MONEY

Critics want 1,100 charter schools to repay more than $1 billion in PPP loans to government

A USA TODAY investigation found nearly all charter schools that had $1 billion in forgiven Paycheck Protection Program loans lost no money. Critics say the feds should claw back the money.

Craig Harris
USA TODAY

Published 5:02 a.m. ET March 24, 2022

Key Points

- USA TODAY found 1,139 U.S. charter schools had $1 billion in PPP loans forgiven.
- The investigation found nearly all - 93% - lost no money during the pandemic.
- Critics want Small Business Administration to get PPP repayments from charter schools.

The Biden administration has promised to go after those who may have abused federal financial assistance during the pandemic, and charter schools could be one of the industries under scrutiny.

The publicly funded but privately operated schools that teach a fraction of U.S. children obtained more than $1 billion in forgiven Paycheck Protection Program loans designed to help struggling small businesses during the pandemic.

A USA TODAY investigation found more than 1,100 U.S. charter schools had those loans forgiven, but 93% of them may not have needed the money because they were in states that continued to fund their operations at the same level as before the pandemic, or at even higher levels in some cases.

The loan program had enough leeway to allow small businesses, including charter schools, to qualify without showing any financial need. Federal regulations only required businesses
seeking the loans to say they faced "economic uncertainty" and the money was necessary to support ongoing operations.

**USA TODAY CHARTER SCHOOL INVESTIGATION:** Taxpayers covered $28M in PPP loans for KIPP Foundation's charter schools despite its $75M in assets

**'THE ETHICAL THING TO DO':** Why this small San Diego charter school passed on COVID PPP loans

A congresswoman and fiscal watchdogs are calling upon the federal Small Business Administration (SBA), which administered the loan forgiveness program, to claw back some of that money.

### Charter schools’ PPP loans

USA TODAY examined documents from the Internal Revenue Service, SBA, state Departments of Education and charter schools, and interviewed dozens of people, including education experts and watchdogs to find:

- The range of forgiven loans for 1,139 charter schools in 37 states was $150,746 to $9.8 million.

- Some charter schools used the money to increase savings accounts or, in one case, hand millions of dollars to an investor.

- A small San Diego charter chain that serves low-income children turned down a $3 million PPP loan, saying taking the money was unethical because California cut no funding to public schools.

- One California charter chain obtained $32.7 million in PPP loans by using 12 separate nonprofit companies that are linked to different schools to get the money. All of the loans were sent to the same address in Lancaster. The chain, Learn4Life, denied any wrongdoing.

- KIPP, one of the largest charter chains in the country, saw its bottom line swell by $27 million in fiscal 2020. However, 14 of its affiliate organizations across the country had $28.4 million in PPP loans forgiven. KIPP said its affiliates had additional financial needs.

Have a tip on business or investigative stories? Reach the reporter at craig.harris@usatoday.com or 602-509-3613 or on Twitter @CraigHarrisUSAT or linkedin.com/in/craig-harris-70024030/