



**TO:** P-12 Education Committee

**FROM:** Elizabeth R. Berlin *Elizabeth R. Berlin*

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

**DATE:** May 23, 2019

**AUTHORIZATION(S):** *MaryEllen Elia*

### **SUMMARY**

#### **Issue for Decision**

Should the Board of Regents approve the merger of Capital Preparatory Harlem Charter School (an education corporation authorized by the Board of Regents to operate one charter school) with and into Capital Preparatory Bronx Charter School (an Education Corporation authorized by the Board of Trustees of the State University of New York to operate one charter school), with Capital Preparatory Bronx Charter School as the surviving education corporation under the amended name "Capital Prep Charter Schools NY" to be authorized by the Board of Trustees of the State University of New York?

#### **Reason(s) for Consideration**

Required by State statute.

#### **Proposed Handling**

This issue will be before the Board of Regents P-12 Education Committee and the Full Board for action at the June 2019 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 communities 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 (“cross-entity merger”), the approval of all parties – the boards of trustees of the schools and each chartering entity – is required before any such merger may occur.

In this case, the Board of Trustees of the State University of New York plans to vote on the merger at its June 2019 meeting. The Regents’ approval of this merger would be contingent upon the Trustees’ subsequent approval of the merger to occur no later than July 1, 2019.

## **Related Regents Items**

### **[November 2014 Initial Charter](#)**

(<http://www.regents.nysed.gov/common/regents/files/1114p12a3.pdf>)

## **Recommendation**

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

1. Capital Preparatory Harlem Charter School be and hereby is merged with Capital Preparatory Bronx Charter School, with Capital Preparatory Bronx Charter School as the surviving education corporation under the amended name, Capital Prep Charter Schools NY.
2. Capital Preparatory Bronx Charter School, 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 Capital Preparatory Harlem Charter School and Capital Preparatory Bronx Charter School hereby ceases, and Capital Preparatory Bronx Charter School, the surviving corporation under the amended name Capital Prep Charter Schools NY 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 Capital Preparatory Bronx Charter School, the surviving corporation under the amended name Capital Prep Charter Schools NY, 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 Capital Preparatory Bronx Charter School under the amended name Capital Prep Charter Schools NY, which is hereby amended to authorize the operation of two public charter schools as follows:
  - i. Capital Preparatory Harlem Charter School; and
  - ii. Capital Preparatory Bronx Charter School
  
5. The merger herein shall take effect on July 1, 2019; and it is further

VOTED: That the Board of Regents finds that: (1) **Capital Preparatory Harlem Charter School** meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) **Capital Preparatory Harlem Charter School** 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 **Capital Preparatory Harlem Charter School**, and the Board of Regents therefore approves the charter revision and amends the provisional charter accordingly, contingent upon the approval of the Board of Trustees of the State University of New York, which must occur on or before July 1, 2019.

VOTED: That the Board of Regents finds that: (1) **Capital Preparatory Bronx Charter School** meets the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) **Capital Preparatory Bronx Charter School** 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 **Capital Preparatory Bronx Charter School**, and the Board of Regents therefore approves the charter revision and amends the provisional charter accordingly, contingent upon the approval of the Board of Trustees of the State University of New York, which must occur on or before July 1, 2019.

### **Timetable for Implementation**

The Regents action for Capital Preparatory Harlem Charter School and Capital Preparatory Bronx Charter School will become effective on July 1, 2019.

**Merger of Capital Preparatory Harlem Charter School  
and Capital Preparatory Bronx Charter School**

**Capital Preparatory Harlem Charter School**

Table 1: School Summary

<b>Name of Charter School</b>	Capital Preparatory Harlem Charter School
<b>Board Chair</b>	Derek Ferguson
<b>District of Location</b>	NYC CSD 4
<b>Opening Month/Year</b>	September 2016
<b>Current Charter Term</b>	September 1, 2016 - June 30, 2021
<b>Management Company</b>	Capital Preparatory Schools, Inc.
<b>Partner(s)</b>	N/A
<b>Approved Grade Levels/ Number of Students</b>	Grades 6 -11/ 600 students
<b>Proposed Revision</b>	<b>To merge Capital Preparatory Harlem Charter School (an education corporation authorized by the Board of Regents to operate one charter school) with and into Capital Preparatory Bronx Charter School (an Education Corporation authorized by the Board of Trustees of the State University of New York to operate one charter school), with Capital Preparatory Bronx Charter School as the surviving education corporation under the amended name “Capital Prep Charter Schools NY.”</b>

Table 2: Elementary/Middle School Assessment Proficiency Outcomes

		ELA					Math				
		Capital Preparatory Harlem CS	NYC CSD 4	Differential to District	NYS	Differential to NYS	Capital Preparatory Harlem CS	NYC CSD 4	Differential to District	NYS	Differential to NYS
All Students	2016-2017	27%	29%	-2	37%	-10	10%	26%	-16	39%	-29
	2017-2018	42%	40%	+2	46%	-4	24%	27%	-3	40%	-16
SWD	2016-2017	10%	4%	+6	9%	+1	5%	5%	0	10%	-5
	2017-2018	22%	12%	+10	14%	+8	13%	8%	+5	12%	+1
ELL/MLL	2017-2018	13%	19%	-6	20%	-7	13%	15%	-2	21%	-8
ED	2016-2017	26%	25%	+1	27%	-1	7%	21%	-14	27%	-20
	2017-2018	39%	35%	+4	36%	+3	22%	24%	-2	30%	-8

(1) Data in the table represents tested students in respective subgroups who scored proficiently (level 3 or above) on each NYS assessment.

(2) For the students with disabilities and the ELL/MLL subgroups, both current and former members of the subgroups have been combined.

(3) In some cases, the number of students in a subgroup was <5 students. For those subgroups, pursuant to NYSED business rules, the data was suppressed, and the subgroup category was not included for the applicable metric.

(4) Data in the table above represents a comparison between those grades served in the charter school to only those same grades in the district.

Table 3: Capital Preparatory Harlem Charter School Demographics Compared to District of Location

	2016-2017			2017-2018		
	Capital Preparatory Harlem CS	NYC CSD 4	Differential to District	Capital Preparatory Harlem CS	NYC CSD 4	Differential to District
SWD	26%	31%	<b>-5</b>	25%	31%	<b>-6</b>
ELL/MLL	2%	10%	<b>-8</b>	3%	14%	<b>-11</b>
ED	75%	77%	<b>-2</b>	65%	83%	<b>-18</b>

*\*(1) For the students with disabilities and the ELL/MLL subgroups, both current and former members of the subgroups have been combined.*

*\*(2) Data in the table above represents a comparison between those grades served in the charter school to only those same grades in the district.*

Capital Preparatory Harlem Charter School was authorized by the Board of Regents in 2014, and is in its initial charter term, which expires in 2021. The education corporation is seeking to merge with Capital Preparatory Bronx Charter School, an education corporation authorized by the State University of New York (SUNY) Trustees. The school will commence instruction in the 2020-2021 school year.

The schools expect the following benefits to result from the merger:

1. A simplified and streamlined governance structure, as there will be only one Board of Trustees post-merger which will be responsible for the oversight and strategic direction of the education corporation and the two schools. The consolidated Board of Trustees will make strategic decisions that apply to both schools, while still having the ability to focus on the oversight of each individual school.
2. A cost-effective operations structure. By merging now, Capital Prep Bronx will be in a position to benefit from the organizational systems and best practices already developed by Capital Prep Harlem in conjunction with its Charter Management Organization, Capital Preparatory Schools Incorporated. The merger will allow the schools to pool resources so that oversight of the schools' finances and compliance obligations may be handled more efficiently, from both a cost and time perspective. This includes efficiencies and quality improvements relating to the audit, general ledger maintenance, contracted financial management, and full-time staff quality.

3. The schools will have more buying power when purchasing items such as technology and educational materials and will be in a better position in the event it is necessary to enter financing arrangements for purchasing and/or improving school facilities in the future.
4. The merger will benefit all students by streamlining operations and governance and thereby turning the education corporation into a more efficient and systematic company. A merger will make it easier to share resources between the schools and will result in economies of scale and economies of experience that will allow the schools to devote more resources to the educational program rather than to administrative costs.
5. Merging will allow staff members to service both schools without having different employers, lessening the administrative and financial burdens on the schools and the staff. Savings on staffing and administration will free up resources that can be put into the classroom and towards the development of instructional staff quality and effectiveness.

### **Summary of Public Comment**

As required by the Charter School Act, the New York City Department of Education held a public hearing about the proposed revision to the charters with **Capital Preparatory Harlem Charter School and Capital Preparatory Bronx Charter School** on April 15, 2019. There were three attendees present at the hearing. There was one public comment made in support and no public comments in opposition to the proposed charter revision/merger.