

NYSUT STRONGLY OPPOSES CHARTER PACKAGE

Provisions of the Senate Charter School Package

The Senate's one-house budget bill is a nearly \$350 million gift to the charter industry, which already receives \$1.9 billion in taxpayers' money without the necessary accountability and transparency for how charter management serves students and spends the public's money. Unfreezing charter school tuition would cost local school districts \$120 million. A Senate proposal to require school districts to reimburse charter operators for the cost of nurses, custodians and other support personnel would divert an additional \$124 million from local school districts. The Senate's one-house budget also establishes statewide building aid for charters, increasing state funding to the charter industry by at least \$103 million. Finally, the Senate bill lifts the cap on charters, allowing unfettered expansion even though the State Education Department reports there are 156 charters available under the current cap of 460 charter schools.

NYSUT strongly opposes this and all other charter school provisions in the Senate one-house budget bill.

Statement of Opposition

New York's charter industry perpetually cries poverty. Yet, a new analysis of the financial holdings of the state's charter schools show they are rolling in dough – **with cash and unrestricted net assets approaching half a billion dollars.**

Charter management reports at least **\$451.1 million in unrestricted net assets** – assets that can be used to pay for academic programs, support staff and rent on school facilities. Financial information for many charter schools is unavailable, meaning it is very likely charter management is sitting on an un-tapped \$500 million. They clearly do not need additional funding.

Much of charter management’s holdings are in straight cash. In fact, charters are flush with greenbacks, **holding \$394.6 million in cash** as of June 2015.

Charter cash reserves are growing, ballooning by \$122 million in just the last two years. Charter cash in the bank climbed from \$272.9 million in June 2013 to \$394.6 million in June 2015, the latest audits filed with authorizers show.

While school districts in local communities are permitted to hold just 4 percent of annual spending in reserve, most charter operators have stockpiled reserves far in excess of that 4 percent limit.

New York City-based charters detailed unrestricted net assets of \$323 million – even after many have paid rent on school facilities.

New York City charters also report \$282.4 million in cash on the books as of June 2015, an increase of \$101.1 million in just two years.

Charter School Largesse: This chart shows the financial holdings of the charter school industry as of June 30, 2015. *Source: Audits filed by charter operators with their authorizers.*

Geographic Region	Cash in Reserve	Unrestricted Net Assets
NYC	\$282,357,459	\$323,016,292
Albany/Capital District	\$10,509,604	\$8,411,764
Buffalo/WNY	\$41,426,629	\$59,240,702
Rochester/Monroe	\$12,355,345	\$18,101,582
Syracuse/Utica	\$4,270,363	\$726,002
Long Island	\$37,706,971	\$35,846,206
Ithaca	\$336,008	\$714,381
Westchester	\$5,678,073	\$5,069,848

- The biggest hoarder of cash is the Roosevelt Children’s Academy CS with \$23.1 million.
- The Riverhead CS on Long Island held \$10.1 million in cash in June 2015.
- The Academic Leadership CS in the Bronx had \$10.2 million in cash.
- Success Academy CS-NYC reported \$4.4 million in cash – but siphoned away 15 percent of its own schools’ revenues – or \$18.3 million – for corporate “management fees.”

This charter school giveaway comes at great cost to school districts. This chart shows how much 20 selected school districts would lose if the budget increases unfreezes and increases tuition payments and requires local districts to pay charters' support staff costs. (Information for all school districts is available.)

School District	Cost to Districts 10 percent supplemental CS Tuition Payment for support staff	Cost of Unfreezing Per Pupil Charter School Tuition Levels	Total Cost to School District
New York City	\$93,008,829	\$90,784,667	\$183,793,496
Rochester	\$6,777,197	\$14,752,336	\$21,529,533
Buffalo	\$9,378,750	\$4,818,411	\$14,197,161
Albany	\$3,197,097	\$568,687	\$3,765,783
Syracuse	\$1,945,295	\$1,433,211	\$3,378,506
Mount Vernon	\$686,572	\$1,481,483	\$2,168,055
Hempstead	\$1,965,816		\$1,965,816
Kenmore	\$269,379	\$1,225,657	\$1,495,036
Lackawanna	\$844,151	\$484,913	\$1,329,064
Niagara Falls	\$387,308	\$603,140	\$990,447
Yonkers	\$928,020	\$(47,521)	\$880,499
Roosevelt	\$497,595	\$165,864	\$663,459
Riverhead	\$397,824	\$177,254	\$575,078
Utica	\$356,352	\$159,957	\$516,309
Lansingburgh	\$143,839	\$314,059	\$457,898
William Floyd	\$126,153	\$235,648	\$361,801
Elmira	\$272,834	\$77,906	\$350,740
Cheektowaga	\$126,673	\$186,397	\$313,070
Schenectady	\$277,547	\$8,551	\$286,098
Greece	\$109,051	\$163,786	\$272,836

In addition to opposing additional – and unnecessary – funding for charters, NYSUT also strongly opposes the executive budget's proposal to modify the transition aid program going forward; a Senate provision which prevents an entity from linking the receipt of UPK grant funds to agreeing to any contractual terms, and increasing facility payments to charters.

Given the stockpiles of cash held by charter management and the tremendous cost to school districts, NYSUT strongly supports additional financial accountability for charter operators, including establishing the ability to audit money being sent to educational management organizations and other outside charter entities; requiring charter regulators and their

management companies to publicly provide all financial records related to their schools; and requiring charters to hold the same percentage of reserves as public schools.

Charters should also be required to enroll and appropriately educate the same percentages of English language learners; students with disabilities; students living in poverty, and students living in temporary housing as regular public schools.

NYSUT strongly urges defeat of the Senate's charter package and calls on the Legislature to immediately enact needed financial and educational reforms to make charter management more transparent and accountable to the public.