

Testimony from the New York City Charter School Center on the Executive Budget Proposal Fiscal Year 2019-2020

NYS Legislature Joint Budget Hearing Of the Senate Committee on Finance And The Assembly Committee for Ways and Means

The New York City Charter School Center (Charter Center) respectfully submits the following testimony regarding the FY 2019-2020 New York State Executive Budget. The Charter Center, which provides technical support and advocacy on behalf of New York City charter schools, thanks the Senate Finance Committee and the Assembly Ways and Means Committee for providing the opportunity to comment on the FY 2019-2020 Executive Budget.

The New York State Charter Schools Act was passed by the Legislature 20 years ago in December 1998. The first charters were granted in 1999. Today there are 236 public charter schools operating in the five boroughs of New York City. These public schools employ over 9,100 public school teachers and educate 123,000 students, of which over 110,000 are African American or Latinx. New York's public charter schools are serving primarily low-income New York City families (81% are economically disadvantaged) in neighborhoods that often have no options other than the traditional district schools, many of which were struggling.

Charter schools are open to all students and may not employ any screening mechanisms to enroll students. They may, however, provide preferences for English Language Learners, students receiving special education services and students from low income families or who are homeless (and increasingly charter schools are utilizing this provision). A random lottery is used only when there are more applicants to a school than there are available seats. All enrollment procedures are regulated by and overseen by the charter entity (colloquially known as an authorizer), of which there are three in New York. Two of the authorizers - the Board of Regents and the State University of New York - currently have the ability to authorize charters, while the New York City Department of Education (NYC DOE) continues to have oversight and renewal authority over the schools in its portfolio. The authorizers approve the systems and educational practices of the school both prior to its opening and whenever the school wishes to make material changes to its practices. In addition, each charter must apply to its authorizer to be renewed every five years. As with all nonprofit organizations in New York, the State Attorney

General's office may investigate a public charter school's operations when criminal activity is suspected. The NYC Comptroller has the authority to audit financial operations, and the provision of special education services is overseen by the New York City Department of Education's Committees on Special Education (itself regulated by NYSED). Additionally, when a public charter school is located in a publicly owned school building in New York City, the NYC DOE's Panel for Education Policy must approve its use of the space. All state laws regarding the health and safety and civil rights of public school students must be followed by public charter schools and the teachers who educate charter school students must be certified or qualify for an exemption within the framework set under state law. Nonprofit boards of trustees form the schools' governance structure and they are charged with hiring school staff capable of ensuring the school lives up to the accountability structure set out in its charter. When a charter school fails, the authorizers revoke the charter, and the school is closed.

For the past 20 years, New York State's governmental agencies have overseen this governance and accountability system for charter schools, providing an effective system of checks and balances to a sector of public schools. New York State is generally viewed as having an exemplary charter school sector and oversight structure, resulting in a set of schools that are both well-regulated and well-performing.

In this regard, the city's charter schools are outperforming the district and the state in proficiency rates under the state's 3-8 assessment program. Last year, 59.5% of charter school students were proficient in math, compared to 42.7% in New York City traditional district schools, and 44.5% in the state. In ELA, 57.4% of students tested proficient compared to 46.7% in the district and 45.2% in the state. Numerous gold standard research projects, which take account of demographic differences and measure performance longitudinally, have also shown a highly positive charter effect. Not surprisingly, parent demand is high, and there are not enough seats for families who want their child in a charter school. Last year the NYC Charter School Center estimates that there were over 52,000 more applicants for charter schools at the time of the annual lottery than there were available seats.

In recent years, and in recognition that there is much to learn, charter schools and the district have begun working in partnership. The district has opened up its considerable expertise to charter schools, inviting them to professional development seminars and other opportunities, and charter school leaders and teachers are grateful to the district. In turn, charter schools have been providing development to district educators in such areas as math instruction, providing effective teacher feedback and preparing students to succeed to and through college. This work is maturing and growing at a rapid rate and superintendents are taking advantage of

these new opportunities to work collaboratively. This work is highly promising for both charter and district schools alike.

In order for any public school to be successful, charter or district, it must have adequate funding—and that funding should be equitable. The Executive Proposed Budget, though not perfectly, meets each of these criteria. Pursuant to existing state law, and the charter funding formula therein (which links charter revenue to increases in district expenditure), charter per pupil funding will increase by 2.52% in SY 2019-20. The Governor's Executive Budget Proposal would supplement this increase with additional aid resulting in an estimated per pupil increase all in of 3.5% from SY 2018-19 to SY 2019-20 for total funding of \$16,333 per pupil. Critically, this 3.5% increase is equal to the proposed percentage increase in state aid for the NYC DOE.

This is not to say, however, that this equitable increase to charter school funding and state aid creates full parity. It does not. The most recent comparative analysis conducted by the NYC Independent Budget Office in 2016-2017, which takes into account the value of in-kind services provided by NYC DOE such as the use of public school facilities, calculated that, on a per pupil basis, traditional public schools received \$715 more than colocated charter schools and \$4,863 more than charter schools operating in private space and that do not receive full or partial rental assistance. (See: <http://www.ibo.nyc.ny.us/iboreports/with-state-formula-for-charter-school-funding-likely-to-change-city-costs-to-grow-more-than-budgeted-march-2017.pdf>). Nonetheless, in the context of limited resources, the Governor's Proposed Executive Budget is fair. Thus, on behalf of the 123,000 New York City residents and their families who have chosen a charter school as the right public school for them, we respectfully ask that the legislature continue its commitment to funding public charter schools adequately and fairly by supporting the Governor's proposal. We would further ask that should the fiscal reality of New York State allow for a larger increase in state aid than the governor has proposed, charter school per pupil funding be adjusted accordingly.

Lastly, while you may hear testimony from the Chancellor of the NYC DOE that charter schools are burdening the city's budget, this is simply not true. Charter schools are educating New York City's residents at a lower per pupil amount than the district expends on students in traditional district schools (as demonstrated by the IBO). Moreover, despite the increase in New York City families choosing a charter school, NYC DOE has not reduced the size of its labor pool, nor its central operating budget though it educates fewer children than it otherwise would if charter schools didn't exist.

Additionally, agreements reached in prior budget years have substantially reduced the impact of charter school funding on New York City's budget to the city's great advantage. Most

importantly, the 2017-2018 budget agreement ensured significant savings for the City of New York in the following ways:

- Charter schools were not returned to the original charter funding formula which tied charter funding to actual expenses made by the school district but rather to a formula that tied future increases in per-pupil funding to *increases* in district expenditure. However, in creating the base amount for the formula the legislature used an amount that had been artificially suppressed by legislative action dating back to 2010 and that did not reflect real district expenditures. This disparity will lessen over the long-term but is locked in the short and medium term.
- The state also agreed to reimburse the city for \$1,000 per pupil in FY 2017-2018 and every year thereafter (this is after the state had already reimbursed the city for fixed increases between 2014-2017 for charter school per pupil funding);

These agreements have resulted in substantial savings to New York City. As shown below, over the past five years New York City has saved approximately \$638.5 million (note that the original charter school funding formula used variables no longer available after 2017-18).

New York City has saved approximately \$638.5 million in charter school funding:	
FY 2014-15 - FY 2016-17	
State Reimbursement of per pupil:	\$106,020,650 ¹
Additional City Savings:	\$ 91,461,000 ¹
<i>NYC Savings total:</i>	<i>\$197,481,650</i>
FY 2017-18	
State Reimbursement of per pupil	\$113,524,000 ¹
Additional City Savings:	\$ 102,258,000 ¹
<i>NYC Savings total:</i>	<i>\$215,782,000</i>
FY 2018-19	
State Reimbursement of per pupil	\$123,000,000 (estimated) ¹
Additional City Savings:	\$102,258,000 (min approx.) ¹
<i>NYC Savings total:</i>	<i>\$225,258,000</i>

In conclusion, the New York City Charter School Center fully supports the Executive Budget Proposal and requests that the legislature provide charter schools with the same percentage increase in state aid funding that is ultimately provided to NYC DOE.