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**Testimony of Ronnie Lowenstein
Director of the New York City Independent Budget Office
To the New York State Senate Committee
On Corporations, Authorities, and Commissions
Hearing on Charter Schools**

April 22, 2010

Good afternoon Chairman Perkins and members of the Committee on Corporations, Authorities, and Commissions. My name is Ronnie Lowenstein, and I am director of the city's Independent Budget Office. Thank you for the opportunity to testify at today's hearing.

Earlier this year, in response to a request from Patrick Sullivan, a member of the Panel for Education Policy, we compared the level of public funding for charter schools with that of traditional public schools for the 2008-2009 school year. We found that general education support at traditional public schools averaged \$16,678 per student. While public support per student at charter schools was less than at traditional public schools, the size of that difference depended on whether the charter school was located in a public school building or in private space.

For charter schools located in public school buildings, public support was nearly equal to that of traditional public schools—just \$305 (1.8 percent) less per student. For charter schools located in private space, the difference was a more substantial \$3,017 (18.1 percent) per student.

To compare levels of support, we estimated the average funding allocated to charter schools for general education students. We took into account the basic allocation, known as the adjusted operating expense, as well as supplemental public support given to these schools, some of which is required by the state and some of which is provided at the city's discretion. We also estimated the comparable general education support per pupil for traditional public schools. For both charter and traditional schools, we excluded support that depended on the makeup of the student body, such as funding for special education.

The basic per student allocation for charter schools totaled \$12,443 in school year 2008-2009. Based on state law, charters—like other public and private schools—also receive software, textbooks, library materials, special education evaluation, health services, and transportation for their students. Because these goods and services are provided in-kind, we estimated their dollar value and added it to the basic allocation.

As a matter of city policy, charter schools also receive payments for other expenditures such as classroom supplies and furniture in their first year of operation, food services, and some administrative expenses. IBO also estimated the value of these discretionary payments.

When the basic allocation, the value of the state-mandated services, and the discretionary city payments are totaled, public support for charter schools not located in city facilities averaged \$13,661 per student in 2008-2009. But for charter schools located in public school buildings, the level of public support was considerably higher.

Charter schools located in public school buildings do not have to use a portion of their basic allocation or any other revenues to pay rent or utilities, hire school safety personnel, or cover debt service on construction or renovation loans. All of this is provided in-kind to charters located in public school buildings. IBO estimates that these facilities and energy savings were \$2,712 per student in school year 2008-2009. That brings total public support for these charter schools to \$16,373.

For charter schools housed in public school buildings, this arrangement is clearly financially advantageous and is one factor driving the competition for space with traditional schools. Currently, more than two-thirds of the 99 charter schools in New York City are located in public school buildings. New York City is unusual in this sense; locating charter schools within public school buildings is rarely done elsewhere.

There are other claims made regarding the equity of charter school funding which IBO's study did not address. Charter school advocates note that state law does not require public funding of capital costs, although here again, New York City has chosen to go beyond what the state requires by allocating a portion of its five-year education capital plan (up to \$210 million) to develop charter school capacity. Conversely, charter school skeptics point to additional—and often substantial—support from the private sector that is available to charters.

Based on IBO's effort to compare the levels of public support for charter schools and traditional public schools, we find that for more than two-thirds of the charter schools, the average difference is relatively small. For those charters housed in public school buildings, the basic charter allocation, the value of noncash goods and services available to all charters, plus the savings on space and utilities provided by the education department totaled \$16,678 per student. This is fairly close to our estimate of per student spending for general education services in traditional public schools—a difference of \$305 or about 1.8 percent.

For charter schools located in private space, the difference was more substantial. Since these charter schools do not enjoy facilities and energy assistance from the education department, they receive an average of \$3,017 or 18.1 percent less per student than their traditional public school counterparts.

Thank you, and I would be glad to answer any questions you may have.