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Charter Schools Tied to Turkey Grow in Texas

By **STEPHANIE SAUL**

TDM Contracting was only a month old when it won its first job, an \$8.2 million contract to build the Harmony School of Innovation, a publicly financed [charter school](#) that opened last fall in San Antonio.

It was one of six big charter school contracts TDM and another upstart company have shared since January 2009, a total of \$50 million in construction business. Other companies scrambling for work in a poor economy wondered: How had they qualified for such big jobs so fast?

The secret lay in the meteoric rise and financial clout of the Cosmos Foundation, a charter school operator founded a decade ago by a group of professors and businessmen from Turkey. Operating under the name Harmony Schools, Cosmos has moved quickly to become the largest charter school operator in Texas, with 33 schools receiving more than \$100 million a year in taxpayer funds.

While educating schoolchildren across Texas, the group has also nurtured a close-knit network of businesses and organizations run by Turkish immigrants. The businesses include not just big contractors like TDM but also a growing assemblage of smaller vendors selling school lunches, uniforms, after-school programs, Web design, teacher training and even special education assessments.

Some of the schools' operators and founders, and many of their suppliers, are followers of Fethullah Gulen, a charismatic Turkish preacher of a moderate brand of Islam whose devotees have built a worldwide religious, social and nationalistic movement in his name. Gulen followers have been involved in starting similar schools around the country — there are about 120 in all, mostly in urban centers in 25 states, one of the largest collections of charter schools in America.

The growth of these "Turkish schools," as they are often called, has come with a measure of backlash, not all of it untainted by xenophobia. Nationwide, the primary focus of complaints

has been on hundreds of teachers and administrators imported from Turkey: in Ohio and Illinois, the federal Department of Labor is investigating union accusations that the schools have abused a special visa program in bringing in their expatriate employees.

But an examination by The New York Times of the Harmony Schools in Texas casts light on a different area: the way they spend public money. And it raises questions about whether, ultimately, the schools are using taxpayer dollars to benefit the Gulen movement — by giving business to Gulen followers, or through financial arrangements with local foundations that promote Gulen teachings and Turkish culture.

Harmony Schools officials say they scrupulously avoid teaching about religion, and they deny any official connection to the Gulen movement. They say their goal in starting charter schools — publicly financed schools that operate independently from public school districts — has been to foster educational achievement, especially in science and math, where American students so often falter.

“It’s basically a mission of our organization,” said Soner Tarim, the superintendent of the 33 Texas schools.

The schools, Dr. Tarim said, follow all competitive bidding rules, and do not play favorites in awarding contracts. In many cases, Turkish-owned companies have in fact been the low bidders.

Even so, records show that virtually all recent construction and renovation work has been done by Turkish-owned contractors. Several established local companies said they had lost out even after bidding several hundred thousand dollars lower.

“It kind of boils my blood a little bit, all the money that was spent, when I know it could have been done for less,” said Deborah Jones, an owner of Daj Construction, one of four lower bidders who failed to win a recent contract for a school renovation in the Austin area.

Harmony’s history underscores the vast latitude that many charter school systems have been granted to spend public funds. While the degree of oversight varies widely from state to state, the rush to approve charter schools has meant that some barely monitor charter school operations.

In Washington, concern is growing. A number of charter schools across the country have been accused of a range of improprieties in recent years, from self-dealing on contracts to grade-changing schemes and inflating attendance records to increase financing.

Last year, the inspector general's office in the federal Education Department cited these complaints in a memo alerting the agency of "our concern about vulnerabilities in the oversight of charter schools."

The Texas Education Agency has a total of nine people overseeing more than 500 charter school campuses. "They don't have the capacity at the state level to do the job," said Greg Richmond, president of the National Association of Charter School Authorizers. Even so, the state's education commissioner, Robert Scott, last year took the unusual step of granting Harmony permission to open new schools outside the normal approval process.

Officials at the education agency said staffing was sufficient to oversee charter schools. They would not discuss Harmony's contracts, but a check of the agency's past audits — largely desk reviews of financial statements submitted by the schools — did not find any alarms raised about Harmony contracting.

In April, however, the agency notified Harmony of an unreleased preliminary audit questioning more than \$540,000 in inadequately documented expenses, the vast majority involving federal grant money. Neither the agency nor Harmony would disclose details of the findings.

Starting Out

The charter school movement did not begin in Texas, but the state embraced it with ideological fervor in the late 1990s as a pet project of the governor at the time, George W. Bush. The schools' independence from local school boards and union contracts, the theory went, would free them to become seedbeds of educational achievement in a landscape of underperforming failure.

While Texas charter schools must meet core curriculum standards, they may emphasize some subjects over others, as Harmony does with math, science and technology. They do not have to hew to standard public school calendars or hours. They may — and some do — pay teachers less than the standard state-mandated salaries. (In exchange for this flexibility, the schools get less state money than regular schools, with various calculations showing an annual difference of between \$1,000 and \$2,000 per pupil.)

David Bradley, a member of the Texas Board of Education, served on the panel that reviewed the early charter proposals. "The only requirement was that you expressed an interest," he said, adding, "The first time Harmony came forth, they had a great application, and they were great people."

One of those people was Yetkin Yildirim, who had arrived from Turkey in 1996 to attend the University of Texas in Austin. He also worked as a volunteer tutor in local high schools. The idea for the Harmony schools was born, he said, when he and friends — including Dr. Tarim — saw how much less rigorous the American high schools were in teaching science and math.

“Then we realized that something can be done,” said Dr. Yildirim, now a University of Texas professor specializing in asphalt technology. They spent a year writing their proposal, and in 2000 the group opened its first school, in Houston.

The schools represented the expansion of a mission that had already created hundreds of schools — and a number of universities — in Turkey and around the world. According to social scientists who have studied them, these schools have been the primary vehicle for the aspirations of the Gulen movement, a loose network of several million followers of Mr. Gulen, who preaches the need to embrace modernity in a peace-loving, ecumenical version of Islam. At the center of his philosophy is the concept of “hizmet” — public service.

The movement is also influential in Turkish politics and controls substantial commercial holdings, including a bank, Asya; one of Turkey's largest daily newspapers, Zaman; and an American cable television network, Ebru-TV, based in New Jersey.

Mr. Gulen, 70, considers [his teachings](#) a bulwark against Islamic extremism. Yet he and the movement that bears his name have been surrounded by controversy in Turkey. He came to this country in 1999 while under pressure from secular Turkish authorities who accused him of promoting an Islamic state. He was charged, though the case was thrown out. More recently, the arrests of Turkish journalists critical of the Gulen movement have led to accusations of retaliation by followers in the current government, which has a more religious leaning.

Mr. Gulen now lives in a Pennsylvania retreat owned by a foundation. In an interview there last year with The International Herald Tribune, he said he had not benefited financially from the movement. His only possessions, he said, were a blanket, some bed sheets and a few prized books.

Still, at least for the schools, America has been a land of opportunity. The creation story has been enacted across the country — Turkish immigrants, often scientists or professors, founding charter schools run by boards of mostly Turkish-born men. Today the United States has more Gulen-inspired schools than any country but Turkey, according to a presentation by Joshua Hendrick, a professor at Loyola University Maryland whose 2009 dissertation explored the movement.

In Texas, Harmony now educates more than 16,000 children. Eight schools have opened in the last year alone.

Dr. Yildirim said that while he had been influenced by Mr. Gulen — he writes and speaks about his teachings — his primary motivation in starting the schools was to give back to the community.

“My life changed here. I’m so thankful for that,” he said. “I believe some people born in this country are taking some things for granted.”

At first, Harmony Schools used a mix of local American and Turkish immigrant contractors. But as it has grown, especially in the rush of new schools, Harmony has increasingly relied on its Turkish network.

In response to questions, Harmony provided a list showing that local American contractors had been awarded 13 construction and renovation jobs over the years. But a review of contracts since January 2009 — 35 contracts and \$82 million worth of work — found that all but 3 jobs totaling about \$1.5 million went to Turkish-owned businesses.

TDM, builder of the new San Antonio school, is one of several companies that stand out — for the size of their contracts, their seemingly overnight success or both. One of TDM’s owners, records and interviews show, is Kemal Oksuz, president of the Turquoise Council for Americans and Eurasians, an umbrella group over several foundations established by Gulen followers. Since TDM was formed in November 2009, its work has involved only Harmony Schools and a job at the Turquoise Council headquarters, according to a company accountant.

Another TDM principal is a civil engineer, Osman Ozguc.

“Please don’t think that I’m a new guy, inexperienced in this area,” Mr. Ozguc said when asked about the San Antonio project, explaining that he had 26 years of construction experience, mostly on large projects in Turkey. “I provided all the requirements asked in the bid. And when we got the job, we delivered in a very short time period, and with a very economical result.” He did acknowledge that change orders had added about \$1 million to the cost.

Mr. Ozguc said he formed TDM after a split from Solidarity, another Houston company that has done major ground-up construction jobs for Harmony in the past two years. Records show that Solidarity is run by Levent Ulusal, a civil engineer with a prior connection to Harmony: he was a school business manager until March 2009, when he joined Solidarity.

Since Texas charter schools do not get separate public money for facilities, Harmony's construction program is financed by bonds that will be paid off over time using regular public payments to the schools, bond documents show. The group has issued more than \$200 million in bonds since 2007, making it the state's largest charter school bond issuer.

With public money in play, Texas law requires charter schools to award contracts to the bidder that offers the "best value." Lowest is not necessarily best, with the schools given leeway. But the criteria for choosing the best bidder must be clear.

Last year, local contractors questioned the fairness of bidding on two Harmony renovation jobs in the Austin area. On one job, in the suburb of Pflugerville, the low bidder, at \$1.17 million, was a well-known Texas company, Harvey-Cleary. The job went to Atlas Texas Construction and Trading, even though its bid was several hundred thousand dollars higher. Atlas, with offices in Texas and Turkey, shows up on a list of Gulen-affiliated companies in a 2006 cable from the American Consul General in Istanbul, Deborah K. Jones, that was released by WikiLeaks.

A vice president of Harvey-Cleary said Harmony never explained its decision.

The same day Atlas won the Pflugerville contract, it got a job at another Austin-area Harmony school, even though four bidders came in lower.

Harmony Schools asked two architects to analyze the disputed Austin jobs. Both architects had previously worked for Harmony Schools; both concluded that the jobs should have been awarded to Atlas.

Atlas has an eclectic business portfolio: for several years, it has also supplied breakfast and lunch at many Harmony schools. The contract is worth hundreds of thousands of dollars.

Two other bidders submitted formal catering proposals. One was Preferred Meal Systems, a national company that undercut Atlas's price by 78 cents a day, a substantial margin given that the two meals are often supplied for about \$4.

Jim Drumm, the regional vice president for Preferred Meal, said that when the company learned that its bid was lower than the winner's, "We attempted, without success, to recontact Harmony Schools to learn why our proposal was rejected."

Dr. Tarim said Preferred Meal was turned down because its food is heated in special company-installed ovens. With no kitchens in the schools, he said, there is no room for ovens.

Inside the Schools

Recently Dr. Tarim led a tour of one of Harmony's big renovation jobs — the new home of the Harmony Science Academy, the chain's marquee Houston high school. The academy, one of 11 Harmony schools in Houston, was recently rated among the city's top 10 high schools by Children at Risk, an advocacy group. The campus used to be an ITT business center, and even now, the low-slung buildings communicate office park more than high school. There is also a new building, constructed by TDM, housing a gym and the Cosmos Foundation's headquarters.

This being Texas, the academy is conspicuous for the absence of a football field. But in many ways, the Harmony Schools seem much like standard public schools, albeit of the strict, testing-oriented sort in vogue today.

Students wear uniforms, and anything that detracts from uniform appearance — even hoop earrings or highlighted hair — is frowned upon. One teacher described a disciplinary system in which students receive points for behavioral infractions as minor as tilting back in a chair.

The students, as at most Gulen-inspired schools, represent a racial and ethnic cross-section of the community. Many are children of immigrants drawn by the upwardly mobile allure of careers in technology and health care. Beginning in fourth grade, all students must complete science projects.

In a physics class, students demonstrated a homemade hovercraft — a simple plywood disc fitted with a chair. Rigged to a leaf blower, the contraption levitated inches above the ground, even with someone in the chair.

The project illustrates principles of physics, but the larger point, said the teacher, Levent Sakar, is developing an excitement about science.

“Once a student does a project like that, they will never forget it,” he said.

Still, the bottom line is measurable achievement. And so the Harmony schools place a heavy emphasis on preparing for state assessment tests, with four practice tests annually, according to schedules on school Web sites. Each practice test occupies the better part of a week, and students who fail get mandatory tutoring, some of it on Saturdays.

Judging school quality, of course, is an imprecise business. But by the measure that Harmony and most charter schools have embraced — scores on the state tests — the Harmony schools seem to be succeeding. Last year, 16 of the schools were deemed

“exemplary,” the highest rating, while seven were rated “recognized,” and the other two “academically acceptable.” The eight new schools have not yet been rated.

The Harmony schools advertise themselves as college preparatory schools with every graduate accepted to college, and a bulletin board in the hallway at the science academy displays pictures of this year's senior class, along with their college acceptances. But Harmony's “100 percent” acceptance rate actually represents only a small census, since most of the schools do not have senior classes and many students transfer earlier on. Statewide, 154 students graduated this year, the largest class yet.

And while the schools' combined math and English SAT scores — an average of 1026 — were 37 points above the statewide average last year, they fell short of the 1100 on those two parts that the state regards as predicting “college readiness.”

Dr. Tarim, who came from Turkey and studied aquatic ecology at Texas A&M, objects to common references to the schools as Turkish. Still, even if they are American charter schools first and foremost, the schools do have an undeniable Turkish flavor.

Many of the furnishings are imported from Turkey — at a San Antonio school, the entryway features a turquoise arch, and the lobby ceiling is decorated with images of the sun and a star and crescent moon. Harmony advertises that its teachers “are recruited from around the world,” but most of its foreign teachers are Turkish men, and all but a handful of the 33 principals are men from Turkey. In addition to the standard foreign languages, the schools offer instruction in Turkish. They encourage students and teachers, even parents, to join subsidized trips to Turkey.

What they avoid, as publicly financed schools, is religious instruction. And amid jabs from critics — educators, disaffected parents and bloggers — about their Turkishness and ties to a Muslim group, the schools take great pains to separate themselves from the Gulen movement. They are not “Gulen schools,” they insist, and have no affiliation with any movement.

“I'm not a follower of anybody,” Dr. Tarim said in an interview. Records show, however, that when applying to the State of Texas to form Harmony schools, he was a consultant to Virginia International University in Fairfax, one of the private universities that lawyers for Mr. Gulen say were originally inspired by his teachings.

At a forum on the schools last December in Houston, Dr. Hendrick, the Maryland professor, argued that such denials had only deepened the ambiguity and helped fuel suspicion. “Why do leaders deny affiliation when affiliation is clear?” he asked.

Ultimately, some scholars say, the schools are about more than just teaching schoolchildren.

Hakan Yavuz, a Turkish-born assistant professor at the University of Utah's Middle East Center, says he does not oppose the movement, though he is critical of what he calls its male domination and lack of transparency. In his view, the schools are the foundation for the movement's attempts to grow in the United States.

"The main purpose right now is to show the positive side of Islam and to make Americans sympathize with Islam," Dr. Yavuz said.

Teachers and Visas

Around the country, the most persistent controversy involving the schools — and the one most covered in the news — centers on the hundreds of Turkish teachers and administrators working on special visas.

The schools say they bring in foreign teachers because of a shortage of Americans qualified to teach math and science. Of the 1,500 employees at the Texas Harmony schools this year, Dr. Tarim said, 292 were on the special "H-1B" visas, meant for highly skilled foreign workers who fill a need unmet by the American workforce.

But some teachers and their unions, as well as [immigration](#) experts, have questioned how earnestly the schools worked to recruit American workers. They say loopholes have made it easy to bring in workers with relatively ordinary skills who substitute for American workers.

"I think they have a preference for these H-1B workers," said Dr. Ronil Hira, a professor at the Rochester Institute of Technology who has studied the visa program. "It may be a preference for a variety of reasons — lower wages or a network where they've got family or friends and connections and this is a stepping stone for them to get a green card."

The American jobs, often offered to educators at Gulen schools around the world or graduates of Gulen universities, also provide a way for the movement to expand its ranks in this country, Dr. Yavuz said.

American consular employees reviewing visas have questioned the credentials of some teachers as they sought to enter the country. "Most applicants had no prior teaching experience, and the schools were listed as related to" Mr. Gulen, a consular employee wrote in a 2009 cable. It did not say which schools had hired the teachers. Some with dubious credentials were denied visas.

In February, a Chicago charter school union affiliated with the American Federation of Teachers complained to the federal Department of Labor, alleging that the Chicago Math and Science Academy and Concept Schools, a group that operates 25 schools in the Midwest, had abused the visa system by “routinely assigning these teachers duties or class load that seemingly do not take into account the laws governing H1-B visa holders.”

The Labor Department had already been investigating at least one Concept school. The investigation appeared to have been triggered by a complaint in July 2008 by Mustafa Emanet, a network systems administrator and teacher at a middle school in Cleveland. By law, imported teachers must be paid “prevailing wage.” Mr. Emanet alleged that while his visa reflected his promised salary, \$44,000, he was actually paid \$28,000 his first year.

A Labor Department spokesman said the investigation was ongoing.

Expanding the Network

The heart of the movement's Texas operations is the Turquoise Center, a Houston complex that houses several foundations established by Gulen followers. Their activities show how the movement has integrated itself into life in Texas, often by dint of the foundations' connections to the Harmony Schools.

The Turquoise Center opened in 2008, financed partly through donations from Gulen followers, who on average tithed 10 percent of their income, experts say. The money, Dr. Hendrick wrote in his dissertation, goes “to pay for a student's scholarship, to provide start-up capital for a new school, to send a group of influential Americans on a two-week trip to Turkey or to sponsor an academic conference devoted to Fethullah Gulen.”

Dozens of Texans — from state lawmakers to congressional staff members to university professors — have taken trips to Turkey partly financed by the foundations.

One group, the Raindrop Foundation, helped pay for State Senator Leticia Van de Putte's travel to Istanbul last year, according to a recent campaign report. In January, she co-sponsored a Senate resolution commending Mr. Gulen for “his ongoing and inspirational contributions to promoting global peace and understanding.”

In an interview, Ms. Van de Putte described the trip as a working visit.

The Raindrop Foundation says its mission is to promote Turkish culture in America. It sponsors cooking classes, traditional Turkish dinners and performances of the Whirling Dervishes, a dance group associated with Sufi Muslim tradition. It also organizes an annual

Turkish Language Olympiad where 6,000 students, many from Harmony schools, compete in Turkish language, poetry, dance and singing contests.

The 2011 singing winner was a Hispanic girl from a Harmony school in northwest Houston.

The Raindrop Foundation's president, Mehmet Okumus, is a former Harmony school principal, and some of the foundation's income — \$770,000 a year, he said — comes through arrangements with the schools. Two Raindrop Foundation units, Zenith Learning and Merit Learning, operate after-school programs, test preparation programs and summer camps at the schools. Parents pay Zenith up to \$200 a week to leave their children after school. Of that, Harmony collects 25 cents per child per day, according to Dr. Tarim.

Another group at the Turquoise Center, the Institute of Interfaith Dialog, sponsors lectures on interfaith relations and finances the Gulen Institute at the University of Houston, which sponsors graduate scholarships in social work and pays for graduate students to study in Turkey.

The Institute of Interfaith Dialog — founded by Mr. Gulen himself, according to court documents — does not appear to have business dealings with Harmony. But its president, Yuksel Alp Aslandogan, does. Indeed, in 2002, he purchased the former Austin church that became Harmony's second school.

Dr. Aslandogan, a former computer science professor at the University of Texas at Arlington, paid \$1.375 million for the building, then leased it to Harmony. Last year, he said in an e-mail, Harmony bought it for \$1.7 million. He described his original purchase as “an investment opportunity toward a good cause” but declined to say how much he made off the deal, emphasizing that he had to pay taxes and make repairs.

Dr. Aslandogan has other connections to Harmony. He is chief executive of the Texas Gulf Foundation, a nonprofit that provides an array of services to the schools.

The foundation, in fact, grew out of Harmony: its owners and operators originally worked for the schools, according to a statement from Harmony, but left to form Texas Gulf, which they believed would “provide Harmony and other Texas schools with quality services at lower costs.” Until recently, Texas Gulf had offices at a Harmony campus.

Since 2007, Harmony says, it has paid Texas Gulf \$525,000 for services that include an online professional development program for teachers and administrators, an assessment tool for students and special education assessments.

Dr. Aslandogan reflected on his role in Texas' Turkish community in a PBS program on the Gulen movement broadcast in January. He said he donates "beyond the expected level in my income" and added: "I believe that all these actions — charitable donations, volunteerism — are pleasing to God. That's why I am doing all this."