

**Testimony from the New York City Charter School Center on the Governor's 2017
Proposed Executive Budget Submitted to the New York State Senate Finance and
Assembly Ways and Means Committees
February 14, 2017**

The New York City Charter School Center (Charter Center) respectfully submits the following testimony on the Governor's 2017 proposed Executive Budget. The Charter Center thanks the Committee Chairpersons, Senator Young and Assemblyman Farrell, and the distinguished members of the Senate Finance and Assembly Ways and Means Committees for the opportunity to comment on behalf of the New York City charter school sector.

The Charter Center is an independent nonprofit organization committed to fostering an environment in which quality public charters can open and flourish, and, through their innovative approaches, provide models for improving all public schools. The Charter Center helps new charter schools get started, supports existing schools, and advocates for the charter school community around key issues. In the last decade, the Charter Center, among other things, has helped secure Facilities Aid legislation and increased the number of available charters; assisted more than 60,000 families with applying to a NYC charter school through our Common Online Charter School Application; saved more than 60 new charter schools a combined \$1.6 million through our Incubation and New School Development programs; and supported over 90% of NYC charter schools with high quality programming for students with disabilities through the NYC Special Education Collaborative.

At the core of the Charter Center's work is the belief that all children deserve access to a great public education, and that a high quality charter school sector is a key component of an education reform strategy that prioritizes student success. To achieve this goal, the Charter Center has consistently advocated for policies that help support a high quality charter sector, while ensuring the bedrock principles of chartering, autonomy and accountability, are protected and upheld. As such, the Charter Center supports each of the Governor's proposals for the state's charter sector, which aims to provide for funding equity, and allows for further growth.

Equitable Funding

Between 2010 and 2014, charter school per pupil was statutorily frozen. Amendments to the Charter Schools Act in 2014, retained the freeze in the per pupil for an additional three years, but (1) provided for supplemental increases for the 2014-15, 2015-16, and 2016-17 school years; and (2) provided for a return to the statutory funding formula in the 2017-18 school year. The Charter Center has persistently advocated for a return to the formula as it more equitably reflects the district's own per pupil operating expenditures. While the legislative supplemental increases have helped to mitigate further widening the gap between charter and district school per pupil funding during the previous three years, anticipated increases in the district's operating budget—most notably, the deferred costs related to the 2014



teachers' contract—will accelerate the disparity between charter and district school funding should the formula continue to be frozen.¹ Furthermore, it is important to reiterate that, despite DOE claims to the contrary, as part of the legislative amendments passed in 2014, the 2017-18 school year was always intended to be the year when charter schools were set to return to the formula. The Governor's proposal (by omission) reaffirms that agreement and charter schools must return to the statutory formula.

Mitigating Significant Financial Burdens through Facilities Assistance

Even with the return to the formula, charter schools remain at a significant disadvantage relative to district schools with respect to facilities. Given limited available space in public facilities, most charter schools are forced into the commercial real estate market to find space that is adequate to serve as a school. In NYC, this is especially challenging given the high cost of real estate. Additionally, new charter schools commence instruction with just one or two grade levels, meaning that they have roughly 120 students (and in some cases fewer); this severely constrains a new charter school's budget given all the other costs associated with operating a school (e.g., staffing, curriculum, and instructional materials).

To mitigate these fiscal realities, new provisions in the Charter Schools Act granted eligible charter schools a statutory right to facilities assistance. Specifically, NYC charter schools that were newly opened or otherwise authorized to provide new grades in the 2014-15 school year and thereafter may request a co-located or other public space from the NYC Department of Education, and if denied, receive rental assistance in an amount equal to the lesser of 20% of the per pupil tuition payment or actual rental costs.

Now in the third year of the facilities assistance program, we know that the facilities access law has been of great benefit for many charter schools. Nonetheless, challenges remain: (1) many new schools face high real estate costs with limited resources; and (2) there is an ambiguity in the law that would (and potentially is) negatively affect(ing) some schools. Currently, the law provides the lesser of 20% or actual rental cost; even with the maximum amount of 20%, many schools still face the resource allocation challenges particularly as real estate costs increase throughout the city. The Governor's proposal to increase the maximum amount of rental assistance to 30% of per pupil is a welcome and necessary legislative change. Those receiving the latter ("actual rental cost") have been denied reimbursement for certain costs of occupancy, including capital construction costs, utilities, and maintenance. To correct for this misinterpretation by the NYCDOE, the Governor has proposed to amend

¹ The New York City Independent Budget Office found that NYC charter schools received over \$1,400 less per pupil in public support than traditional district schools. *Charter Schools Versus Traditional Public Schools: Comparing the Level of Public Support in School Year 2014-15* (available at http://www.ibo.nyc.ny.us/iboreports/charter_schools_versus_traditional_public_schools_comparing_the_level_of_public_support_in_school_year_2014_2015_july_23_2015.pdf).

“actual rental cost” to “actual total facility rental cost,” making clear (through intent and language) that eligible schools should receive the total cost of occupancy.

Raising the Charter Cap

An essential element to maintain growth of the sector is to remove the cap on available charters. Absent any legislative change, the number of charters available for authorization in NYC is currently at 30. With potentially four more rounds of authorizing left in 2017, we could be facing the prospect of having just ten charters available given current trends in authorizing (since increasing the number of charters available in NYC to 50 in July 2015, SUNY and the Board of Regents have authorized 20 new charters).

With over 44,000 children on charter waitlists in NYC alone, the need for high quality charter schools is clear, and lifting the charter cap is a critically important step in providing the landscape to allow for more high quality charter schools. Prospective school leaders often need more than a full year to develop and refine a charter application, which requires extensive community and family engagement and outreach, curriculum development, and talent recruitment. With the number of available charters dwindling, it will be particularly difficult for prospective school leaders to undergo such an exhaustive process without having some certainty that charters are readily available.

The Governor's proposal removes the geographic restriction currently in place that allocates the total number of available charters between NYC and all other districts, and allows for the reissuance of any charter that has been revoked so long as the total number of charters does not exceed the statewide cap of 460. Absent fully eliminating the statewide cap which the Charter Center has always endorsed and continues to do so, lifting this geographic restriction is a common sense solution that reflects the reality of the charter sector movement in New York State. Since the passage of the state's Charter Schools Act in 1998, 326 charters have been issued, including 254 in NYC. Providing access to available charters to all applicants regardless of where they hope to open allows the state's authorizers to freely approve charters that have the most promise of benefiting students without having to worry whether charters will remain for future rounds of authorizing.

Again, we would like to thank the Chairpersons and committee members for the opportunity to submit testimony on the Governor's proposed Executive Budget. We welcome the opportunity to engage with this committee and other members of the Senate and Assembly to ensure we foster a vibrant charter sector and continue our commitment to provide high quality school options to all students in the state.