

Chancellor's Parent Advisory Council

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March 09, 2023

New York State Legislature New York City Comptroller New York City Council

Dear NYS Legislature, NYC Comptroller and Council Members:

Resolution In Opposition to Raising the NYC Charter School Cap and In Favor of Limiting Charter Costs To The DOE Budget And Ensuring More Oversight And Accountability

Whereas the legal charter cap for NYC has been met, Governor Hochul's proposal would eliminate the regional limits and will add to the number of previously authorized charters known as "zombie charters" (closed or revoked charter schools). Therefore, lifting the cap will <u>allow approximately about 100 additional charter schools</u>.

Whereas, if enacted, this proposal could potentially add 300 more charter schools in NYC, since every charter school, whether elementary, middle, or high school, is allowed to expand to all grade levels;

Whereas, NYC already has 275 charter schools – which is the vast majority of those authorized in the State;

Whereas, the total funding diverted from the NYC DOE public school budget is already substantial and growing each year, currently at approximately \$2.69 billion – not counting the space and services that co-located NYC charter schools receive for free;

Whereas, NYC charter schools that are sited in private space also receive subsidies from DOE to help pay for their rental costs, which this year totals an estimated \$166 million; with 60% of that reimbursable by the state;

Whereas, the real cost to DOE's budget of charter schools is thus likely over \$3 billion annually;

Whereas, this proposal could more than triple the number of charter schools in NYC if the additional hundred expand to new grade levels (i.e. elementary, middle, or high school) that could cost DOE an additional \$3 billion per year or more;

Whereas, NYC is the only school district in the entire state and the entire nation that is obligated to help subsidize the rent for charter schools, if they are not provided space in public school buildings;

Whereas, NYC has been denied over \$2.62 billion in state charter school transitional aid between 2011 and 2022, the only school district in the state so exempted;

Whereas, given the need to lower class size per the new state law which mandates class size reduction starting next Fall, charter expansion could deprive our public schools that opportunity;

Whereas, two Class Size Matters (CSM) reports on the cost of charter rent in 2019 and 2020, show that in FY 2019, DOE overspent on charter lease costs by over \$21 million compared to their legal obligation, and in FY 2020, DOE spent over \$11.6 million on rent for charter schools whose buildings were owned by their Charter Management Organizations (CMO) or other affiliated organizations; and that in some of those cases, the CMO had appeared to sharply increase their own rent, apparently to receive more reimbursement from DOE;

Whereas, 58% of the city's charter schools have lost enrollment over the past three years, not including charter schools that opened or closed during that time;

Whereas, many charter schools exhibit high rates of student attrition, <u>75% of students leave</u> from Kindergarten on; <u>about 50% of</u> students who make it to high school left before graduation;

Whereas, most NYC charter schools have far lower enrollment rates of high-needs students, including English Language Learners and students with disabilities:

Be it resolved that the Chancellor's Parent Advisory Council (CPAC) strongly urges the Legislature to oppose the Governor's proposal to increase the number of charter schools in NYC, either by eliminating the regional caps or allowing authorization of "zombie" charters:

Be it resolved that instead, we urge the Legislature to repeal the law that obligates DOE to provide space to charter schools in public schools or help pay for their rent— the only district in the nation with this onerous requirement;

Be it resolved that in addition, the Legislature shall make NYC eligible for state charter transition aid from now on, and be provided with the \$2.62 billion in past transition aid that was unfairly denied;

Be it resolved that the law should be amended to allow both the NY State Comptroller and NYC Comptroller to perform performance audits on the charter sector, including auditing their waiting lists and expelling students;

Be it resolved that CPAC will ask the NYC Comptroller to audit the DOE spending on rental subsidies for charter schools, especially those whose buildings are owned by CMO or other affiliated organizations, to ensure that they are not inflating reimbursement from DOE:

Be it resolved that the CPAC will also ask NYC Comptroller to audit the spending of DOE on matching funds to public schools co-located with charters for facility enhancements, an amount that should match the spending of the co-located charters for that purpose, however; the CSM reports of <u>2019</u> and <u>2020</u> found that the co-located public schools were owed millions of dollars by DOE;

Be it resolved that the loophole in the law should be closed, so that no charter school can add grade levels outside of the category that it was originally authorized to serve, whether that be elementary, middle, or high school grades;

Be it resolved that the law shall require the boards of all CMOs to be subject by law to Open Meetings Law in order for transparency and to justify the use of public tax dollars;

Be it resolved that the following bills to strengthen the accountability and transparency of charter schools shall be approved by the Legislature and signed into law by the Governor, along with the same bills in the Assembly: <u>\$4200</u> (Hoylman);

increasing with transparency and limiting charter co-locations to three years; \$\frac{\text{S1395}}{2}\$ (Liu); providing the Board of Regents with final say over charter approvals and re-authorizations; \$\frac{\mathbb{S}2171}{2}\$ (Liu); requiring the appointment of an independent fiduciary upon the dissolution of a charter school; \$355 (Jackson); requiring more accountability for charter schools in multiple ways; <u>S2137</u> (Liu); repealing the requirement that NYC must help pay for private space rented by charter schools; <u>S2173</u> (Salazar); allowing the State Comptroller to audit NYC charter schools; and <u>S2292</u> (Mayer); including school districts and NYC community school districts in the approval process for issuing any new charter schools, where charter enrollment is already above 5% of the total public school enrollment. Approved at the March 09, 2023 CPAC meeting.