



Statement from Network 49 re Proposal to Open KEYS Nineveh Academy, a privately-run charter school, in Rogers Park

Network 49 is a resident led community organization representing more than 750 residents and focused on improving education, safety, and community development in the 49th ward. We have considered in detail the application submitted by KEYS to CPS Office of Innovation to open a new charter school in Rogers Park. After carefully considering the application in its entirety and based on our close involvement with the existing neighborhood schools, **Network 49 OPPOSES granting a new charter to KEYS for the proposed KEYS Nineveh charter school.**

We encourage KEYS and its supporters to work with our existing CPS neighborhood schools to improve their programming and address deficiencies KEYS may have identified, if any.

Our OPPOSITION TO THIS APPLICATION is based on several reasons:

1. **Residents in Rogers Park are strongly opposed to the opening or expansion of any more charter schools in Rogers Park.** In 2016, **more than 11,000 (corrected) registered voters, representing 63% of those voting, voted in favor of a moratorium on charter school expansion in November 2016.** The referendum was supported by State Representative Kelly Cassidy, State Senator Heather Steans, and US Representative Jan Schakowsky.

In 2017, residents from Network 49 organized petitions to CPS opposing expansion of Chicago Math and Science Academy, a privately-run charter school established in 2005. Dozens of residents sent letters and emails and many spoke at the CPS Office of Innovation meeting. CPS Office of Innovation chose not to recommend CMSA's expansion to the full Board of CPS. Nothing has changed to justify going against the stated will of residents that **NO NEW OR EXPANDED CHARTER SCHOOLS SHOULD BE OPENED IN THE 49th WARD.**

2. KEYS, a Michigan-based charter school operator, has suggested it will offer services to immigrants and refugees through to-de-determined partnerships with existing organizations. **Field School in Rogers Park is designated by CPS as an immigrant and refugee coordination center and already coordinates with the same organizations successfully.** KEYS' application does not explain how current services are lacking, nor why CPS should pay KEYS to subcontract for services CPS is already paying for at Field School.
3. **KEYS Ninevah would cause the relocation of students from existing CPS schools, weakening existing neighborhood schools.** Statement of interest forms submitted by

KEYS in support of its application asks each family if they live in Chicago and would send a child to the school. Of the 143 families who expressed interest in potentially attending the school, few come from the 60626 zipcode. This means they come from somewhere else. KEYS does not explain how students are being inadequately served at their current schools.

4. **KEYS is not an experienced education provider. KEYS** has operated a single school (KEYS Grace) for little more than a year in the state of Michigan. Keys GRACE in Michigan does not show any significant educational outcomes. Documents submitted concerning student performance at KEYS Grace show 6 of 18 students met growth RIT in one classⁱ and 9 of 17 met growth in RIT in the other.ⁱⁱ This is hardly a stellar track record.
5. **KEYS has grossly misrepresented its community outreach and community support.** While KEYS claimed they held monthly meetings with wide outreach, that is simply not true. After news of its plans were first reported in DNAInfo in the spring of 2017, dozens of residents communicated strong opposition to any charter school to both Alderman Moore and to CPS. The alderman claimed the proposal was preliminary and notice of any further public meetings would be forthcoming.

A review of the page in early October contained only a handful of comments and posts that mentioned monthly meetings, but there was no notice of these meetings outside of the Facebook page. There has been no “discussion” and no feedback between residents to speak of. In its Tier III submission, Keys mentions feedback from one resident on Facebook, without noting the irony that it received only 1 comment via Facebook, either pro or con.

KEYS did not promote its meetings on Everyblock or Next Door, nor did they take advantage of widely distributed e-news blasts from the Rogers Park Business Alliance, Rogers Park Chamber of Commerce, or the Alderman’s frequent and widely distributed email newsletters. They did not attend the weekly Farmers Market, had no presence at the numerous street festivals or art fairs, and were not present at the annual Artist of the Wall event, which attracts thousands of residents.

In its application, KEYS is able to provide a handful of support letters from individuals and **none from any organization serving residents, refugees or immigrants in Rogers Park**. There is not even a support letter from the Assyrian Church with whom they intend to collaborate to have a school building constructed.

6. **KEYS’ business model presents significant risk of conflict of interest and opportunities for self-dealing, all at the expense of taxpayers, faculty and students.**

KEYS President, Nathan Kalasho, has served as either president or vice president of INVEST, a nonprofit in Michigan, according to tax returns for 2013-2015. He switches roles in successive years with Neran Kalasho (relationship unknown). Nathan Kalasho and Neran Kalasho are also administrators of KEYS Grace.

According to its website, INVEST operates a related company, Twin Rivers Trading, which provides busing services to KEYS GRACE at a cost of at least \$500,000 per year. The

independent auditor for the school noted how Kalasho's arrangements impacted the school and benefitted his companies significantly:

In July 2015, the Academy entered into a five-year agreement with Kalasho Empowerment of Young Scholars, LLC (KEYS). Under the terms of this agreement, KEYS provides a variety of services including financial management, educational programs and consulting, as well as teacher training. The Academy is obligated to pay KEYS ten (10) percent of the Academy's gross revenues. The gross revenues include all receipts of the Academy, excluding any proceeds from borrowings undertaken by the Academy. The total paid for these services amounted to approximately \$202,500 for the year ended June 30, 2016. KEYS agreed to reduce its contractually obligated management fee by approximately \$18,400 for the year ended June 30, 2016. KEYS will have no further rights to collection of these aforementioned forgiven management fees and are to be used for the continued unrestricted operation of the educational mission.ⁱⁱⁱ

In addition, The Academy had entered into various leases and contracts for services with parties related to the ownership of the management company, Kalasho Empowerment of Young Scholars, LLC (KEYS). Payables to these parties totaled approximately \$140,000 at June 30, 2016. Expenditures of approximately \$760,000 were incurred under service and lease agreements with these organizations during the year ended June 30, 2016.”

In other words, Nathan Kalasho set up a school that contracted with his company for a 10% fee, then hired his same company to provide services for which he benefited directly.^{iv}

As noted, Neran Kalasho is an officer of INVEST and an administrator of KEYS GRACE and another school, Roosevelt High School. The administrator of Roosevelt is an Assad Kalasho, who is a member of the INVEST Team. Neran Kalasho is benefitting directly from contracts with Roosevelt and INVEST as an administrator and contractor. A third team leader of INVEST is Ms. Wioletta Jaruntowski, the group's Executive Secretary. Ms. Jaruntowski receives compensation as an officer and also received a \$54,000 loan by the nonprofit in 2013. INVEST's 990 forms clearly state the loan was not approved by the board, nor is it executed in writing. The 990s also stated the organization does not keep a written conflict of interest policy, has no records retention or destruction policy, does not conduct independent compensation reviews, has no whistleblower policy, and does not provide public access to its financial records. It is essentially a private holding company. **On Part VI, Section 2, Line 2 of their 2015 return, they answer “no” to the question: do any of the directors have a family or business relationship with any other officer.**

Kalasho proposes the same arrangement with KEYS NINEVEH – 10% of all revenues go to his company. He also retains complete control over all contracting.

The 990 tax forms for INVEST include a number of unexplained and high expenses, including tens of thousands for management fees, automobile expenses, officer compensation, and supplies. Because the items are not clearly explained, it is impossible to know how much of the funding from KEYS to INVEST and Twin Rivers Trading went directly to the Kalashos (see following pages for additional notes).

Network 49's resident members welcome immigrants and refugees to Rogers Park. We believe our long-standing diversity makes our community special. We also love our CPS neighborhood schools. However, we do not think there is sufficient reason or community support for KEYS to open a CPS charter school in our community and we therefore OPPOSE their application.

Respectfully submitted on behalf of Network 49

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