Charter Schools in Hempstead, 2023-2024

The Hempstead Public Schools have made significant and meaningful changes that have improved the culture of the schools, the instructional programs, and the outcomes for students attending its schools. In short, all schools in the Hempstead UFSD are rated by New York State as schools in good standing and more than 85% of students attending the public schools are graduating with a high school diploma. Charter school expense growth threatens the continuation of this improvement and needs to be addressed by changes in the growth of tuition, possible caps on enrollment or increases in aid attached to the growth in charter expenses.

It should be kept in mind that at no time does the district object to either the existence of charter schools or to the fact that they offer an alternative educational experience to families and children of the Hempstead UFSD. The thrust of this narrative is directed at the impact of the cost on the local school district's ability to maintain local programs and support for its students. The two should be working as partners in educating the children of this community not adversaries competing for resources to maintain the integrity of their respective programs.

There are four charter schools that serve the children residing in the Hempstead Public School District. Two are in the district and two in neighboring communities. Two years ago, in the 2021-2022 school year enrollment in charter schools was 2790 students, 31% of the student population. The tuition paid directly to the charter schools for each student for the 2021-2022 school year was $21,120. The districtwide expense for that year was $58.9 million which represented more than 23% of a $247 million budget.

For the 2023-2024 school year enrollment has jumped to 3093 students representing 35% of the school age population. Tuition has increased to $24,505 for a total expense of $75.8 million or 25% of a $299 million budget. Over that two-year period charter enrollment increased by 13%, tuition increased by 16% and the total cost increased by 29%. This continuing growth has at least two serious effects on the school district.

The first is the declining ability to provide a full range of services to the children remaining in the district. There is a disproportionate percent of high-cost students remaining in the district schools. Of the students remaining in the district more than 90% require one or a combination of reading and/or math support, English Language Learner services or Special Education. Therefore, the thumbnail calculation of the cost per pupil when charter school expenses are removed from the budget appears sufficient but does not accurately portray the actual per pupil expenditures of non-charter students. This creates a hardship in providing those students their appropriate and in some cases mandated services while concurrently reducing opportunities for students connected to regular class programs. At the very least this condition in the schools has been connected to reductions in staff and services. Only in the past

three years as foundation aid increased significantly have the staff and services been returned. As foundation aid growth is reduced, the pressure on the district to continue its support of students in need will rise. Growth in charter school costs continually outpace growth in the revenue needed to support these schools and consequently needs to be addressed within the state budget.

The second, and equally concerning, is the division in the community between those who send their children to the charters and those who send their children to the district schools. It begins with a very real distrust, and in many cases real antipathy, between the leadership of the Charter schools and the leadership, both administrative and board, of the school district. The divergence in opinion has its roots in the role the state plays in approving the charters, approving expansion of the charters, setting tuition rates, and funding the Charter schools. If charter school costs were better funded or controlled by the state, the local conflicts would not exist.

Hempstead is not unique but may be the first among smaller districts to experience the impact of charter schools when charter school expenses exceed 10 to 15% of total general fund expenditures (TGFE) and the student population of charters exceeds 10 or 15% of the public-school enrollment. It would appear at this time that for Hempstead and for other Districts similarly situated that there is an inverse relationship between size and wealth of the district and the fiscal impact on the district. The smaller and poorer the district the greater the impact. At the very least, it may be time to rethink the way in which charter schools in smaller and poorer districts are funded by the state.

Attached to this narrative is a chart that provides information about the 34 school districts with charter populations of 2% or more and have a growing number of charter students. Each of these districts is eligible for transition aid that is connected to the growth in the charter school population. New York city is not included in this chart since it is its own chartering authority. As you can see in the chart, Hempstead is unique and is the most seriously impacted school district in New York State. Only one other district, Utica, is poorer than Hempstead but Hempstead has the highest charter school tuition. In addition, Hempstead at 35% has the highest percent of charter school students, and at 25% the highest percent of general fund expenditures dedicated to charter school costs. The data provided in this chart again supports the need for Hempstead to be provided some kind of financial relief for the ever-growing proportion of charter school students and expense.

Are there remedies that can address immediately the impact of charter school expenses on the school district budget? Yes, there are a variety of ways in which relief can be provided to Hempstead and other school districts with similar fiscal problems. These include adjustments to the way in which charter school tuition is calculated, caps or thresholds on the number or percent of students for which a district is responsible and finally modifications to state aid formulas.

Charter School Tuition Calculation

The attached Chart shows how Charter school tuition varies, sometimes significantly within regions, by school district. In other words, charter school tuition is different in each district that sends children to charter schools. So, a charter school that receives students from four different school districts is paid a tuition rate that is different for each school district. A student's tuition attending the Academy Charter school who lives in Hempstead is $24,505 while the tuition for his classmate who lives in Roosevelt is $18,964. Although the state sets the formula for all districts the results are different for each district. Essentially the starting point is the prior year's tuition, and the growth factor is the average percent increase of three prior years of a subset of total general fund expenditures (TGFE) called the approved operating expenses (AOE). The calculation of this subset is in statute and includes charter school expense. The result has been a consistent annual growth in recent years of between 8 and 9%.

Further exacerbating the situation is the fact that the poorest district on Long Island, Hempstead has the highest tuition rate. This raises a number of questions. Why should the Hempstead community pay almost $6000 more per student than a neighboring school district? What is the tuition rate that the various charter schools need to operate? Could this difference be viewed as an incentive to have charter schools push families to use a Hempstead address? Whatever the answers to these questions, on the face of it, the varying tuition rates for different students attending the same school that have nothing to do with the expenses of the charter school makes no sense and should be addressed by the governor and legislature. Although many are witness to the problem, it is only the legislature and the governor who can do something about it.

While not perfect, there are two remedies that may be considered both of which are simple to understand and to implement. The first references the calculation of charter school tuition and second an average of charter school tuition rates.

- If charter school tuition payments were removed from the calculation of approved operating expense (AOE) only for the purpose of developing a new per student charter school tuition, the year over year growth of tuition would be modified and come in line with the budget increases of other instructionally related expenses.

- A second alternative or companion piece would be to limit the tuition to no more than that of the state average for school districts with two or more percent of their school population attending charter schools. These are the school districts eligible for charter school transition aid listed on the attached chart. For every district there is a different tuition rate. If the calculated rate were less than the state average than that could be the tuition paid but for all other districts the tuition would not exceed the state average.

Caps

Caps are a simple to understand and effective means for managing and controlling fiscal growth. They were introduced during the Cuomo administration as a means for controlling the growth of property taxes and indirectly the overall general fund expenditures of school districts. Since that time school district managed instructional and personnel costs have been adjusted and are growing at a pace commensurate with the cap on the tax levy. One exception is charter school tuition. Tuition growth is and continues to be two and three times the growth of other instructional costs.

Caps could be applied in at least two different ways, either of which or both could bring the growth of charter cost growth to be more consistent with the growth of other expenses within the budget. The two different ways to introduce caps to the discussion of charter costs are:

1) A cap similar or identical to the tax levy cap could be applied to tuition growth. This would limit the year over year change to be at the cost of living or 2%, whichever is lower.
2) Another form of capping could be assigned to the overall percent of students attending or the overall charter expense as a percent of the total general fund expenditures. In either case the charter school cost would be limited or if the state allowed it to be exceeded could be picked up by the state. This would limit the liability of the district hopefully at a number that would not interfere with the district to provide all the needed services to students remaining in the public schools.

State Aid

State aid is the means by which the state partners with local school districts in educating the children of this state. Aid to districts is generally calculated on the basis of a student count and a district's wealth and need. In New York there is a direct relationship between size and aid, such that the more students the higher the aid. When it comes to factors associated with wealth and need the relationship is inverse, such that the poorer districts and those that serve high numbers of the neediest students should receive larger portions of state aid. Charter school students are included directly in two state aid packages, foundation and transition aid.

The first, Foundation Aid, includes charter school students in the count of district children for aid calculation and in addition each student's needs are weighted the same whether attending a public or charter school. What was not contemplated at the time of the formula development was the impact on the ability of a district to provide required services when, as is the case in Hempstead, the percent of students attending charters and the overall cost in relation to total expenditures exceeds 15%. Although no formal research has been done on the subject it is clear that at or near the 15% threshold the ability of the district to provide for high-cost services to underperforming reading and math students, to English language learners and to special education students begins to erode. The impact is felt in the regular instructional programs with larger class sizes, reductions in security staff, reductions in

counseling, reductions in needed administrative and supervisory support staff and the reduction or elimination of art and music, to name a few. The point is that while charter school growth may go on unimpeded its impact on the district and the community needs to be considered in foundation aid.

There are two simple ways in which modifications to foundation aid could be made to help Hempstead and other districts similarly situated.

- One is to simply provide a weighting for the number of resident students in a district above a specified percent of the total public-school enrollment. For example, in Hempstead all students above 15% could be weighted at 1.5. This would mean with 35% of its students attending charter schools Hempstead would have 20% (the difference between 15 and 35%) of its pupils count as 1.5 when multiplied by the Selected Foundation Aid/Pupil to generate additional foundation aid and support for the Hempstead public schools.

- The other is to introduce another needs category along with poverty and English Language Learners for a district with a high percent of charter students that can be used to increase the amount to be paid in Selected Foundation aid per student.

The second aid category, Transition Aid, is based on the growth of the charter school enrollment and disappears when growth ceases. It is well intentioned and a welcome supplement to foundation aid. Aid within this formula increases as the percent of charter school students increases. For the three prior years, year over year increases generate aid per pupil. One year out the increased number of pupils is aided per student at 80% of that year's tuition. Two years out the aid ratio drops to 60%, in year three it drops to 20% and in year four and beyond the aid is zero.

Transition aid does not address the long-term problem of the impact of charter cost growth on the ability of a district like Hempstead to sustain required services for needy students. In fact, it does the reverse. It is built on the assumption that the fiscal impact declines over time when in fact the fiscal problems only increase with time, especially when that population rises to the level of about 15% or more of students and/or total general fund expenditures. The remedy could be a supplemental aid that replaces Transition Aid for districts severely impacted by the cost of charter schools.

Some form of supplemental fiscal impact aid needs to be considered. This aid could borrow the concept in transition aid of varying the aid with varying student thresholds. In other words, instead of varying the aid on the basis of year over year change, base the aid on the percent of students served by charter schools. When the number reaches 5% of the population let the aid be 20% of that years charter tuition paid per pupil for the number in excess of that 5%, when that number reaches 10% of the school population let the aid rise to 60% of charter tuition for each child above that 10%, and when it reaches 15% and above let the ratio rise to 80% of charter tuition for each child above that 15%. This takes the

Transition aid concepts and applies it somewhat differently to solve a long-term problem that addresses impact of charters on total expenditures long after transition aid disappears.

In smaller, poorer, and very state aid dependent districts, large charter school enrollments have a very real impact on the ability of the district to provide needed services to children remaining in the district schools. Modifying one or both of the two aid packages would go a long way to increasing the role of the State in funding the charter school students while reducing significantly the damaging fiscal impact on those districts. As we often hear, follow the money. In this case it is follow the money and the source of the money. The State and the local District are partners in the education of charter students, as they are with the children attending district schools. However, the charter schools should be viewed as an extension or collaborator of the local schools not its competitor. Introducing these alternate aids and increasing the aid to these poorer schools will go a long way to having this perception become a reality.

Hempstead is living with a tragedy in the making. Hempstead and other New York school districts are feeling the impact of what appears to be the unintended consequences of the means by which charter schools are funded. The poorest school districts with the neediest populations are those most adversely affected. It is time to reexamine the funding and aiding of the charter school enterprise and for the long term provide for the maintenance of instructional integrity in both charter and public schools. There are at least three ways to remedy the situation, modifying the calculation of tuition, introducing caps on fiscal growth or increasing state aid for those districts most adversely affected. Any one or a combination of these remedies will go a long way to solving the problems of the states long term commitment to both charters and public systems. It is time to act.

Chart 1: Student and Financial Variables

For NY School Districts with 2% or more

Of their Students Attending Charter Schools

Districts	Projected Combined Wealth Ratio (CWR) for 2024-25 Aid	Estimated charter school enrollment for 2023-2024 without BOE Approved	Estimated 2023-2024 Total enrollment including charter students	Charter students as % of total enrollment	Estimated Total tuition for 2023-2024	Estimated Total general fund expenditures for 2023-2024	2023-24 Charter tuition as % of general fund expenditures	Charter tuition per pupil 2023-2024	2023-24 Transition aid for charter school expenditures
HEMPSTEAD	0.268	3,142	8,897	35%	75,795,626	299,399,868	25%	24,505	11,583,330
LACKAWANNA	0.316	815	2,716	30%	13,574,775	72,503,705	19%	13,355	145,527
BUFFALO	0.356	9,900	38,814	26%	159,730,738	1,102,683,433	14%	13,966	9,573,656
ALBANY	0.570	2,438	10,474	23%	38,735,785	288,157,361	13%	17,297	576,194
ROCHESTER	0.307	7,986	28,484	28%	119,899,603	873,149,079	14%	14,316	9,655,507
TROY	0.501	690	4,248	16%	11,900,000	130,316,394	9%	17,346	361,977
UNIONDALE	0.672	853	6,862	12%	21,500,000	256,006,720	8%	23,868	4,986,938
SYRACUSE	0.289	2,412	20,047	12%	36,338,133	521,409,588	7%	14,128	2,258,115
RIVERHEAD	0.918	545	6,150	9%	11,694,756	192,272,588	6%	20,107	1,687,842
ROOSEVELT	0.354	616	3,714	17%	10,735,206	137,489,724	8%	18,964	2,384,643
UTICA	0.243	839	10,597	8%	9,363,000	240,445,831	4%	11,883	1,302,950
WYANDANCH	0.275	279	2,903	10%	3,731,566	88,178,217	4%	19,368	1,375,272
MOUNT VERNON	0.811	570	7,374	8%	12,120,000	265,969,821	5%	18,589	938,580
LANSINGBURGH	0.444	181	2,186	8%	2,391,965	60,541,069	4%	12,613	113,270
COHOES	0.521	91	2,026	4%	1,800,000	52,340,637	3%	14,664	278,966
GREEN ISLAND	0.790	13	265	5%	271,400	8,143,712	3%	15,554	11,521
ELMIRA	0.378	342	5,763	6%	4,530,000	147,018,971	3%	12,981	125,078
CHEEKTOWAGA	0.665	200	2,394	8%	2,075,000	58,326,319	4%	11,807	398,868
MENANDS	1.184	15	411	4%	245,550	11,555,886	2%	16,935	33,562
NIAGARA FALLS	0.325	326	6,894	5%	4,597,100	181,504,208	3%	12,691	172,927
WATERVLIET	0.388	96	1,558	6%	1,097,000	37,759,000	3%	11,508	48,381
SCHENECTADY	0.327	580	9,569	6%	7,400,000	266,267,940	3%	14,302	1,712,640
LYNCOURT	0.367	14	579	2%	354,000	15,650,000	2%	20,816	93,128
YONKERS	0.772	922	24,809	4%	16,700,000	722,717,779	2%	17,635	273,088
CLEVELAND HILL	0.533	69	1,413	5%	908,234	36,719,878	2%	13,021	81,024
SLOAN	0.544	96	1,386	7%	1,310,000	40,373,761	3%	13,109	432,532
KENMORE	0.764	300	6,942	4%	3,402,000	186,035,714	2%	11,143	176,836
RENSSELAER	0.557	56	1,076	5%	575,071	30,258,914	2%	11,361	17,720
GREECE	0.552	308	9,987	3%	4,000,000	290,752,050	1%	12,813	652,754
TONAWANDA	0.549	32	1,725	2%	500,000	41,785,597	1%	11,825	32,382
E. IRONDEQUOIT	0.695	65	2,754	2%	1,150,000	96,773,489	1%	13,981	184,266
MARYVALE	0.611	53	2,301	2%	736,875	55,718,059	1%	12,863	112,643
NEWFIELD	0.474	15	656	2%	235,000	24,571,347	1%	12,782	20,097
POUGHKEEPSIE	0.478	95	3,984	2%	750,000	118,334,482	1%	15,993	1,106,208
STATE TOTALS	1.000	159,284	2,417,414	7%	3,751,216,451	80,345,389,262	5%	N/A	53,121,966
Selected Districts Total,%,Ave	0.523	34,954	239,958	10%	580,148,383	6,951,131,141	9%	15,238	52,908,422