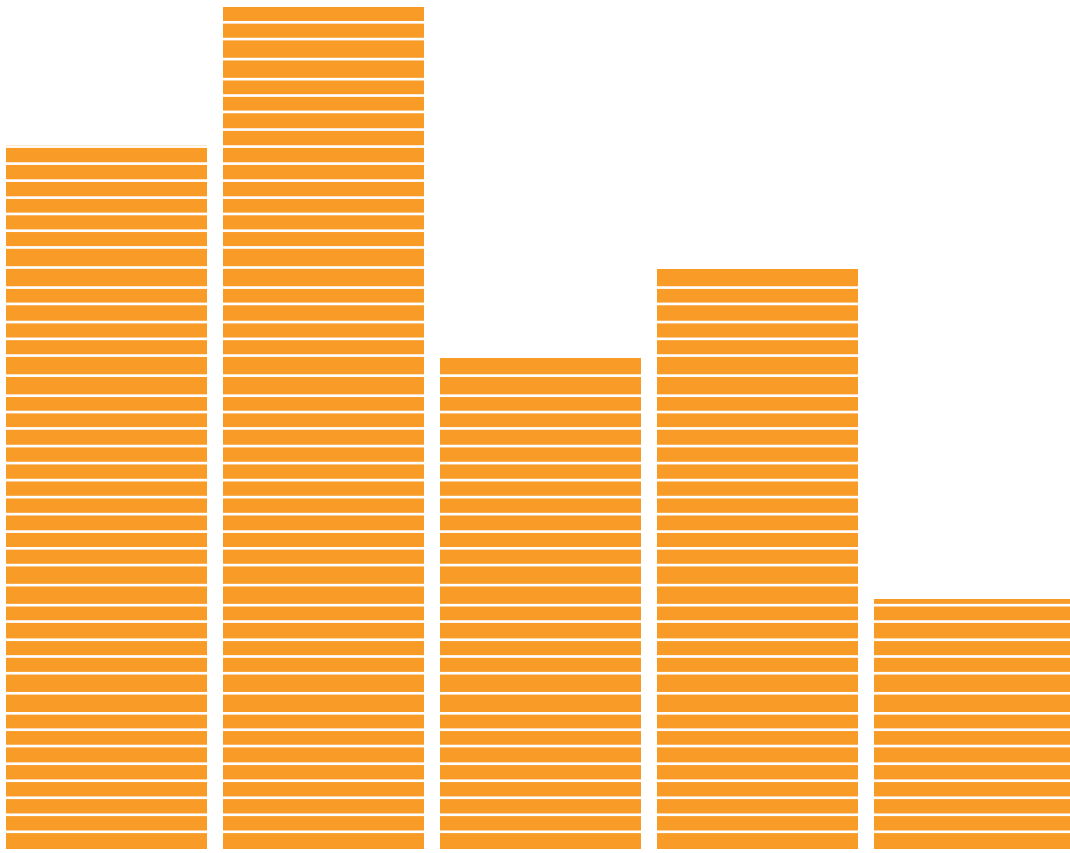




BUILDING INEQUALITY

How the Lack of Facility Funding Hurts New York's
Public Charter School Students



THE NEW YORK CITY CHARTER SCHOOL CENTER is a non-profit organization that helps new charter schools get started, supports existing schools, and builds community support so that highly effective schools can flourish. The Charter Center believes that charter schools are partners in a larger effort to build and maintain a great system of public schools so that all students, no matter their background, can participate in society on fair terms.

THE NORTHEAST CHARTER SCHOOLS NETWORK is a regional charter school membership organization representing charter schools in New York and Connecticut. Its mission is to support and expand the region's high quality charter school movement. The Network formed after the New York Charter Schools Association (NYCSA) expanded into Connecticut earlier this year. It is the leading regional advocate and proponent for public charter schools.

THE COLORADO LEAGUE OF CHARTER SCHOOLS is a non-profit, membership organization dedicated to supporting charter schools in Colorado and across the nation. The League's mission is to improve student achievement and expand choice among high quality public schools.

THE CHARTER SCHOOL FACILITIES INITIATIVE informs policy and practice by collecting and disseminating comprehensive data regarding the state of charter school access to quality facilities, and using that data to help inform charter school facilities policies across the nation.

BUILDING INEQUALITY

How the Lack of Facility Funding Hurts New York's
Public Charter School Students

Executive Summary

New York State's public charter schools have grown from a small experiment to a proven catalyst for academic achievement. Yet charter schools operate at a unique disadvantage: state law makes no provision for them to have a school facility.

In New York City, free space provided at the discretion of Mayor Michael Bloomberg has provided a partial solution to this problem while masking its true dimensions. For charter schools outside of district space, in New York City and across the state, lack of facility funding places a heavy burden on budgets, programs, and ultimately student learning.

In order to gather data about the charter school facilities landscape, the New York City Charter Center, Northeast Charter Schools Network, and Colorado League of Charter Schools worked together to conduct the first comprehensive survey of charter school facilities in New York. The results show a profound and growing inequality in New York's system of public schools, with the fast-growing charter school sector forced to re-direct millions of dollars away from school operations to pay for school facilities that the students need—but the state does not pay for.

FINDINGS

1. New York charter schools divert millions of dollars to cover unfunded facility costs.

New York charter schools reported spending an average of \$2,025 per student on facility costs, excluding schools in district-provided buildings in 2011-12. For an average-sized school of 254 students, this added up to a yearly funding gap of \$515,137—enough to pay salary and benefits for six charter school teachers, counselors, or social workers.

In New York City the average facility spending was \$2,350 per student for charter schools not in district facilities, the equivalent of 17.4% of NYC schools' designated per-pupil operations funding. This funding could have been directed to help students become college and career ready and provide professional development to attract, train and retain the best possible teachers. This represents a \$679,150 annual gap for a school of average size.

Statewide, total spending on charter school facilities amounted to an estimated \$81.7 million in 2011-12, and was on pace to rise to approximately \$93 million in 2012-13.

2. Space in district buildings has been a reliable resource for charter schools only in New York City, due to a discretionary local policy.

Under Mayor Michael Bloomberg, New York City has allowed charter schools to use space in otherwise under-used school buildings, "colocating" with other schools in the same building just as a majority of City district schools do.

In New York City, 63% of charter schools were colocated in 2011-12; 62% are colocated in 2012-13. Charter schools reported space-sharing arrangements with other kinds of organizations as well, including school service organizations and unrelated nonprofits. Outside of New York City, survey respondents confirmed that no school district has shared buildings with charter schools, nor is that expected to change. Even in New York City, colocation is a matter of mayoral control, and the next mayor may choose against colocating new charter schools.

3. Many charter schools do without important amenities.

Although charter school facilities are subject to health and safety rules, many charter schools must do without impor-

tant educational amenities. One charter school spent years without a cafeteria, with students eating lunch at their desks; at another, crowded conditions led to classes in hallways and behind curtains. Among survey respondents, fewer than half have a music room, and one in three secondary charter schools does not have a science lab. Exactly half have libraries, while 98% have at least one room designated as a gym, cafeteria, auditorium, and/or multi-purpose room.

4. The facilities crunch will intensify as more students enroll in charter schools.

New York's charter sector is poised for dramatic growth in the next four years, and not just because of new schools opening; a majority of *existing* charter schools are still adding new grade levels each year as they "build out" to full size. Among survey respondents, 73% of charter schools plan to increase their enrollment from 2011-12 to 2015-16, but over 50% of growing charter schools report that their present space will not be adequate to accommodate anticipated growth. The driving cause of this growth, of course, is New York families' steady demand for charter schools, wherever they open.

To meet this demand, and to help New York State meet its ambitious goals for college and career readiness, the state is likely to need 41,000 to 45,000 new charter school seats in the next four years. With New York City colocation likely to slow, charter schools statewide will need to rent, lease, or build facilities for at least 30,000 new students in the next four years.

DISCUSSION

To receive a high-quality public education, students need both equitable resources and adults who make the most of them. Charter schools must use the flexibility afforded them in effective ways to benefit students. But it's up to lawmakers to provide equitable resources.

As more families choose charter schools and the once-experimental charter sector grows, many of the state's decade-old choices about charter school policy have been revisited. It's time to look again at charter schools' facility needs.

New York's charter schools are public schools without public support for their school buildings. Charter school students are effectively shortchanged by millions of dollars as their schools divert operating funds from teachers, psychologists, counselors, and other critical needs, simply to

pay the rent. This arrangement has never been defensible as a matter of educational equality, and to continue today's inequitable policies at a larger scale will only make them more harmful and more difficult to address.

This serious and systematic inequality, combined with the parent-fueled growth of charter schools, make this a crucial moment for public education in New York.

If state policy makers choose to do nothing, thousands more public school students will receive less public support because of the type of public school their families chose. Charter schools, and particularly those without extensive support networks, will be forced to operate with limitations that other public schools do not share. Indeed, as other states act to remove such obstacles, New York will have stopped its progress, leaving charter school progress at the discretion of local mayors and private funders, and sending an unmistakable signal that the state will no longer be a leader in supporting high-quality charter schools.

The status quo is simply not acceptable. In a system of public schools, fair funding should be systematic. In order to create the best conditions for academic achievement in New York, our state's students and families must be able to choose among public schools, without submitting to inequitable support if their choice is a charter.

The following recommendations suggest a more equitable path.

RECOMMENDATIONS

1. Create a steady source of funding for charter school facilities.

New York State should create a new, annual funding stream for charter schools' facility needs. Like funding for charter school operations, charter facility funding would be allocated on a per-pupil basis. Unlike operating funds, facility funding could be paid from the state budget.

A simple, per-pupil payment would leave each charter school with the flexibility to procure facilities in the way that makes the most sense for its particular circumstances. Facility funding would also free charter schools to better follow students' needs, even into New York City neighborhoods where district buildings are overcrowded and charter colocations are not common.

2. Continue the practice of colocation in NYC, and require other districts to share available space also.

New York City's next mayor should respect charter schools' existing colocation arrangements and approach new siting decisions—for charter and district schools—with a genuine commitment to fairness, transparency, and educational choice.

Yet colocation need not be limited to New York City. New York school districts should be required to disclose their vacant and significantly underused school spaces and make them available for charter school use, subject to regulations of the Commissioner of Education, with incentives for districts that comply and penalties for those that do not. Charter schools should have the right of first refusal to purchase or lease a closed or unused district facility.

3. Ensure that new funding programs foster equity, autonomy, and accountability.

Charter school facility funding requires more than dollars. A new program should calculate funding fairly, and respect charter schools' autonomy. For example, new funding should not simply flow through existing state programs, such as building aid, which are burdensome to administrators and not designed for charter schools.

The chartering principle of accountability should translate directly into the oversight of any new funding source. Charter schools must continue to be carefully reviewed by their authorizers and closed for poor academic performance when necessary, with provisions in place to ensure that State-funded assets can be reclaimed when that happens.

4. Make equitable, student-based funding a reality for *all* public schools, district or charter.

Equal facility funding for charter and district school students would resolve a severe inequity, but other problems would remain. New York's entire system for financing public education is on an unsustainable and inequitable path. Spending mandates, tax caps, and incompletely-implemented reforms from past years all prevent education funding from benefitting all students equitably. State leaders will soon have no choice but to act; they should act boldly to enact true student-based budgeting and to ensure that school funding—whether charter or district—follows the needs of the student, not the lines of a map.

Background

A Queens Tale

In Long Island City, Queens, New York, there's a math problem at Growing Up Green Charter School.

Growing Up Green is an independent, elementary charter school in its fourth year of operation. The school is philosophically progressive and remarkably diverse, with students whose families speak 25 different languages.

For school leader Matthew Greenberg, a veteran educator and former chapter leader in the teachers union, Growing Up Green is a labor of love. For parents, the school is a trusted and tight-knit learning community.

For the community at large, the school is a neighborhood asset, and, in an area where school space is tight, a source of much-needed seats. That's because Growing Up Green operates in a privately-owned facility—which is where the math problem comes in.

In New York State, public charter schools do not receive public funding to cover their facility-related expenses. At Growing Up Green, as parent Erin Boyle Acosta testified before Governor Andrew Cuomo's Education Reform Commission in 2012:

"The rent we pay for this space is not covered by outside donors, nor have we asked to colocate in a district school building [in our crowded district]. Instead, we stretch our share of what New York City spends to operate a school—our money for teachers and supplies, in other words—and extend it to also pay the rent."

The rent adds up to about \$500,000 each school year, which Growing Up Green must redirect from its operating budget. Though the school balances its budget, it operates at a serious disadvantage compared to traditional public schools.

The average revenue disparity at New York City charter schools in private buildings is about \$1,300 per student, per year, based on calculations by the City's Independent Budget Office.¹ Even those calculations understate the gap, since they are based on what is paid to service the debt on existing school buildings, rather than what would be needed to procure new ones.

This is not a temporary gap. It is not an oversight, nor a glitch. This is how New York State structures its funding for a vital sector of public education.

As the teachers at Growing Up Green are well aware, \$500,000 would pay for lots of books, trainings, and even extra colleagues to share their important work.

Public Schools, BYOB (Bring Your Own Building)

Since they first opened in 1999, New York State's public charter schools have grown from a small experiment to a vibrant movement, raising student achievement and challenging conventional wisdom across the state. Yet public charter schools operate at a unique disadvantage: state law makes no provision for them to have a school facility.

For a majority of charter schools in New York City, free space provided by the local Department of Education has provided a limited solution to this problem (*see sidebar*). For all other charter schools in New York City and across the state, the lack of access to public facilities or facility funding places a heavy burden on budgets, programs, and ultimately student learning.

To document New York charter schools' facilities and their costs, this report presents the results of New York's first statewide survey of charter school facilities. The survey was conducted by the New York City Charter School Center, the Northeast Charter Schools Network (formerly the New York Charter Schools Association), and the Colorado League of Charter Schools (the "sponsoring organizations"), between October 2011 and March 2012.

Survey results are analyzed along with data on enrollment and operating revenues from the 2011-12 school year.² Collectively, they illustrate the severe consequences of a public school sector that is denied public funding for its school buildings.

How Charter School Funding Works

Like any enterprise, a public school has both short-term *operating* costs, such as salaries and supplies, and long-term *capital* expenses, predominantly to build or renovate school facilities.

DIVERSE FACILITIES FOR A DIVERSE CHARTER SCHOOL SECTOR

For New York charter schools, “having a facility” can mean many different things. Lavelle Prep Charter School on Staten Island rents a former office complex. VOICE Charter School in Queens leases a former parochial school. King Center Charter School in Buffalo is located in a former Catholic church. The Brighter Choice Charter School for Girls in Albany has won historic preservation awards for saving a public school building slated for demolition.

Broome Street Academy Charter School in Manhattan occupies the top floors of the social service organization that provides its students with free meals and healthcare. In Brooklyn, Boys Excellence Charter School built its own facility after raising private contributions. New Roots Charter School in Ithaca is located in an historic hotel where four United States presidents have been guests.

Unique to New York City is the practice of “colocating” multiple public schools inside of shared school buildings. When the City’s system of large school buildings decided to embrace smaller schools, colocation was only a sensible practice. Today a majority of New York City public schools (58%) are colocated.⁶

Under Mayor Michael Bloomberg, charter schools have been allowed to colocate in district buildings that would otherwise be under-utilized. In the 2012-13 school year, 62% of NYC charter schools are at least partly located in a district school building,⁷ representing only 8% of colocated schools. These schools are not charged rent, and receive certain building-related services at no cost.

The colocation of charter schools is subject to special state laws meant to promote transparency, communication, and fairness. For example, any time a charter school spends at least \$5,000 to improve its portion of a colocated facility, a matching amount must be provided to each non-charter school in the building.⁸ Nevertheless, charter school colocation is entirely at the discretion of the mayor, so Mr. Bloomberg’s successor could choose end the practice altogether. For more about charter school colocation, see Finding 2 (p. 10).

In traditional district schools, operating costs are met primarily by local taxes and basic “foundational” aid from the state. Charter schools receive a share of this funding indirectly: school districts count charter school students as their own for revenue purposes, then pass through to charter schools a share of the district’s operating budget for each pupil the charter schools enroll.³

Facility costs for traditional districts are typically shared between local and state taxpayers, with the state paying up to 90% of the cost in economically disadvantaged areas. New York’s state and local governments spent \$5 billion on school facilities in 2010-11.⁴

Charter schools do not receive any share of this funding, either local or state. In fact, New York charter schools receive no systematic public funding to cover facility costs (*see sidebar*).

44% of charter schools in New York State are located entirely in school district buildings and not charged rent.⁵ All of these are located in New York City. The other 56% of the state’s charter schools must make room in their budgets to lease a facility, or raise private contributions to purchase or build one.

Survey Method and Response

In order to understand how New York State charter schools provide facilities in the absence of dedicated funding, the sponsoring organizations used a survey method developed by the Colorado League of Charter Schools (League), which has now been administered in 12 other states.

The League’s base survey tool is a comprehensive two-part questionnaire, including a web-based survey for charter school administrators and a comprehensive physical measurement of all instructional spaces completed by New York City Charter School Center consultants. The questionnaire was originally developed by League staff, in consultation with Hutton Architecture Studio in Denver, members of the League’s facility task force, and other experts. A draft questionnaire was field-tested with a small group of charter schools before implementation across Colorado in 2008, and the questionnaire was further refined after administration in Colorado, Texas, Georgia, and Indiana in 2010-11.

LIMITED FUNDING SOURCES

Several sources of public funding have been available to charter schools, although none is even remotely comparable to a systematic, general funding source for charter school facilities.

New York State Stimulus Fund Grants, administered by the SUNY Charter Schools Institute, have directed \$15.1 million to 79 charter school facilities since 2006. Approximately 42% of charter schools have received these non-renewing grants, which require a demonstrated record of positive student outcomes and/or significant progress toward goals set forth in the school's charter. The average award has been \$190,686 per school.⁹

The New York City Capital Matching Program provides matching funds from the New York City budget to charter school construction projects. This City program received \$250 million in the 2005-2009 planning period, and an additional \$210 million in 2010-14. The buildings created through this program remain City property; participating charter schools must provide a significant contribution from private philanthropy, and then receive a long-term (up to 99-year) lease interest in the new building. The program has created 11 facilities for charter schools since 2005.

Historic Protection programs have helped to fund renovations at a small number of charter schools housed in historic buildings.

In addition to these limited funding sources, charter schools have benefitted from public programs that reduce the cost of borrowing for facility projects. These programs, including Qualified Zone Academy Bonds and New Market Tax Credits, only serve to make school facilities (slightly) less costly; they do not provide new revenue for charter schools to spend.

In Albany, New York, the Brighter Choice Foundation has developed a model of facility development that relies on philanthropic support, loans, access to the tax-exempt bond market, and considerable expertise. Although nine charter schools have benefitted from the Brighter Choice model, it is unlikely to be replicated in other parts of the state and would not be realistic without private philanthropy.¹⁰

Following the successful administration of multiple states' facilities surveys, the League created the national Charter School Facilities Initiative.

The League's base questionnaire includes more than 145 items, some requiring multiple responses, on topics including:

- Facility information including year of construction and site size;
- Facility ownership, financing, and annual payments;
- Facility and classroom size and information technology resources;
- Facility amenities such as gyms, lunchrooms, libraries, and playgrounds;
- Information about colocation or other shared-use arrangements; and,
- Future facility plans.

To adapt the questionnaire for use in New York State, the three sponsoring organizations worked together to incorporate appropriate terminology and add new, state-specific items. All charter schools in New York State were invited to participate in the survey. Staff and consultants of the New York City Charter School Center and Northeast Charter Schools Network worked to encourage and assist schools in completing questionnaires, then reviewed responses for completeness and consistency and followed up with school staff as necessary.

While the completed questionnaires are the primary source of information for this study, public data from the New York State Education Department was used to provide data on enrollment counts per pupil funding; and free and reduced-price lunch eligibility.

Statewide, 77% of charter schools completed the questionnaire at least in part. The group of responding charter schools was broadly representative of the charter sector, including over 69% of independent and network-affiliated charter schools; charter schools in each region of the state with more than 10 schools; and charter schools in each grade range. Survey items with response rates lower than 60% were not included in this report, unless otherwise noted.

Exhibit 1: Survey Response Rates

	Eligible schools 2011-12	n (some part completed)	Response rate (some part completed)
All NYS	184	141	77%
New York City	136	112	82%
Capital Region	13	10	77%
Central New York	11	8	73%
Western New York	17	8	47%
Other	7	3	43%
Network-Affiliated	81	59	73%
Independent	103	82	80%
Earliest grade level K-5	122	84	69%
Earliest grade level 6-8	42	41	98%
Earliest grade level 9-12	20	16	80%

WHAT IS A CHARTER SCHOOL?

Charter schools are free public schools open to all children. In 2012-13, there were 209 charter schools operating in New York State. In 2011-12, when the survey presented here was conducted, there were 184.

Though public, charter schools are not run by a local school district; instead, they are governed by independent, not-for-profit boards of trustees, and authorized and regulated by public agencies. Charter schools operate according to the terms of a performance contract or “charter.” Charter schools commit to meeting specific academic goals, and then make their own decisions about how to achieve them. If the goals are not met, the charter may be revoked and the school closed.

Because they are independent from the district system, charter schools have greater flexibility in the way they operate. Charter schools are free to develop their own academic programs, set budgets, choose staff, set educational goals, offer a longer school day and school year, and establish their own standards for student behavior. Enrollment at a charter school is always by a parent’s choice, never mandatory.

Charter schools are tuition-free and non-sectarian. Students are admitted by a random lottery, without regard to their academic background. Charter schools follow state standards and participate in state exams. They are subject to health, safety, non-discrimination, and open meetings laws, as well as specific regulations to ensure fair admissions and prevent conflicts of interest.

Charter schools commonly open their doors with only one or two grade levels, then gradually “build out” by adding one grade level per year until they reach their authorized grade range.

Findings

FINDING 1:

NEW YORK CHARTER SCHOOLS DIVERT MILLIONS OF DOLLARS TO COVER UNFUNDED FACILITY COSTS.

In the city of Buffalo, 2013 marks the final year of a massive school reconstruction project: a 13-year, 48-school renovation effort that cost \$1.3 billion.¹¹ State taxpayers funded 94% of these costs, with the remainder paid from a local reserve fund. In the end, as a local news site exulted, “reconstruction would cost the Buffalo City School District virtually nothing.”¹²

Another public school in Buffalo, Tapestry Charter School, faced a far different outlook. After moving facilities three times in its first eight years of operation, the school finally settled in a building on an industrial lot that had previously been home to a bowling alley and grocery store. Tapestry Charter School’s two-phase renovation project cost about \$15 million.¹³ A private developer in Buffalo gave confidence to a bank to allow Tapestry to finance the majority of this project; the rest had to come through fundraising and cutting into the school’s operational budget.

We asked charter schools about their facility ownership, size, and ongoing costs, including rent, debt service, and maintenance expenses.

New York charter schools reported spending an average of \$2,025 per student, excluding schools in school district buildings. In New York City the average was \$2,350 per student, the equivalent of 17.4 percent of NYC schools’ designated per-pupil operations funding.

For an average charter school in New York State, with an enrollment of 254 students, this amounts to an annual, unfunded expense of \$515,137. In New York City, where the average charter school has 289 students enrolled, the annual total is \$679,150.¹⁴ In fact, even these unfunded expenses do not reflect all of the costs of useful educational amenities, which charter schools often do without (see Finding 3 on p.11).

Exhibit 2: Average Facility-Related Spending Per Student

	Avg. per student
New York State, excluding NYCDOE space (n=52)	\$2,025
New York City, excluding NYCDOE space (n=28)	\$2,350
Capitol region (n=10)	\$2,020
Central New York (n=7)	\$957
Western New York (n=8)*	\$1,650*
*47% response rate	

Exhibit 3: Average Facility-Related Spending Per Student as Share of Per-Pupil Funding

Region	Share of per pupil funding spent on facilities
New York State, excluding NYCDOE space (n=52)	15.1%
New York City, excluding NYCDOE space (n=28)	17.4%
Capitol region (n=10)	14.9%
Central New York (n=7)	7.9%
Western New York (n=8)*	14.1%
*47% response rate	

Statewide, charter schools’ total facility costs amounted to an estimated \$81.7 million in 2011-12. Depending on assumptions, this suggests a 2012-13 statewide cost of approximately \$93 million, for which charter schools do not receive reliable public funding (*see sidebar on p.6*).

Some charter school buildings are owned by the school itself or the local school district; others are owned by another government body, an affiliated nonprofit, an unaffiliated nonprofit, or a for-profit organization.

WHAT \$515,137 WOULD BUY A CHARTER SCHOOL¹⁵

If the average charter school had public funding to pay for its public facility, it would free enough funds from other sources to pay for:

- 6 charter school teachers’ salary and benefits; or
- 6 charter school guidance counselors and social workers; or
- 34 two-day, 50-student field trips to Washington D.C.; or
- 344 Macbook Pro computers with 13-inch displays; or
- 350 days of teacher professional development.

ESTIMATING TOTAL STATEWIDE FACILITY COST

To estimate statewide facility costs, we took the per-pupil facility costs by region from Exhibit 2, then multiplied by the estimated number of charter school students in that region.

	Average per pupil payment, 2011-12	2011-12 ESTIMATES		2012-13 ESTIMATES	
		Total students ¹⁶	Total facilities spending	Total students ¹⁷	Total facilities spending
NYC DOE space	\$108	27,548	\$2,961,467	33,763	\$3,629,622
NYC non-DOE space	\$2,350	20,565	\$48,330,070	24,554	\$57,704,332
Capital Region	\$2,020	3,252	\$6,569,557	3,227	\$6,519,390
Central New York	\$957	3,718	\$3,557,570	3,959	\$3,788,581
Western New York*	\$1,650	8,661	\$14,291,228	8,968	\$14,797,681
Other	\$2,650	2,255	\$5,975,429	2,383	\$6,390,967
STATEWIDE TOTAL	-	65,999	\$81,685,321	76,855	\$92,830,573

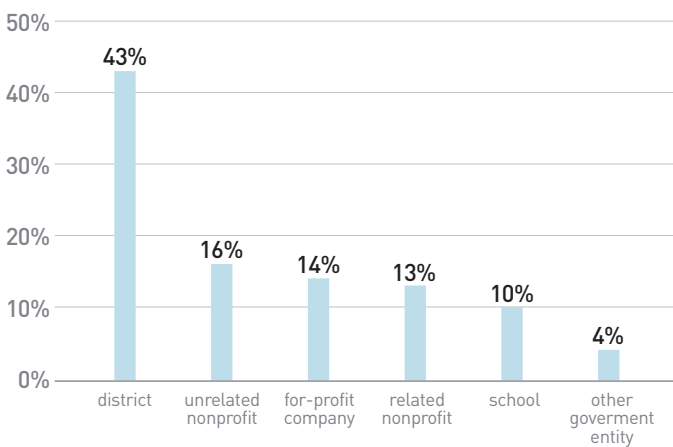
*47% response rate

Included in this estimate is an average per-pupil facility expense of \$107.50 for students in NYCDOE buildings. These expenses relate to building improvements (which are then matched by the DOE for colocated schools) and/or capital expenses for a non-DOE building to be used in the school's future.

Charter enrollment estimates are for all schools, including those that did not respond, and were derived from preliminary BEDS day enrollment for 2011-12, known grade expansion, and chartered enrollments.

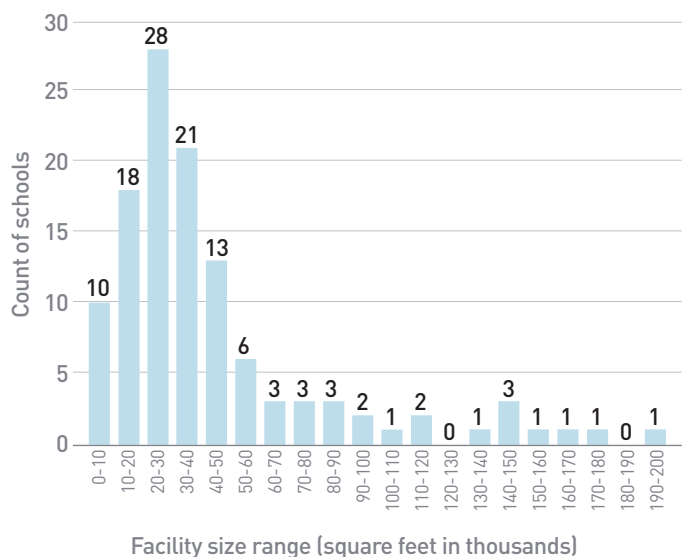
Some charter schools have students in both DOE space and non-DOE space. In these cases, their projected enrollments were split in half and attributed evenly into DOE space and non-DOE space.

Exhibit 4: Charter School Facilities by Type of Owner (n=129)



Note: Ownership is weighted by ownership share from each source (e.g. 50% nonprofit ownership is counted as a nonprofit owner of half a building). The size of charter school facilities also varies, across the state and also within regions.

Exhibit 5: Distribution of Charter Schools by Facility Size (n = 118)



FINDING 2:

SPACE IN DISTRICT BUILDINGS HAS BEEN A RELIABLE RESOURCE FOR CHARTER SCHOOLS ONLY IN NEW YORK CITY, DUE TO A DISCRETIONARY LOCAL POLICY.

For La Cima Elementary Charter School and Bedford-Stuyvesant Collegiate Charter School, paying the rent without public facility funding has not been a problem; their landlord doesn't charge it. The two Brooklyn schools share space with a district school known as M.S. 267 Math, Science, and Technology, all in a single building owned by the New York City Department of Education.

Under Mayor Michael Bloomberg, New York City has allowed charter schools to use space in otherwise under-used school buildings, "colocating" with other schools in the same building just as a majority of district schools do. Colocation is hardly ideal, of course, but in a crowded city where parents expect school choices, public educators work to make the best of it.¹⁸ When charter schools do colocate, the buildings they share are still less crowded than average, according to City statistics.¹⁹

Sometimes there is even room for collaboration; in 2012, M.S. 267 and its two charter school neighbors came together to plan and build a new playground for the stretch of pavement they all share.²⁰ Charter school colocation in New York City is deeply uncertain, however; it exists at the sole discretion of the mayor's appointed chancellor, and Mayor Bloomberg will leave office in 2014.

We asked charter schools about any space-sharing arrangements they had in place. A majority of New York City charter schools reported being colocated in a district building; including survey non-respondents, 63% of charter schools were located in school district buildings in 2011-12. (62% are in 2012-13.)²¹

Survey respondents also confirmed that no school districts other than New York City share space with charter schools, even when there are vacant buildings. Charter schools did report space-sharing arrangements with other organizations including school service organizations and unrelated non-profit organizations.

Exhibit 6: Charter School Facilities by Space Sharing (n=141)

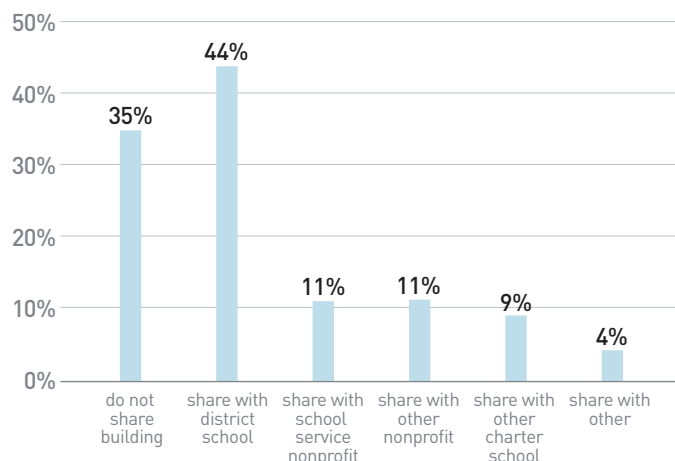
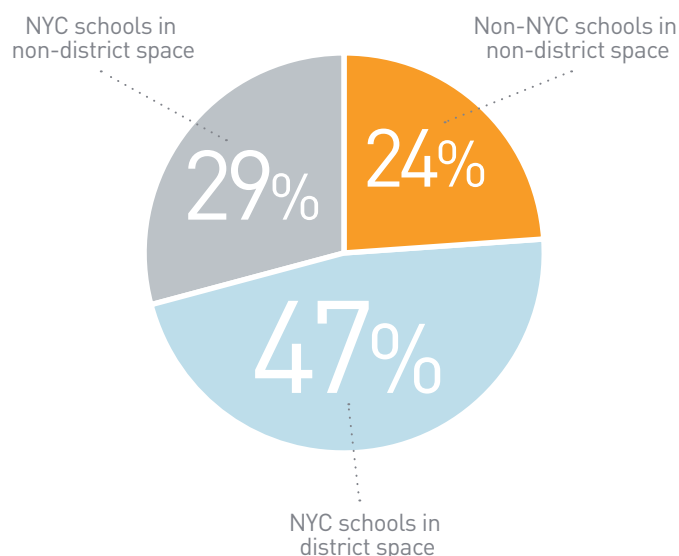


Exhibit 7: Charter Schools by Space Type (2012-13)²²



Note: "NYC district space" category includes charter schools with students in both district and non-district space.

FINDING 3:

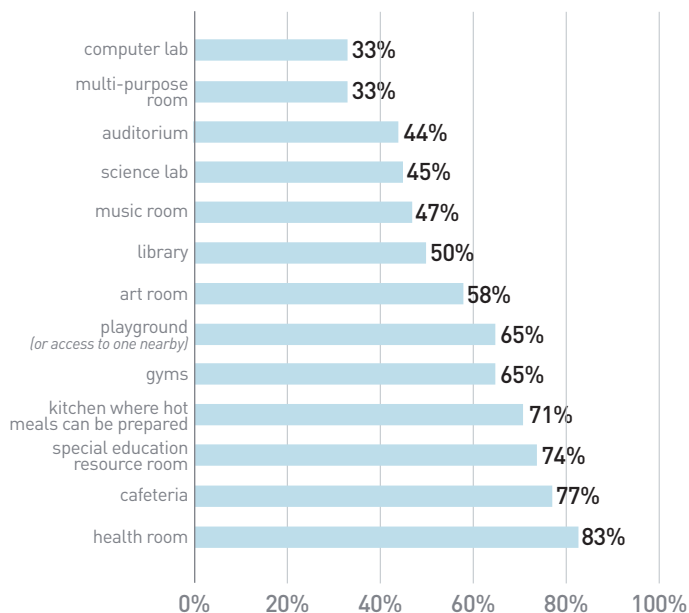
MANY CHARTER SCHOOLS DO WITHOUT IMPORTANT AMENITIES.

When Coney Island Prep Charter School opened in 2009, it occupied a rented space inside of a New York City public housing project: eight rooms on a single floor in a community center, plus access to a small gymnasium. Although the building was safe and complied with all regulations, it had no science lab, library, or lunchroom. Students ate lunch at their desks. “It gets claustrophobic,” school founder Jacob Mnookin told the *New York Daily News*.²³ An education reporter would later say it was “the most cramped school I ever visited but they had a lot of heart.”²⁴

Coney Island Prep has since moved its middle school grades into a school district building, and will lease a private building to house its high school grades. The need to do without important educational amenities, however, is still a common problem in the charter school sector.

We asked charter schools about their facilities’ special amenities. Among survey respondents, 98% of charter schools have a gym, cafeteria, auditorium, or multi-purpose room. Only half have libraries. Fewer than half have music rooms and fewer than half have science labs.

Exhibit 8: Percentage of Charter Schools with Facility Amenities



FINDING 4:

THE FACILITIES CRUNCH WILL INTENSIFY AS MORE STUDENTS ENROLL IN CHARTER SCHOOLS.

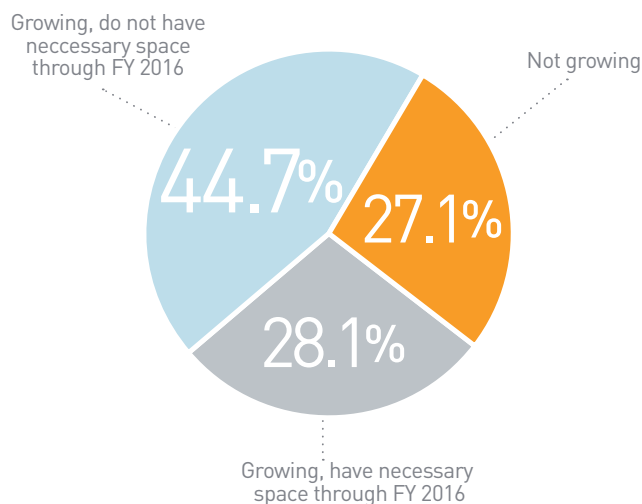
For Hyde Leadership Charter School in the Bronx, access to free space in an underutilized district building was an enormous benefit. As the school added grade levels, however, the space became untenable. With over 700 students from kindergarten through high school packed into two floors, the school held classes in hallways and behind curtains.²⁵ “It was terrible,” one student told the news site *GothamSchools*.²⁶

In 2011, Hyde Leadership opened a newly-constructed facility for its high school students, made possible by private contributions and matching funds from a City program that supported 11 charter school facility projects over a decade [see sidebar on p. 6]. The 30,000 square foot building was developed by Civic Builders, a nonprofit real estate developer, and was designed to embody the school’s mission and values. It also carries an annual cost of about \$1 million.

New York’s charter sector is poised for dramatic growth in the next four years, thanks to strong demand from families; new charter schools opening under the limits prescribed by existing law; and existing charter schools “building out” by adding grade levels. How much of this growth can be accommodated under existing arrangements will determine the scale of the unfunded mandate created by charter schools’ lack of reliable facility funding.

We asked charter schools whether their current buildings would accommodate their planned growth in the future. 73% of surveyed charter schools plan to increase their enrollment by 2015-16. 45% of charter schools report that they do not have adequate space to serve their student population.

Exhibit 9: Charter Schools by Expected Growth and Space Availability (n= 140)

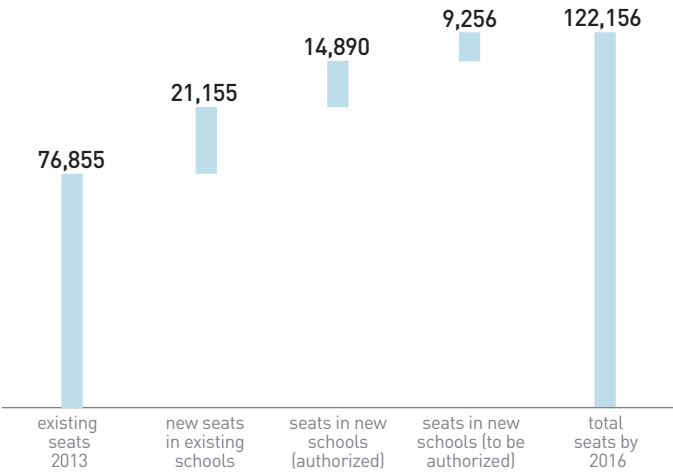


Some schools with emerging space needs are in private space now. Others are in New York City district buildings, but expect to outgrow that space as enrollment expands. And there will be new charter schools opening, serving approximately 24,000 students by 2015-16, all of whom must have a physical seat somewhere.²⁷

Projecting the need for seats in charter school facilities is an inexact exercise, particularly given the uncertainty of colocation in New York City, but it is possible to estimate based on reasonable assumptions.

New York State is likely to need 41,000 to 45,000 new charter school seats in the next four years. If colocation were to conform to historical trends, 44% of these seats would be provided by the New York City Department of Education, but such a high rate of colocation is widely viewed as unlikely. It is reasonable, then, to expect that New York State charter schools will need to rent or build or lease facilities for at least 30,000 students in the next four years.

Exhibit 10: Projected New Seats Necessary in Charter School Facilities by 2016, by Source²⁸



Discussion

A PROFOUND INEQUITY

Parents with children in public schools take certain things for granted. One of the most basic assumptions is that the public will provide the school a building, an obvious necessity for schools and a major area of government investment. If the public school is a public *charter* school in New York State, however, it likely will not receive public facility funding under state law.

That leaves charter schools, alone among public schools in the state, to fend for their own facility needs. Charter schools' lack of facility funding represents a profound inequity in our public education system: they are asked to educate public school students without a basic resource that other public schools take for granted.

Given charter school educators' famous determination to overcome constraints, they would be the last to claim, as some extremists have, that funding is all that is required to produce an equitable education. At the same time, no public educator—charter or otherwise—would suppose that educational resources are irrelevant to learning.

Most parents and educators recognize that to receive a high-quality public education, students need equitable resources *and* adults who make the most of them. While charter schools' flexibility and accountability can allow them to work effectively, it's up to lawmakers to provide equitable resources.

As more families choose charter schools and the once-experimental charter sector grows, however, many of the state's decade-old choices about charter school policy have been revisited. Charter schools are required, for example, to enroll and retain students with special needs at rates comparable to local district schools. They are banned from hiring for-profit school management companies. They are subject to municipal laws related to conflicts of interest, and are free to operate as multiple schools under a single board. Many of these changes came in 2010.

Now it is time to reconsider charter school facility support. New York's charter schools are public schools without public support for their school buildings. Charter school students are effectively shortchanged by millions of dollars as their schools divert operating funds from teachers, psychologists, counselors, and other critical needs, simply to pay the rent. This arrangement has never been defensible as a matter of educational equality, and to continue today's

inequitable policies at a larger scale will only make them more harmful and more difficult to address.

This serious and systematic inequality, combined with the parent-fueled growth of charter schools, make this a crucial moment for public education in New York.

If state policy makers choose to do nothing, thousands more public school students will receive lower amounts of public support because of the type of public school their families chose. Charter schools, and particularly those without extensive support networks, will be forced to operate with limitations that other public schools do not share. Indeed, as other states act to remove such obstacles, New York will have stopped its progress, leaving charter school progress at the discretion of local mayors and private funders, and sending an unmistakable signal that the state will no longer be a leader in supporting high-quality charter schools.

The status quo is simply not acceptable. In a system of public schools, fair funding should be systematic. In order to create the best conditions for academic achievement in New York, our state's students and families must be able to choose among public schools, without submitting to inequitable support if their choice is a charter.

The following recommendations suggest a more equitable path.

INDEPENDENT IRONY

While tens of thousands of families have chosen to enroll their children in charter schools affiliated with large networks, tens of thousands more choose charter schools that are independent or part of small networks. Both structures are consistent with the letter and stated purposes of New York's charter school law.

Some critics argue, however, that charter schools should only be considered legitimate when they are independent, rooted in specific communities, and not affiliated with strong financial or political supporters. Many of these same critics oppose equitable facility funding for charter schools.

Ironically, though, the present inequity is most harmful, and most discouraging, to precisely the kinds of charter schools these critics favor. Independent charter schools, without large-scale efficiencies or philanthropic support (particularly at the start-up stage), lose the *most* in a bring-your-own-building system—if they are able to open at all.

Recommendations

1. CREATE A STEADY SOURCE OF FUNDING FOR CHARTER SCHOOL FACILITIES.

Colocation in district space, by itself, will never fully address charter schools' growing facility needs, even in New York City. It is not a panacea. Charter schools are needed in neighborhoods without available district space, and charter schools' valuable freedom from bureaucracy would be significantly impaired if the local district were always the landlord.

To finally remedy New York's inequitable funding of district and charter school facilities, New York State should create a new, annual funding stream for charter schools' facility needs. Like funding for charter school operations, charter facility funding would be tied to local costs and paid on a per-pupil basis. Just as in calculations of operating funding, the number of pupils would be calculated based on actual attendance, not a single "count day." Unlike charter school operating funds, facility funding would be paid from the state budget.

A simple, per-pupil payment would leave each charter school with the flexibility to procure facilities in the way, and on the schedule, that makes the most sense for its particular circumstances. Existing regulations of charter school facilities would still apply, but charter schools would be free to put their facility funds toward rent, renovation, construction, maintenance, or any combination of these.

This flexibility would also free charter schools to better follow students' needs, even into New York City neighborhoods where district buildings are overcrowded. More importantly, the basic fact that charter school students need facilities would no longer be ignored by New York's school funding system.

2. CONTINUE THE PRACTICE OF COLOCATION IN NYC, AND REQUIRE OTHER DISTRICTS TO SHARE AVAILABLE SPACE ALSO.

Colocation represents a vital—though imperfect and partial—part of any charter school facilities solution. Giving public schools access to public school buildings is right in principle, and more efficient use of existing public resources such as school buildings is of obvious benefit to city and state taxpayers. Beyond those basics, there will always be room to debate practices tangential to charter colocation, but when space is available there is no reason to exclude its use by charter schools.

Charter school colocation makes special logistical sense in New York City, given its high real estate costs, large existing school buildings, and changing portfolio of small district schools. New York City's next mayor should affirm that charter schools are part of the city's system of public education; respect existing colocation arrangements; and approach new siting decisions—for charter *and* district schools—with a genuine commitment to fairness, transparency, and educational choice.

Yet colocation need not be limited to New York City. Although other school districts may have underused space available less frequently, their excess capacity could be vital to a charter school—particularly one in its first years, serving few students. In Buffalo, for example, about a dozen school buildings eventually will be unused once the district's building project is completed, with five sites already vacant, according to estimates from Buffalo ReformED, a local education advocacy group. New York school districts should be required to disclose their vacant and significantly underused school spaces and make them available for charter school use, subject to regulations of the Commissioner of Education. Charter schools should have the right of first refusal to purchase or lease a closed or unused district facility.

3. IMPLEMENT NEW FUNDING BASED ON EQUITY, AUTONOMY, AND ACCOUNTABILITY.

Creating and implementing a new funding stream for charter school facilities will involve decisions large and small. Each one should respect the essential principles of equity, autonomy, and accountability.

As a measure to improve the equity of public school funding, new facility funding for charter schools must avoid creating new inequities. The amount of funding, for example, should not be carelessly extrapolated from spending data, since subsidies or other unusual arrangements could skew simple averages. Colocation must be accounted for as well.

As a measure that would extend charter school autonomy, new funding should *not* simply add charter schools to existing funding programs for school districts, such as building aid. Not only were these programs not designed for small and fast-growing charters, they often involve prohibitive administrative burdens and are increasingly recognized as needing reform themselves.

New funding should come with appropriate accountability. Charter applicants must be vetted by authorizers that have sufficient resources themselves. Existing charter schools must be required to properly account for facility projects. Charter schools must still be closed for poor academic performance, and when that happens there must be provisions to ensure state-funded assets can be reclaimed.

Public charter schools are already responsible for educating children, complying with extensive laws and regulations, and managing millions of public dollars. They can also be entrusted with equitable facility funding in a way that is carefully designed and entirely principled.

4. MAKE EQUITABLE, STUDENT-BASED FUNDING A REALITY FOR ALL PUBLIC SCHOOLS, DISTRICT OR CHARTER.

Ultimately, the facilities funding problem for charter schools could be solved if charter students were funded in an amount equal to their peers in district schools. This is a severe inequity in New York's school funding system, but it is far from the only one. New York's entire system for financing public education is on an unsustainable and inequitable path. Spending mandates, tax caps, and incompletely-implemented reforms from past years prevent education funding from benefitting all students equitably. Insolvency is a concern shared by educators and school leaders around the state.

The Governor's New NY Education Reform Commission has re-convened, in part to grapple with these broader structural issues. New York's leaders soon will have no choice but to act, and the Commission is positioned to offer insights and solutions that can be adopted at scale.

Changes to the current funding system should be bold. New York has the opportunity to enact true student-based budgeting, and can ensure that school funding—whether charter or district—follows the needs of the student, not the lines of a map or the interests of adults.

Results by Region

APPENDIX:

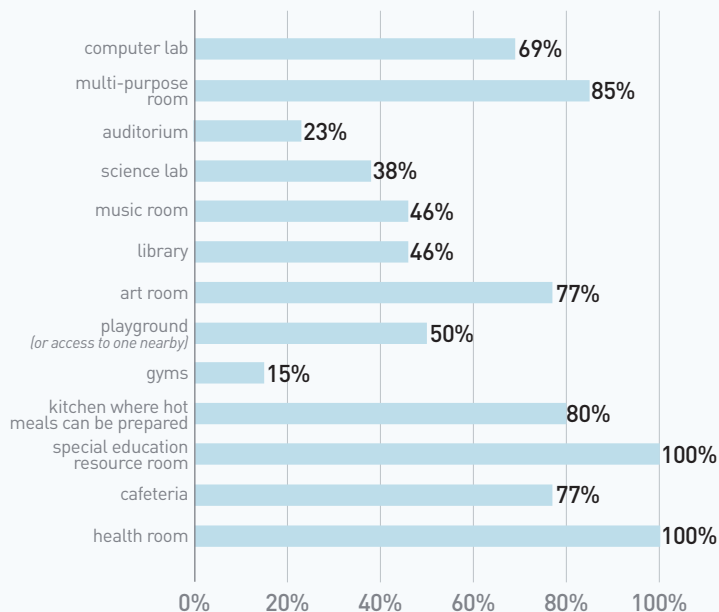
Capital Region

The Capital Region encompasses charter schools in the cities of Albany and Troy. In 2011-12 there were 13 charter schools in the region, of which 10 (77%) responded to the facility survey.

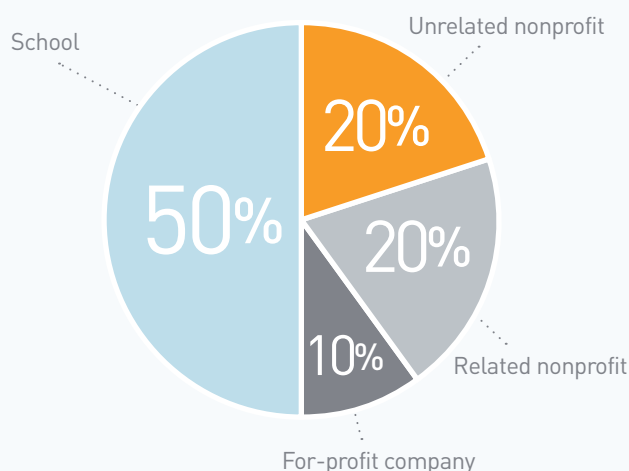
Earliest grade level	Eligible charter schools	Charter school respondents
K-5	6	4 (67%)
6-8	5	4 (80%)
9-12	2	2 (100%)
All	13	10 (77%)

\$2,020 per pupil average facility cost
equivalent to **14.9%** of per-pupil operating funds

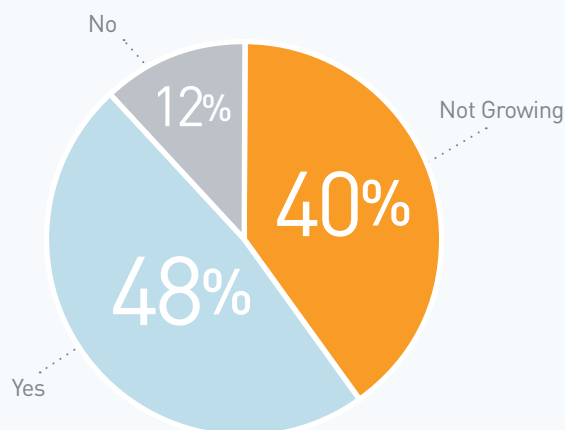
What amenities are in the facility?



Who owns the facility?



Will space be sufficient for expected growth by 2016?



Central New York Region

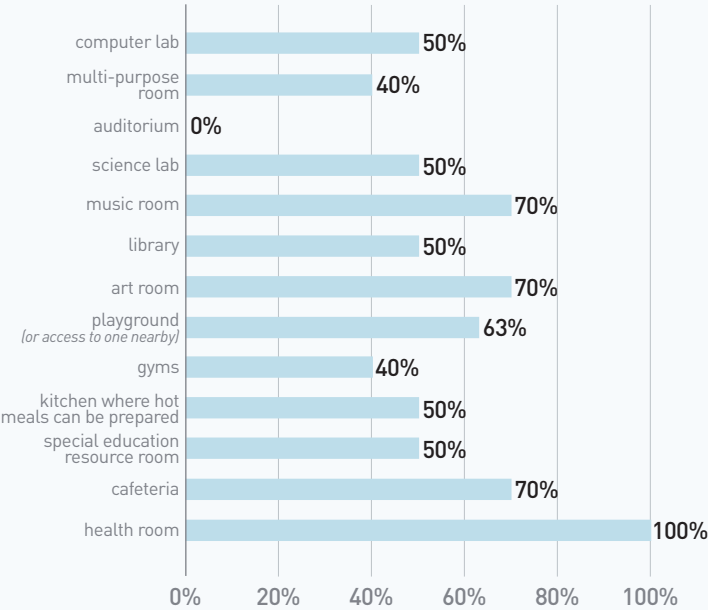
The Central New York Region encompasses charter schools in Rochester, Syracuse, and Ithaca. In 2011-12 there were 11 charter schools in the region, of which 8 (73%) responded to the facility survey.

Earliest grade level	Eligible charter schools	Charter school respondents
K-5	6	4 (67%)
6-8	4	4 (100%)
9-12	1	0 (0%)
All	11	8 (73%)

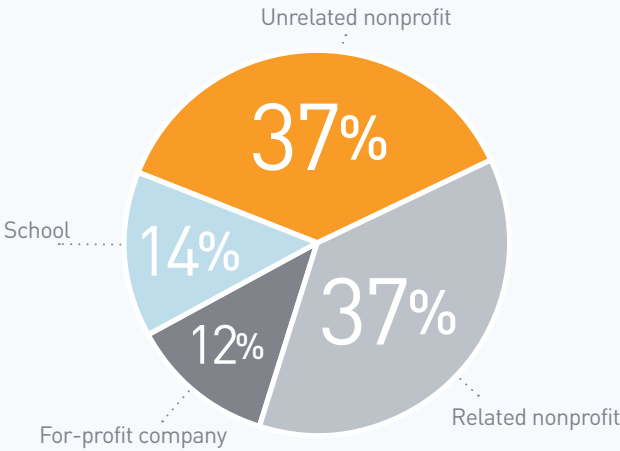
\$957 per pupil
average facility cost

equivalent to **7.9%**
of per-pupil operating funds

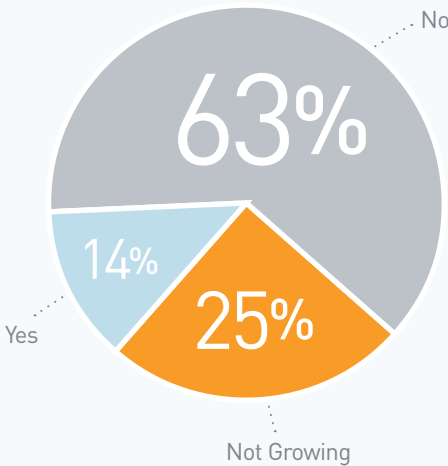
What amenities are in the facility?



Who owns the facility?



Will space be sufficient for expected growth by 2016?



New York City Region

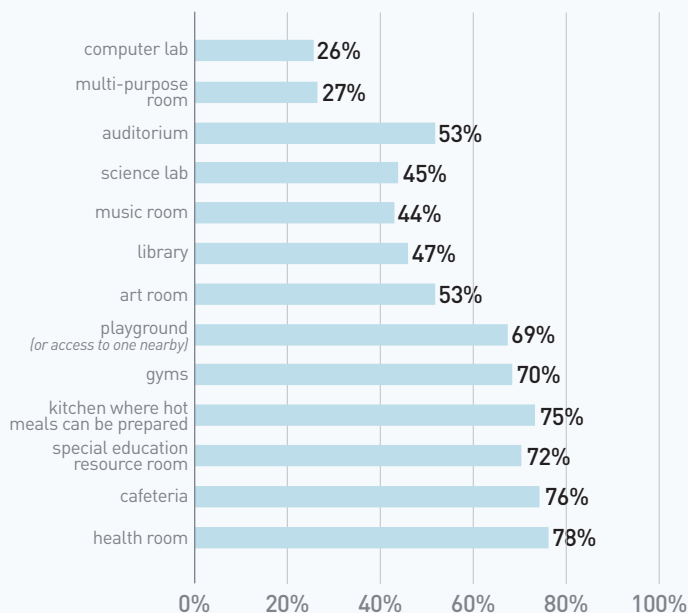
The New York City Region encompasses charter schools in the five boroughs. In 2011-12 there were 136 charter schools in the region, of which 112 (82%) responded to the facility survey.

Earliest grade level	Eligible charter schools	Charter school respondents
K-5	91	69 (76%)
6-8	31	31 (100%)
9-12	14	12 (86%)
All	136	112 (82%)

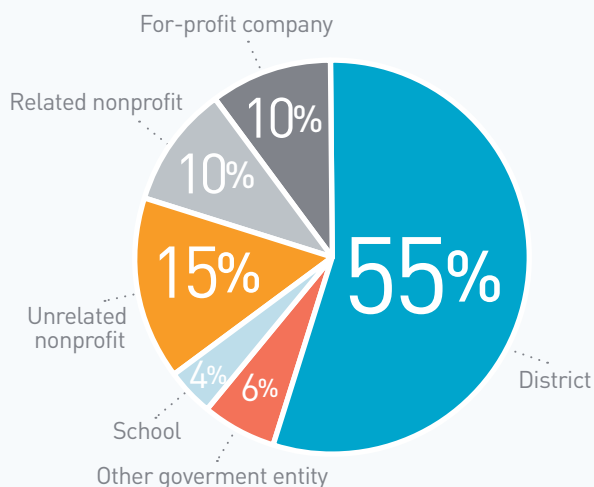
\$2,350 per pupil average facility cost, excluding district colocations

equivalent to **17.4%** of per-pupil operating funds

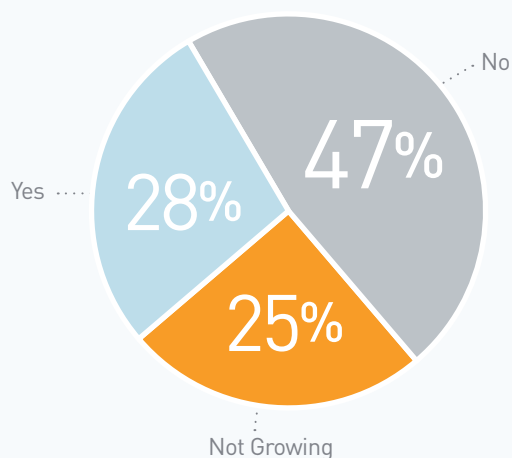
What amenities are in the facility?



Who owns the facility?



Will space be sufficient for expected growth by 2016?



Western New York Region

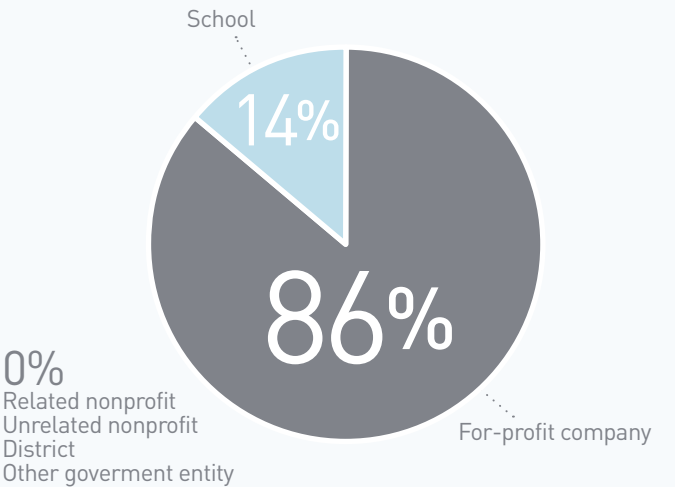
The Western New York Region encompasses charter schools in Buffalo, Tonawanda, Niagara Falls, and Lackawanna. In 2011-12 there were 17 charter schools in the region, of which 8 (47%) responded to the facility survey.

Earliest grade level	Eligible charter schools	Charter school respondents
K-5	13	5 (38%)
6-8	1	0 (0%)
9-12	3	3 (100%)
All	17	8 (47%)

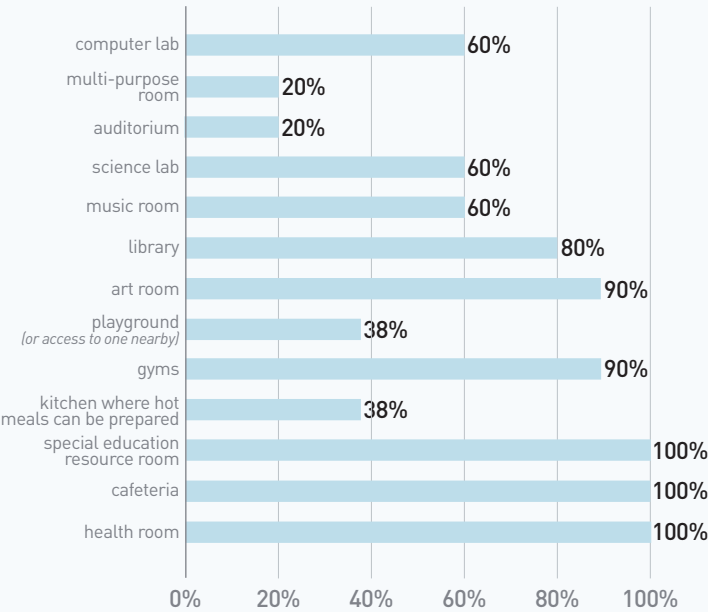
\$1,650 per pupil
average facility cost

equivalent to **14.1%**
of per-pupil operating funds

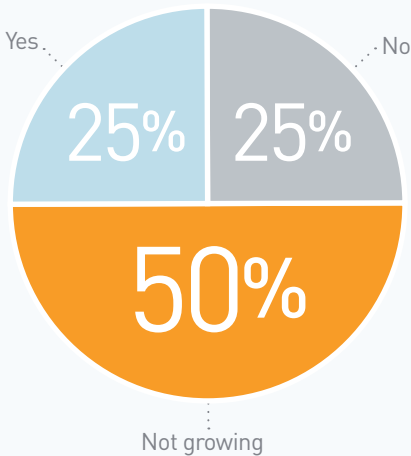
Who owns the facility?



What amenities are in the facility?



Will space be sufficient for expected growth by 2016?



Other Regions

This report also reflects responses from charter schools in areas where response rates were not high enough to report by region, including (but not limited to) Long Island and Hudson Valley regions. Charter schools in this category were located in the cities of Calverton, Hempstead, Mount Vernon, Roosevelt, Wainscott, and Yonkers.

In 2011-12 there were 7 charter schools in these areas, of which 3 (43%) responded to the facility survey.

Earliest grade level	Eligible charter schools	Charter school respondents
K-5	6	2 (33%)
6-8	1	1 (100%)
9-12	0	0 (n/a)
All	7	3 (43%)

Endnotes

Note on Methodology

This report analyzes survey results slightly differently than a recent report from the Charter School Facilities Initiative. Response rates are tabulated in terms of legal charter entities, which may use multiple facilities, not the facilities themselves. This report also categorizes the school's space type for all schools, including non-respondents, based on public records. (The CSFI report defined charter schools as being located in private facilities if and only if they reported having either bond, loan, or rental expenses.) See Colorado League of Charter Schools and the National Alliance for Public Charter Schools. "Charter School Facilities Initiative: Initial Findings from Ten States." April 2013. Web. 5 June 2013. http://www.facilitiesinitiative.org/media/3080/csfinalsummaryfnl-april2013_.pdf

- ¹ Approximation based on IBO's finding of a \$2,358 disparity in the 2009-10 school year, minus increase in NYC charter school funding of \$1,084 since that year. Approximation does not reflect charter schools' disputes with IBO methodology. Domanico, Ray & Smith, Yolanda. "Charter Schools Housed in the City's School Buildings Get More Public Funding per Student than Traditional Public Schools." *Independent Budget Office Web Blog*. 15 February 2011. Web. 4 June 2013. <http://ibo.nyc.ny.us/cgi-park/?p=272>
- ² Enrollment and per pupil funding were obtained from the New York State Education Department.
- ³ Both charter and district schools also receive certain state and federal funds directly (e.g. Title I), and a few items must be provided from the district to the charter school in-kind (e.g. textbooks). All such costs are excluded from the formula for charter schools' per-pupil operating funding.
- ⁴ Dixon, Mark. "Public Education Finances: 2011," Table 9. *United States Census Bureau*. May 2013. Web. 5 June 2013. <http://www2.census.gov/govs/school/11f33pub.pdf>
- ⁵ From Charter Center records, in the 2012-13 school year, statewide, 91 out of 209 charter schools are entirely in district space.
- ⁶ New York City Charter School Center. "Unequal Shares: The Surprising Facts About Charter Schools and Overcrowding – Update." November 2012. Web. 3 June 2013. http://www.nyccharterschools.org/sites/default/files/resources/unequal_shares_update.pdf "Unequal Shares" report based on NYC SCA 'Blue Book': NYC School Construction Authority. (2012). "Enrollment, Capacity, and Utilization Report, 2011-2012 School Year." Web. 3 June 2013. http://nycsca.org/Community/CapitalPlanManagementReportsData/Enrollment/2011-2012_Classic.pdf
- ⁷ From Charter Center records, 98 of 159 charter schools in NYC have at least some students in district space.
- ⁸ See NYS Ed. Law, Article 56 §2850 3d
- ⁹ SUNY Charter Schools Institute data
- ¹⁰ The Brighter Choice Foundation's (BCF) facility funding model includes start-up grants, school facilities, a revolving loan fund, and technical assistance, and spans project stages including design, approval, development, and construction. In a typical case, BCF uses philanthropic investments to fund construction, then repays the investment with proceeds from interim financing in the form of leveraged loans from Community Development Finance Institutions via the federal new Markets Tax Credits program. The program allows schools to lease their facilities at below-market rates, then, after seven years, purchase their facilities from BCF at cost, using proceeds from tax-exempt municipal bonds.
- ¹¹ \$1.3 billion is the sum of \$173.47 million in 'Phase I,' \$326.89 million in technology improvements, \$358.72 million in 'Phase III,' \$8.667 million more in additional investment proceeds for 'Phase III,' \$292.53 million in 'Phase IV,' \$175.0 million in 'Phase V.' Buffalo Fiscal Stability Authority. (2012). "Annual Report of the Buffalo Fiscal Stability Authority." pp. 75-78. Web. 3 June 2013. <http://www.bfsa.state.ny.us/reports/fye2012AnnualReport.pdf>
- ¹² McDonnell, Paul. "School Reconstruction – Buffalo's Largest Historical Preservation Project. Ever." *Buffalo Rising*. 27 June 2012. Web. 3 June 2013. <http://www.buffalorising.com/2012/06/schoolreconstruction-buffalos-largest-historic-preservation-project-ever.html>
- ¹³ Felton, Todd. "Congratulations to Tapestry Charter School on their new home." *Expeditionary Learning*. 1 October 2010. Web. 3 June 2013. <http://elschools.org/press-center/congratulations-tapestry-charter-school-their-new-home>
- ¹⁴ Charter Center analysis.
- ¹⁵ Charter Center analysis.
- ¹⁶ Enrollment data as of "BEDS day", 5 October 2011 from NYS Report Cards. Web. 3 June 2013. <https://reportcards.nysed.gov/>
- ¹⁷ Charter center estimates based on previous NYS Report Card student per cohort enrollments and charter school expansion plans.
- ¹⁸ Colocated charter schools sometimes do spend their own money to make improvements to the district buildings they share, but when that happens, each non-charter school in the same building to receive a matching improvement grant.
- ¹⁹ New York City Charter School Center. "Unequal Shares."
- ²⁰ NYC Collaborates. "A New Place to Play." 5 November 2012. Web. 3 June 2013. <http://nyccollaborates.org/stories/a-new-place-to-play>
- ²¹ From Charter Center records, 98 of 159 charter schools in NYC have at least some students in district space.
- ²² Charter Center analysis.
- ²³ Chapman, Ben. "Plan to give cramped Coney Island charter school more room creates controversy." *New York Daily News*. 7 April 2011. Web. 3 June 2013. <http://www.nydailynews.com/new-york/plan-give-cramped-coney-island-charter-school-room-creates-controversy-article-1.114588>
- ²⁴ Chapman, Ben. Twitter post. 4 April 2013. Web. 3 June 2013. <https://twitter.com/NYDNBenChapman/status/319944579782684674>
- ²⁵ Lestch, Corinne. "Pride swells as Hyde Leadership Charter School's first graduating class sees new building." *New York Daily News*. Web. 6 June 2013. <http://www.nydailynews.com/new-york/bronx/prideswells-hyde-leadership-charter-school-graduating-class-sees-new-building-article-1.959854>
- ²⁶ Decker, Geoff. "Despite price tag, a charter school finds perks in private space." *GothamSchools*. 4 October 2011. Web. 6 June 2013. <http://gothamschools.org/2011/10/04/despite-price-tag-a-charterschool-finds-perks-in-private-space/>
- ²⁷ From authorized enrollments of schools chartered, but not yet open, in addition to estimated enrollments for not-yet-authorized schools. For more information, see exhibit 10.
- ²⁸ Estimates for not-yet-authorized schools are based on conservative assumptions of 13 new elementary schools and 13 new secondary schools statewide each year, and 89 students per cohort, which come from experienced sector-wide averages. Charter Center analysis.



NEW YORK CITY
CHARTER SCHOOL
CENTER

It's about great public schools.