools, inter- and intra-district open enrollment, and an Empowerment Scholarship Program” (Potterton, 2018). In fact, Arizona’s charter school law, enacted in 1994 (Bulkley, 2005), led to Arizona having “...the second highest percentage of public school children in charter schools after Washington D.C.” (Potterton, 2018), with more than 600 charter schools in existence in 2015. The number of charter schools decreased to 559 charter schools serving 230,757 children in the 2020-2021 school year (National Alliance for Public Charter Schools). The original legislation allowed for Arizona charter schools to be authorized either at the state level or by any local school district (Bulkley, 2005). Currently, Arizona charter schools can be authorized by “...the state board of education, the state board for charter schools, an Arizona university governed by a board of regents, or community colleges” (Creed et al., 2021, p. 824). Relatedly, the Bradley Academy of Excellence, founded in 2002 and operating a school known as Discovery Creemos Academy

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(DCA), was re-authorized by the Arizona State Board for Charter Schools (ASBCS) most recently in 2017. In a statewide analysis, Chingos and West (2015) found that academic performance in the AZ charter sector varies widely and is, on average, less effective at raising student achievement. However, closed charter schools are generally lower performing than charters that remain open.

Case Narrative

On Tuesday, January 30, 2018, ASBCS officials received a phone call from a DCA parent explaining that they had recently learned that DCA was abruptly closing indefinitely. ASBCS records note that this same parent had previously contacted the Arizona Department of Education with concerns, explaining that the parent had received a note from DCA officials stating that the school would be closed for two days due to safety concerns. The parent went on to explain that after receiving this note, they visited the school site and “said it looked abandoned and the signs outdoors were removed” (ASBCS Meeting Agenda, February 12, 2018). Over the next several days, ASBCS staff also visited the DCA site, similarly finding external signage had been removed and a note stating, in part:

School will be closed Friday, January 26th, and Monday, January 29th, for all students and staff. We deeply apologize for the late notice. The school is assessing and addressing a situation related to safety and security. We expect this matter to be resolved by Tuesday, but will keep you informed along the way.

ASBCS staff subsequently contacted the school’s charter representative, requesting information on the cause of these safety and security concerns. Although staff ultimately did not receive a response to this email, upon arrival at the school site, they learned from DCA teachers that school leadership had sent a letter to staff informing them of the school’s closure the previous night (see Appendix B). This letter, signed by “school leadership”, identified years of “troubled”

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school operations and finances as the reason for DCA's abrupt closure. The letter explained that "The school has exhausted all of its operational and financial resources in order to survive over the last couple of years and, tragically, we simply cannot keep up."

After reviewing this letter and having received no communication from DCA leadership, ASBCS staff began a process facilitating the school's formal closure (i.e., stopping previously scheduled state and federal payments to DCA, coordinating student withdrawals and transfers, and providing building access to families and staff to retrieve personal items). At the February 12, 2018, board meeting, the ASBCS formally moved to revoke the charter contract of Bradley Academy of Excellence, Inc. The vote was unanimous.

Subsequent investigations spurred by this closure would reveal a pattern of intentional educational fraud, specifically through the practice of falsifying attendance records. Reports by the Arizona Attorney General's Office describe a practice of enrolling fake students (referred to as "caspers" by DCA staff) to receive additional funds from the Arizona Department of Education, the U.S. Department of Education, and the U.S. Department of Agriculture. One report explained:

The Bradley Academy was failing financially due to low enrollment numbers. To avoid reduced payments from the State, the Bradley Academy of Excellence "enrolled" fake students. The investigation discovered that during the 2016-2017 academic year, Bradley Academy reported approximately 191 fake students to the Arizona Department of Education. During the 2017-2018 academic year, the number of fake students reported rose to approximately 453. The Bradley Academy closed abruptly in January of 2018, ahead of a random audit from the Arizona Department of Education. In preparation for that audit, Cadiz [former Bradley Academy principal] created hundreds of fraudulent documents to support fake students, including photoshopped parents' driver's licenses, student birth certificates, and student shot records.

Former Arizona Attorney General Mark Brnovich described this case as "despicable," noting, "Instead of finding innovative ways to better education for students, Cadiz and others devised a

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scheme to bilk taxpayers out of more than \$2 million.” Ultimately, three members of DCA leadership (Daniel Hughes, the Chairman and Director of the Bradley Academy, Harold Cadiz, the Principal, and Joann Vega, the Vice Principal) received jail or prison sentences ranging from four months (Vega) to four years (Hughes) for their roles in this case.

Case Analysis

Bradley Academy of Excellence offers an accessible entry point into a better understanding of the ways in which educational fraud and waste are perpetrated in U.S. schools and the conditions under which these instances are fostered.

Available Capital: Enrollment-based Per-pupil Funding

Arizona charter schools receive the vast majority of their funding (85%) from the Arizona General Fund, with the remaining funding sourced from other state funding mechanisms (e.g., Arizona Proposition 301) and federal sources (e.g., U.S. Department of Education, U.S. Department of Agriculture) (Cardine & Wells, 2017). As is the case in many public school funding systems, these funds are generally tied to student attendance and enrollment, specifically a yearly count on the 100th day of school that determines the official enrollment numbers for the academic year. The sentencing memo for Harold Cadiz notes that financial instability was a longstanding concern within BAE due to lower levels of enrollment than what was required to meet operational costs, including the \$85,000 monthly lease payment on the school’s main building. As early as 2013, BAE leadership faced significant challenges in meeting these monthly payments and faced foreclosure if they did not increase enrollment. Documents from the Office of the Arizona Attorney General and the Arizona State Board for Charter Schools demonstrate a consistent, yearly struggle to maintain sufficient enrollment to meet operating costs, which led school leaders to engage in the enrollment fraud scheme.

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Failure of Government: Lenient Accountability and Poor Oversight

The stated mission of the Arizona State Board for Charter Schools is to improve public education in Arizona by sponsoring charter schools that provide quality educational choices. As one of the largest charter school authorizers in the United States, the ASBCS is tasked with providing oversight and accountability for more than 550 charter schools that it has authorized (Arizona State Board for Charter Schools, n.d.). Yet, analysis of media reports, sentencing documents, and compliance reports illustrates a series of failings to provide adequate oversight for Bradley Academy of Excellence. In the years immediately preceding BAE's abrupt closure, ASBCS staff were acutely aware of BAE's financial struggles. Compliance reports describe three material weaknesses identified in BAE's FY2016 financial audit that signaled inadequate fiscal controls and clear conflicts of interest between school leadership and contractors. For example, Hughes, previously the head of a janitorial services company, first became aware of underenrollment at BAE in 2013 from the former principal and founder, Tanya Burston. Hughes's company had been hired to manage the BAE campus facilities and soon transitioned to a managerial role at the school. He ultimately negotiated a new contract with the company holding the school's lease, contingent upon his transition to owner and operator of BAE. Once in this role, Hughes hired a former sales representative for his janitorial services company, Harold Cadiz, to be the school's principal, despite neither man having any formal training or work experience in education. While ASBCS required BAE leaders to complete a corrective action plan on March 8, 2017, this plan was never fully completed by BAE staff, and findings from the CAP process were forwarded to the Attorney General's office in October 2017. Notably, ASBCS re-authorized the Bradley Academy of Excellence charter for 20 years in June 2017 despite their awareness of these critical fiscal concerns, keeping the possibility of future financial abuse open.

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Failure of Actor: Actors with Malicious Intent

As noted in previous sections, maintaining sufficient enrollment was a significant challenge for BAE almost since its founding. While the school's founder was able to grow student enrollment from seven students to close to 160 by the 2011-2012 academic year, the fiscal viability of the school depended on increasing student enrollment. These concerns grew even more challenging after moving to a new school site that could accommodate a larger student population but also required monthly \$85,000 lease payments. While Hughes and Cadiz were initially hired as janitorial services contractors, their new roles as school leaders offered an opportunity to leverage school funding structures to maintain their salaries as school employees. Sentencing documents for Harold Cadiz note that an argument could be made that in the 2016-2017 academic year, defendants chose to falsify student enrollment documents to minimize potential harms from a mid-year closure due to underenrollment. Yet, they also explain that the defendants chose to continue this practice into the next academic year, demonstrating an intent to commit fraud, despite the clear reality that BAE's enrollment was insufficient to remain viable as a school. Moreover, evidence included in the sentencing appendix highlights the depth that the defendants went through to create false birth certificates, immunization records, drivers licenses, and other legal documents that may indicate plausible deniability or claimed incompetence.

Collectively, our analysis demonstrates the ease with which educational fraud and waste can occur in school settings, while also highlighting the specific levers that must be strengthened to ensure effective stewardship of public funds. This illustrative case also suggests the need for more robust empirical attention to how educational fraud and waste occur in practice, the likelihood of such actions being successful, and the potential harm to students, families, and taxpayers. As avenues for school privatization are expanded across the United States, we suggest

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that this framework might be well-situated to interrogate the implementation of these policies and the potential impacts of policy actions regarding effective and efficient use of public funds. Furthermore, we believe that this framework may help to illuminate broader issues in education finance and society, particularly regarding the viability of current school funding systems, limited oversight and accountability policies, and the institutional capacity to manage these funds.

Looking Ahead: Reclaiming Concepts and Empowering Civic Capacities

Given the current funding uncertainties for public education introduced by the dismantling of federal institutions, the politicization of federal education funding, enrollment declines, and the introduction of new statewide choice policies, it is critical that scholars and policymakers identify the sources of financial strain and precarity with precision. We believe that this conceptual framework of educational fraud and waste brings us to both a more accurate and more critical understanding of the forces that drive the ineffective use of public funds to produce public value in education.

Taken together with the concept of the education debt (Ladson-Billings, 2006), we believe that the potential solution to fortifying public education is not to pull back investments, but to increase and redirect investments to educational infrastructure. Currently, the public education system utilizes private actors to provide operational support such as janitorial and food services, to provide instructional materials and learning interventions, and for technical expertise (Burch, 2006). Educational funds could be redirected to build these capacities within our education system or build other structures such as sustainable teacher labor pipelines, reinvigorated school facilities that serve as vibrant public and community spaces, and potential vehicles for educational improvement that have yet to be imagined.

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We hope that policymakers use this framework to understand how their policies create (or eliminate) the potential for educational fraud and waste. In particular, this framework helps to identify where increased guardrails for private actors involved in policy implementation may be appropriate. It may also prompt policymakers to think about alternatives to privatization that allow for capacity to be built internally within the public education system.

For researchers, this framework can serve as a starting point for understanding a particular policy context or launching a set of questions related to the political economy of the U.S. K-12 education system. Given the impending structural changes in the education system due to both state-level and potential national-level voucher and ESA programs (Morton, 2025), there is a renewed importance to understand the consequences of these policies for societal goals of education and vulnerable student populations across a variety of localities.

Finally, we hope this framework is helpful for civic actors who are looking for a way to understand the U.S. K-12 education system's complexity so that they may better advocate for how public dollars are spent to benefit the children in their communities. This framework can help civic actors to generate questions for governing bodies about where funds are going, who is profiting, and what value these actors are generating in exchange for the capital they are accumulating.

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Appendix A: Tables

Table 1

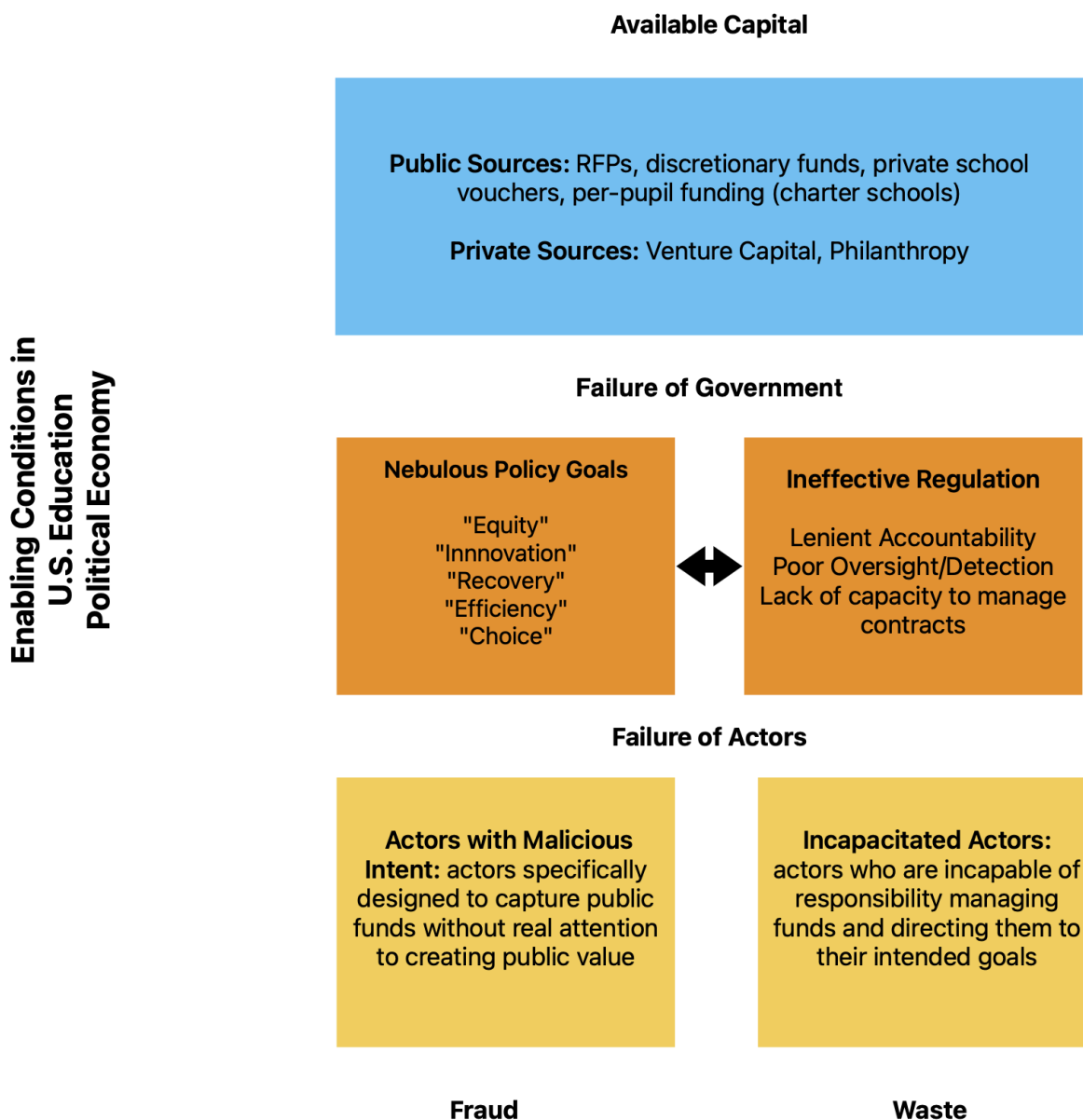
School Choice Policies and Mechanisms for Fraud and Waste

Policy	Cash Flow	Potential Mechanisms for Fraud and Waste
Charter Schools	Charter schools are given dollars per student that are generally comparable to what public schools would receive	Public dollars are misspent due to a lack of oversight, dollars are being spent to market schools, high-quality charter schools close preemptively, charter school leaders are overpaid in relation to their public school counterparts, decreased economies
Private School Vouchers	Private schools can choose to accept vouchers from students who qualify	Public dollars are given to private schools of non-discernable quality and fiscal stability
Education Savings Accounts	Private schools and educational vendors can accept funds from families given access to an education savings account.	Public dollars are given to both private schools, private businesses/companies of non-discernible quality and fiscal stability.

Appendix B: Figures

Figure 1.

A Framework to Understand the Conditions for Educational Fraud and Waste



Appendix C

Bradley Academy of Excellence (Discovery Creemos Academy) Closure Letter

Dear Families,

We are deeply sorry, and it is with a heavy heart, that we announce classes at our school are suspended indefinitely, effective immediately. We are terribly pained to find ourselves in this unfortunate situation and, most importantly, the potential negative effect this may have on you, your families and our students.

While this was nearly an impossible decision to make, it is the right one. Most of you are aware that school operations and finances have been troubled over the last few years. We have fought so hard for solutions but we seem to run into an endless barrage of adversities. It seems we fix one thing and another thing breaks.

The school has exhausted all of its operational and financial resources in order to survive over the last couple of years and, tragically, we simply cannot keep up.

Recently, several key staff members were subject to hateful online threats and one school leader's family was targeted at their home. These kinds of harassments and threats create a great deal of instability, fear, and uncertainty for the future. While we truly wish we could stand and fight another day, we simply cannot.

Please know that we all have families and many of us have children, and we understand the effect of changing schools in the middle of the school year. But this decision is the right decision and, in the big picture, we know that all will be better served by making this transition now instead of delaying the inevitable. One teacher said in a meeting last week that she believes the school is cursed. While we don't know that to be true, there certainly has been a pattern of extreme challenges that seem beyond the norm. Given this reality, it's best we all free ourselves from the perpetual cycle of try and fail and give new opportunities a chance to enhance our lives.

You are greatly loved and appreciated. Reaching this decision was painstaking and is one that will forever alter the lives of those who made it. Discovery Creemos Academy Closure (/)

Discovery Creemos Academy, 16060 West Lower Buckeye Parkway, Goodyear, AZ 85338 (800) 993-1458.

We will be mailing withdraw forms to your home immediately. You may enroll your student at any of the wonderful public schools across Arizona. We will be responding to all requests for records.

Please have your student's new school email us at <mailto:schoolleadership@andwedo.org>. We will be glad to email or fax them back. Your children are a huge blessing to our community and the world IS better because of them. We are tearful and crushed to lose them at our school.

- School Leadership