

Buffalo Public Schools and Charter School Financial Comparison  
 Three Critical Data Points to Emphasize Given the Current Health and Economic Crisis - 5.4.2020

**High Level Analysis of Fiscal Position - BPS vs. Charter Schools \***

	2018-19 expenditures (all funds)	6/30/19 cash (all funds)	cash as % of 2018-19 expenditures	**6/30/19 net assets/net position (total assets less total liabilities)	net assets as % of 2018-19 expenditures
Charters (combined)	168,772,634	70,393,434	42%	111,963,767	66%
BPS	1,002,146,557	266,007,565	27%	(2,517,916,071)	-251%

\* Source: 2018-19 (or earlier if 2018-19 not available) audited financial statements

\*\* Includes all assets and liabilities, including facility assets, long term debt, and OPEB liabilities. Note that BPS has a negative net position (shown in red), which is due in large part to \$3.3 billion in long term liabilities (primarily JSCB and other facility debt - \$0.9 billion, and OPEB retiree health insurance - \$2.4 billion). These liabilities are primarily paid for with future year revenues. Further, BPS liabilities are independent of student counts, meaning if students leave, the liabilities remain. The ability of BPS to continue to pay these pre-existing long term liabilities is harmed by the shift of students, and the related tuition expense, to charter schools. After paying for charter school pupils, a larger proportion of remaining funds must go to pay these pre-existing long term liabilities, which further harms remaining BPS students.

**2020-21 - Charter Schools as a Percent of Buffalo Public Schools and Students**

	schools	schools as percent of total	BEDS K-12 students	BEDS K-12 as percent of total***
Charters (combined)	22	27%	9,950	25%
BPS Schools	61	73%	30,400	75%
total	83	100%	40,350	100%

\*\*\* NYC charter schools encompass approximately 14% of NYC schools (260 of 1,866 total schools) and 11% of NYC pupils (119,551 of 1,126,501 pupils). NYC put a cap on the number of charter schools because the growth in charter schools was unsustainable. Given that cap, the big business backing charter schools in New York State have been pushing to expand in upstate NY where the only remaining unused charters (currently 96) can still be issued. If nothing is changed, it is quite likely a large portion of those will be in Buffalo. Assuming the student population in Buffalo does not increase, BPS could be over 50% charter pupils in a decade. For example, growth of 3 charter schools annually with 450 students per year for 10 years would shift 13,500 (3 x 450 x 10 = 13,500) more students to charter schools making charter schools 58% of total student population, which doesn't include the growth of existing charter schools. There are charter school entities that have proposed to enter Buffalo and expand greatly the number of schools. The elected Buffalo Board of Education has no power to control the growth of new charter schools because the decision to grant charters is made in Albany.

**The Potential Impact of Further State Aid Cuts**

The charter school tuition rate for 2020-21 will decline 2.17% in 2020-21 due to a change in the calculation that recognizes the cut to State Aid for public schools. District State Aid is projected to drop 5.9% based on the adopted State budget, and there are likely to be further reductions forthcoming. The Governor has three windows in 2020-21 (after April, after June, after December) to cut State Aid to Localities and Schools based on whether State revenues are projected to fall below 99% of budget or expenditures exceed 101% of budget. The Governor has already stated during his coronavirus briefings that there could be a further 20% reduction in State Aid to schools announced in May after the first period ending with April 2020. This 20% reduction in State Aid, unless there is further State legislative change, will not impact charter school tuition. This is a significant inequity issue that needs to be addressed.