

To Our Elysian Community,

We wanted to give you an update on our expansion application that was to the State of New Jersey in late November.

The Hoboken Board of Education (HBOE) voted on Tuesday, December 10th to oppose the Elysian expansion request. This does not come as a surprise and their support is not required as part of the approval process.

There has been some misleading messaging and we wanted to clarify a few points.

1. Elysian is in NO danger of closing. The school is one of the original charters in the State of New Jersey, and our charter has been renewed several times due to our high performance, excellence and financial security. Elysian has been successfully operating for 22 years and we will continue to operate successfully for many more. Our fund balance is at a healthy standing.
2. Our funding (i.e. revenues) has been flat for 11 years and we still manage to do more with less. And as everyone is well aware, costs continue to escalate.
3. Therefore, the only way to increase our budget is through enrollment growth. We asked the State to increase by 36 students. That equates to a 12.5% increase, from 288 students to 324 students. In the time Elysian has existed, the Hoboken population has grown from roughly 38,000 residents to 53,000, a 40% increase. Our waitlist gets longer every year as demand grows and the population swells, so this minor increase is long overdue.
4. The increase in the number of students equates to roughly \$490,000, a very small fraction of Hoboken's public school budget.

If you would like to get involved in helping your child's school, please consider writing a letter of support to the Commissioner of Education. Once the application is received, there is a 60-day open period when comments and letters are accepted:

Dr. Lamont Repollet
Commissioner, New Jersey Dept. of Education
100 River View Plaza
P.O. Box 500
Trenton, NJ 08625

We expect to have a decision from the State in early February. We will continue keeping you informed with periodic updates and addressing any misinformation or misperceptions.

Thank you for your time and wishing you all a wonderful holiday season,
Elysian Charter School Board of Trustees and the School Administration

Below is an FAQ, provided by the NJ Charter Schools Association, which helps explain charter school funding.

Key Points

- In 2018, due to its distinction as an SDA district, Hoboken was granted a cap relief waiver which allows the Board of Education to adopt a budget, without the need for a special election, which includes increases in the local levy up to their Local Fair Share (greater than the 2% cap). Due to the extremely wide disparity between the current local levy and SFRA's Local Fair Share, this would effectively allow the Board of Education to:

- a. completely offset any reduction in state aid due to the changes implemented in S2 (the new funding law)
 - b. completely offset any increases in charter school payments due to formula mechanics over time
 - c. completely offset any increase in payments due to the expansion of the Elysian Charter School
 - d. provide for a sustainable district budget in the future
- It is unclear why the Superintendent of Schools, School Business Administrator and the members of the Board of Education assert that the Board of Education is limited by the 2% cap and therefore has no ability to increase revenue to levels that would ease projected budgetary challenges. The New Jersey Charter Schools Association has reached out to the Superintendent to understand why they are making these statements but has not yet received a response.
 - Charter schools in Hoboken do not have a segregative effect. Demographic trends in Hoboken have resulted in a 23% point decline in the proportion of economically disadvantaged students in traditional district schools, falling from 71.5% in 2013 to 47.8% in 2019. If public charter schools were causing a segregative effect on the district, the percentage of economically disadvantaged students would have increased, not decreased over the last six years. As Hoboken District was losing economically disadvantaged students, overall, Hoboken charter schools were increasing the proportion of economically disadvantaged students enrolled.
 - \$653,000 is not the year-over-year increase in charter school payments. The actual increase is currently projected to be \$288,000. The actual amount paid to charter schools in 2018-19 was \$10.1 million (June figures) while the current year projection is \$10.38 million. The HBOE is fabricating a larger increase by using outdated and arbitrary projected budget figures from last year.
 - Despite the claim that Hoboken Board of Education does not retain 10% of each per-pupil dollar transferred to charter schools, they absolutely do. Under the current funding formula, if every Hoboken public school student attended a charter school, HBOE would retain more than \$10 million annually to educate zero students.
 - Charter schools in Hoboken continue to exist because Hoboken parents choose to enroll their children in them. All three charter schools maintain waiting lists because more students want to attend than capacity allows. Nearly 30 percent of Hoboken public school children attend a charter school.

Below, we correct the misleading claims being circulated by the Hoboken Board of Education and the Superintendent of Schools. The facts presented below are in response to the inaccurate FAQ document included in Superintendent Johnson's Weekly Message dated November 27, 2019, and similar claims made in a presentation given during the Board of Education meeting on December 10, 2019.

If Hoboken property owners fund the district and charter schools, why would the Hoboken Board of Education care about an increase in charter school funding?

HBOE Statement: "First, as the only publicly elected school board in Hoboken, it is the HBOE, not the charter school boards, that faces exposure to voter discontent over tax increases for public education. But second, and more important: under former Gov. Christie's tax reforms, school districts are limited to a modest 2% increase (a "2% cap") over the previous year's local tax levy. There is no way for a district to raise additional revenue beyond the 2% cap except for specific waivers. This funding method—the 2% cap plus waivers—is intended to provide New Jersey districts, most of which do not fund charter schools, with a modest but adequate annual budget increase that is fair to local taxpayers. However, an increase in Hoboken children enrolling in charter schools could result in HBOE costs exceeding the maximum revenue it can raise. In that event, the district would need to cut, curtail or modify its own programs in order to meet its obligation to fund the charter schools. (Such was the

case in 2019–2020. The allowable 2% increase totaled \$942,000. However, the charter school increases totaled \$653,000, leaving the Hoboken district with an actual tax increase of only \$289,000.)”

Elysian CS Response:

- Regarding charter school prevalence: In the 2019-20 school year, more than half of the school districts in NJ (299 of 577) will send at least one student to a charter school.
- Regarding charter enrollment: Charter schools in Hoboken exist because Hoboken parents exercise their choice to enroll their students in them. This is not Hoboken District’s (the institution) money. Parents vote with their feet and money follows the child to the public charter school, as it should.
- Regarding the 2% cap: As an SDA district, Hoboken is granted a waiver to the 2% property tax cap which allows them to adopt a budget up to their Local Fair Share. In 2019-20, the Local Fair Share is \$240 million while the current local levy is just \$49 million. This waiver is in addition to the waivers already being utilized for enrollment growth and health care. The HBOE has repeatedly made the false claim that allowable revenue increases are capped at 2%.
- Regarding the amount of allowable increase: Setting aside the fact that there is no 2% restriction in Hoboken, the tax levy increase for 2019-20 was \$2.5 million, or 5.4% over the previous year. The HBOE itemizes just the base 2% increase amount of \$942,000 when performing their charter school impact figures. This is disingenuous and represents only a small subset of Hoboken’s actual year-over-year levy increase of \$2.5 million. Using this figure is intended to make charter schools appear as though they are imposing a strain on the district when they are not.
- Regarding the increase in charter school payments: \$653,000 is not the year-over-year increase in charter school payments. The actual increase is currently projected to be \$288,000. The actual amount paid to charter schools in 2018-19 was \$10.1 million (June figures) while the current year projection is \$10.38 million. The HBOE is fabricating a larger increase by using outdated and arbitrary projected budget figures from last year.

The Elysian Charter School expansion would have a segregative effect on economically disadvantaged children in Hoboken.

HBOE Statement: Elysian Charter School has seen declining economically disadvantaged enrollment so granting an expansion would have a segregative effect on the district.

Elysian CS Response:

- Traditional district schools in Hoboken have long been segregated by geography and grade level and the percentage of economically disadvantaged children districtwide has declined by 23% since 2013, falling from 71.5% to 47.8% in 2019.
- Elysian Charter School was recently given the ability to conduct a weighted lottery that will provide increased chances of enrolling economically disadvantaged students. Granting the requested expansion of 36 students would further increase the chances of economically disadvantaged students to be enrolled.

How does the HBOE decide what to budget for charter schools?

HBOE Statement: “It doesn’t. The HBOE is told what to budget for charter schools by the state. The state calculates a per-pupil amount and multiplies that by the number of charter school pupils.”

Elysian CS Response: The Department of Education calculates adequacy budgets for both districts and charter schools using the statewide funding formula commonly known as the “SFRA formula”. The formula first calculates a school district’s Adequacy budget or, how much a school district needs to provide a thorough and efficient education to all of its students,

including charter school students. Depending on property and income wealth figures within each district, the formula then determines what portion should be raised locally through taxes and what portion will be provided in state aid. In Hoboken, 100% of the Adequacy budget is funded through local taxes.

A subsequent charter school-specific formula calculates what portion of the total Adequacy amount should be transferred to charter schools based on the number of students enrolled.

If the charter school gets 90% of certain aid streams, does the district get to keep the other 10%?

HBOE Statement: No. The state dictates to the HBOE how much it must provide to the charter schools. This amount is then included in the district's overall budget which must then be collected locally through adequate taxation.

Elysian CS Response: Despite the claim that Hoboken Board of Education does not retain 10% of each per-pupil dollar transferred to charter schools, they absolutely do. Under the current funding formula, if every Hoboken public school student attended a charter school, HBOE would retain more than \$10 million annually to educate zero students.

Where do those tax dollars come from?

HBOE Statement: "Public education in New Jersey is primarily funded by the real estate taxes paid by each town's property owners. A look at a typical Hoboken property tax bill shows that the largest portion (40%) goes to Hudson County to pay for county roads, county parks, and open spaces, the county schools (e.g., County Prep and High Tech), the county sheriff's department, and so on. The next largest portion (35%) goes to the City of Hoboken to fund municipal services, open space, and the public library. And 25% of funds Hoboken public education—the district schools and the city's three charter schools."

Elysian CS Response: Hoboken Public Schools also receives more than \$4 million in Adjustment Aid from the State due to its former designation as an Abbott district. None of that money is forwarded on to charter schools in Hoboken despite charter school students being included in the enrollment count for which Hoboken is paid. The district is blaming charter schools for their budgetary challenges when Adjustment Aid decreases due to the new funding law (S2) have a much greater impact on Hoboken Public Schools' budget than charter payment increases. As stated previously, HBOE has the ability to raise money above the 2% cap over the previous year's local tax levy.

Who decides the school tax?

HBOE Statement: "Although Hoboken's three charter schools, each with its own board, operate independently of the Hoboken district school board, it is the sole responsibility of the Hoboken Board of Education (HBOE) to raise the local taxes necessary to fund all of Hoboken's public schools, which includes the charter schools."

Elysian CS Response: Public Charter Schools in NJ were never granted statutory taxing authority. Instead, the legislature determined that it would be in the best interest of school districts to retain sole taxing authority and simply transfer 90% of the funds collected, per-pupil, for each student choosing to attend a charter school.