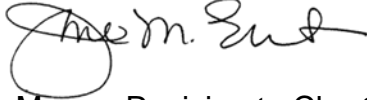





**TO:** P-12 Education Committee

**FROM:** Jhone M. Ebert 

**SUBJECT:** Charter Schools: Merger Revision to Charters Authorized by the Board of Regents

**DATE:** April 26, 2018

**AUTHORIZATION(S):** 

## SUMMARY

### Issues for Decision

Should the Board of Regents approve the merger of South Bronx Classical Charter School IV (an education corporation authorized by the Board of Regents), and Classical Charter Schools (an education corporation authorized by the Board of Regents), with Classical Charter Schools as the surviving education corporation?

### Reason(s) for Consideration

Required by State Statute.

### Proposed Handling

This issue will be before the P-12 Education Committee and the Full Board for action at the May 2018 Regents meeting.

### Procedural History

The May 2010 amendments to Education Law §2853(1)(b-1) eliminated language that prohibited education corporations in New York from operating more than one charter school, and now allows charter schools and the families they serve to realize the many potential benefits of governance and operational merger.

## **Background Information**

The merger of existing charter school governing boards requires revisions to each of the charters of the merging schools, which must be approved by the respective chartering entity or entities involved. This means that in situations where schools that wish to merge have different chartering entities, the approval of all parties – the boards of trustees of the schools and each chartering entity – is required before any such merger may occur.

## **Related Regents Items**

### **[April 2016 Merger for Classical Charter Schools](http://www.regents.nysed.gov/common/regents/files/416p12a3.pdf)**

<http://www.regents.nysed.gov/common/regents/files/416p12a3.pdf>

### **[November 2016 Initial Charter](http://www.regents.nysed.gov/common/regents/files/1116p12a1.pdf)**

<http://www.regents.nysed.gov/common/regents/files/1116p12a1.pdf>

## **Recommendation**

### **Classical Charter Schools**

VOTED: That pursuant to the authority contained in Education Law §§223 and 2853(1)(b-1)

1. South Bronx Classical Charter School IV be and hereby is merged with Classical Charter Schools, with Classical Charter Schools as the surviving education corporation.
2. Classical Charter Schools, the surviving corporation, shall continue to administer the educational operations and purposes of the constituent corporations in the same manner as they presently exist.
3. The separate existence of South Bronx Classical Charter School IV and Classical Charter Schools hereby ceases, and Classical Charter Schools, the surviving corporation is hereby vested with all the rights, privileges, immunities, powers and authority possessed by or granted by law to each of the constituent corporations. All assets and liabilities of the respective constituent corporations are hereby assets and liabilities of such surviving corporation. All property, real, personal and mixed and all debts to each of the corporations on whatever account are hereby attached to Classical Charter Schools, the surviving corporation, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.
4. The merged corporation shall operate under the provisional charter granted to Classical Charter Schools, which is hereby amended to authorize the operation of four public charter schools as follows:

- i. South Bronx Classical Charter School;
- ii. South Bronx Classical Charter School II;
- iii. South Bronx Classical Charter School III; and
- iv. South Bronx Classical Charter School IV

5. The merger herein shall take effect on July 1, 2018; and it is further

VOTED: That the Board of Regents finds that: (1) Classical Charter Schools meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) Classical Charter Schools can demonstrate the ability to operate in an educationally and fiscally sound manner; (3) granting the request to revise the charter is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of Article 56 of the Education Law; and (4) granting the request to revise the charter would have a significant educational benefit to the students expected to attend the schools operated by **Classical Charter Schools**, and the Board of Regents, therefore, approves the charter revision and amends the provisional charter accordingly.

#### **Timetable for Implementation**

The Regents action for Classical Charter Schools will become effective on July 1, 2018.

**Merger of South Bronx Classical Charter School IV  
and Classical Charter Schools**

**Table 1: School Summary**

<b>Name of Charter School</b>	South Bronx Classical Charter School IV
<b>Board Chair</b>	Stephan Baldwin
<b>District of Location</b>	NYC CSD 9
<b>Opening Month/Year</b>	Fall 2017
<b>Current Charter Term</b>	August 1, 2017 – June 30, 2022
<b>Management Company</b>	None
<b>Partner(s)</b>	Classical Charter Schools
<b>Approved Grade Levels/ Number of Students</b>	K - Grade 5/ 372 students
<b>Proposed Revisions</b>	N/A
<b>Timetable for Revision Implementation</b>	N/A

**Table 2: South Classical Charter School IV Demographics  
Compared to District of Location**

	2017-2018		
	SBCCS IV	NYC CSD 9	Variance
Students with Disabilities	13%	18%	-5
English Language Learners	23%	26%	-3
Economically Disadvantaged	94%	95%	-1

In April 11, 2016, the Board of Regents approved the merger among South Bronx Charter School, South Bronx Classical II, and South Bronx Classical Charter School III.

In November 2016, the Board of Regents approved and chartered the South Bronx Classical Charter School IV (“SBCCS IV”), which operates in NYC Community School District 9. Although the school was chartered in, and the merger hearing held, in 2016, the merger was not moved forward for recommendation until the charter school commenced operations in the 2017-2018 school year.

If approved, South Bronx Classical Charter School IV will merge with Classical Charter Schools and Classical Charter Schools will be the surviving education corporation, and will be retaining the present name, Classical Charter Schools. All schools will continue to be authorized by the Board of Regents after this merger, and the individual school names will not change.

The School expects the following benefits to result from the merger:

The schools and their education corporations are currently operating as separate entities but under a board with same members and bylaws. The merger will allow the schools, which already have an informal partnership, to 1) formalize that partnership; 2) share resources and staff; 3) enhance the educational programs; and 4) lessen the financial and administrative costs of having staff across different unmerged entities.

*School Leadership and Staff:* SBCCS IV and Classical Charter Schools already share key leaders and staff members. The merger will allow SBCCS IV’s employees to serve different schools without having a service agreement or a separate contract. Instead of hiring new individuals for each school, Classical Charter Schools’ district office will provide better and more focused quality of service to the staff of both schools with its experienced members. The merged education corporation would be able to achieve economies of scale in purchasing products and services. Those savings would be redirected toward hiring additional instructional staff to support students. Another advantage of merging, for the staff, is that one education corporation would be able to provide more professional-development opportunities. A single Education Corporation would be able to secure better rates for conferences or trainers because of the volume needed. In addition, the unified Education Corporation would be able to secure better rates on health care and other employee benefits. The reduced operating cost will also permit to redirect resources to teachers who are working with ELL students.

The Board will have one board meeting instead of multiple back-to-back meetings. Paperwork and compliance burdens will be reduced, due to elimination of one Education Corporation and consolidated Board meetings. The meeting times will also be shortened because the Board will remove the redundancy of having different meetings. The Board will still focus on the oversight of each individual school.

*School Resources:* The merger would create efficiencies in operations and finance, which ultimately translate into more resources for teaching and learning (both in terms of dollars and staff time). After the merger, as one Education Corporation, Classical Charter Schools would be able to achieve economies of scale in the purchase of products and services, such as school materials, technology, and insurance. Monies saved would be redirected toward hiring additional instructional staff and buying instructional materials to benefit students. Contracting, procurement, and insurance would all be streamlined with a single legal entity, with the savings reinvested to support the academic programs. The merger will enable the schools to conserve funds to help meet financial obligations. The merger will enable the improvement of the schools’ financial management, fiscal soundness, and organizational success.

*School Community:* After the merger, there will be more collaboration across schools, which will result in implementation of best practices to increase the success of students, teachers, and leaders. Classical

Charter Schools will be able to hire subject-specific curriculum experts to work across the network. Students will also be able to benefit from some extracurricular activities organized by both schools, especially during weekends, holidays, and summer. It's not always feasible to offer extracurricular activities to students in a single school, due to limited student interest and finding students of similar ages.

**Summary of Public Comment**

The required public hearing was held by New York City Department of Education on November 1, 2016. Three people attended, and one person spoke. The speaker was neither in favor nor opposition, but rather raised factual questions about the school.