

Charter Backgrounder

UFT Research Report
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As charter school proponents go to Albany this week to plead their case, let's examine the realities behind their claims of stretched resources, unique student demand and stellar academic results.

How poor are charter schools?

While charters maintain they have very thin budgets, and some smaller charters in fact operate close to the margin, others are extremely well-funded.

A review of the most recently available public documents showed that as of 2011-12, the schools in six of the city's most prominent charter chains had a total of more than \$65 million in net assets, including nearly \$16 million for the charters which are part of the Uncommon Schools Network and more than \$13 million for the Success Academy Network.

What's more, this supposed poverty doesn't prevent some charters from paying very large salaries to their executives, as the Daily News recently reported. The two Harlem Village Academies run by Deborah Kenny pay her a total of half a million dollars a year; Eva Moskowitz of Success Academies reported a salary only a few thousand less, while David Levin of KIPP got just under \$400,000. All these salaries are dramatically more than those of the city's Mayor and Chancellor, who supervise roughly 1,700 schools.

Charters' opaque bookkeeping methods make it difficult to figure out how much many schools spend on their vendors, but tax filings by the Success Academy schools suggest that management fees charged by that network totaled \$3.5 million of their schools' per-pupil funds in 2011-12. In 2013, the Success Network requested and received a raise in management fees to 15% of the per-pupil funding it receives from the state and city.

The total amount of management fees charged by just four of the city's charter chains in 2011-12 -- Success, Uncommon, Achievement First, and KIPP -- was over \$12 million. (see table below)

All of these figures are based on the schools' own filings; the lack of publicly available audits for many other chains limits information about what other networks are charging. Meanwhile charter proponents led by Success Academy have launched a court fight to prevent an independent expert -- the State Comptroller -- from auditing charters' and charter management companies' books.

A study based on 2010-2011 by the city's Independent Budget Office calculated that as of 2009-10, co-locating a charter school in a public school building in effect gave the charter about \$650 per student more in public funding than district schools spend. Their calculations were based on earlier, lower levels of charter per-pupil funding, however; at current rates, that disparity may now be over \$2,000 per student.

Charters also get foundation grants -- including from right-wing organizations like the Walton Family Foundation, which has given more than \$1 million to Achievement First in recent years. In addition, a look at official filings by many charters -- in particular the Success Academy network -- show that the schools or chains have boards dominated by hedge funders and other financial interests whose contributions could theoretically absorb any reasonable rent charged for public school space; at a gala in 2013, for example, the Success Network raised more than \$7 million in one evening.

How unique are charter waiting lists?

Charters make much of the length of their student waiting lists. But the reality of New York City schools is that tens of thousands of students at all levels end up on waiting lists or completely frozen out of the schools they would like to attend.

More than half of the city's nearly 64,000 eighth graders did not get into their first choice for high school last year and 7,200 -- more than ten percent of the total -- did not get into a single school they applied to. Approximately 20,000 students who take the test each year for the specialized high schools do not get into one of these schools.

The same is true for thousands of elementary school students who apply for slots in competitive middle schools, and for thousands more families who cannot find space in gifted programs or whose kids end up waitlisted for kindergarten in their neighborhood schools.

Students can and do get off waiting lists in district schools, which generally backfill empty spaces in higher grades if and when students transfer out; most charters, in contrast, almost never accept transfer students off of their "waitlists" beyond their early grades.

Does admission to a charter guarantee academic success?

Student scores plummeted across the city last year when the state introduced new tests based on the Common Core standards. But in reading, charters schools as a whole scored under the citywide average (26.4 citywide average, charters 25.1).

Even highly touted charters had classes with significant problems. Democracy Prep's Harlem charter had fewer than 4 percent of sixth graders proficient in reading and fewer than 12 percent passing math. Fewer than 12 percent of fifth graders at KIPP Star College Prep were proficient in math and just 16 percent passed the reading test, while 11 percent of their seventh graders scored proficient in language arts and 14 percent in math.

These results come despite the fact that, as a group, charter schools serve a smaller proportion of the city's neediest students, including special ed and English language learners. A 2012 report by the charters' own association -- the New York City Charter School Center -- showed that on average charter schools had only 6 percent English language learners, compared with 15 percent in district schools.

A recent IBO study showed that an astonishing 80 percent of special education students who start in charter schools in kindergarten are gone by the third grade.

Student attrition is a particular issue for the Success network, whose schools tend to have far higher student suspension rates than their neighborhood schools; they also see their class cohorts shrink as many poor-performing students leave or are counseled out and not replaced.

How can we level the playing field?

If charter schools are serious about playing an important role in New York City education, they should take four immediate steps to level the playing field between them and district schools, as outlined by UFT President Michael Mulgrew below:

(reprinted from the NEW YORK DAILY NEWS, January 14, 2014)

Serve the neediest kids

State law requires that charters serve the same percentage of poor and special-needs children, along with English-language learners, as their local district schools do. Unfortunately, many charter schools ignore this requirement. Meanwhile, parents complain that special-needs children and students who struggle academically have been “counseled out” of charters, most of them ending up in local district schools while the charters hold onto students with better scores. A recent report by the city’s Independent Budget Office found that a shocking 80% of special-needs kids who enroll in city charter schools as kindergartners leave their schools by the third grade.

Be good neighbors

The Bloomberg administration often shoehorned charters into public schools. Because some charters didn’t want their children interacting with public school kids, gymnasiums and cafeterias would be limited to charter students at certain hours. Worst of all, students in dilapidated classrooms with outmoded equipment and few supplies watched with envy as the incoming charters spent small fortunes on renovations, paint jobs, new desks and equipment, books and supplies. If they want to be good neighbors, charters should share the wealth — and make sure all students sharing one school building have the same opportunities and environment.

Open their books

If charter operators truly want a new start, they need to abandon the lawsuit they have filed against the state controller seeking to block his ability to audit their books. Parents and taxpayers deserve to know where their money is going.

Stop treating children as profit centers

Charters receive taxpayer dollars. In addition, many get donations from major hedge funders, have millions of dollars in bank accounts and pay their chief executives — who typically oversee a small group of schools — as much as half a million dollars a year, along with lavish benefits. Charters with such resources need to pay rent, as Mayor de Blasio has suggested. And charters should set realistic salary caps for their executives and appropriate limits on payments to consultants.

Charter Chain Financial Data, 2011-12

Network Name	Number of NYC Schools with Audits	Total Net Assets of Schools	Total Management Fees	Top Executive Compensation 2010-11
Achievement First	2	\$3,585,931	\$2,363,205	\$224,200
Success Charter Network	4	\$13,563,661	\$3,516,362	\$475,244
Uncommon Schools	7	\$16,820,767	\$5,054,626	\$252,941
KIPP	1	\$1,911,010	\$1,089,475	\$395,350
Village Academies Network	2	\$3,236,767	Not Listed on Audit	\$499,146
Icahn Charters	4	\$26,110,338	\$2,236	\$280,323
Total	20	\$65,228,474	\$12,023,668	\$2,127,204

Data Sources: 2011-12 Audits, available at <http://www.newyorkcharters.org/FiscalDashboard.htm>;
 Charter Network 2012 990 Tax Forms, available at <http://foundationcenter.org/findfunders/990finder/>

Other sources:

How poor are charter schools?

Charter Schools Housed in the City's School Buildings Get More Public Funding per Student than Traditional Public Schools <http://ibo.nyc.ny.us/cgi-park/?p=272>

High executive salaries <http://www.nydailynews.com/new-york/education/top-16-nyc-charter-school-execs-out-earn-chancellor-dennis-walcott-article-1.1497717>

Charter schools as the trendy charity for hedge funders

<http://www.nytimes.com/2009/12/06/fashion/06charter.html?pagewanted=all>
<http://www.businessweek.com/news/2013-05-23/scene-last-night-loeb-christie-jones-tepper-singer-bommer>

How unique are charter waiting lists?

School choice/waiting lists <http://www.nytimes.com/2011/05/08/nyregion/in-applying-for-high-school-some-8th-graders-find-a-maze.html?pagewanted=all>

<http://cityroom.blogs.nytimes.com/2011/03/30/kindergarten-waiting-lists-got-a-bit-longer-this-year/>

Does admission to a charter guarantee academic success?

Low number of neediest students in charter schools

SCHOOLBOOK; Report Shows Success and Staffing Problems for Charter Schools

<http://query.nytimes.com/gst/fullpage.html?res=9B0CE0D91F38F932A35756C0A9649D8B63>

Special ed attrition in charter schools

<http://www.ibo.nyc.ny.us/iboreports/2014attritioncharterpublic.html>

Harlem Success suspension rates: <http://www.nydailynews.com/new-york/education/success-academy-fire-parents-fight-disciplinary-policy-article-1.1438753>

Vanishing Students at Harlem Success <http://insideschools.org/blog/item/1000359-vanishing-students-at-harlem-success>