



## COMMUNITY EDUCATION DISTRICT COUNCIL 30

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### Resolution 206

## Resolution in Support of Ending NYCPS Rental Reimbursement Payments for Charter Schools

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**WHEREAS**, Community Education Council District 30 (CEC30) represents approximately 34,000 students in grades 3K-12 across Astoria, Corona, East Elmhurst, Jackson Heights, Long Island City, Sunnyside, and Woodside in Queens, New York<sup>1</sup>; and

**WHEREAS**, CEC30 is committed to advocating for equitable funding for public schools and ensuring that all District 30 students have access to well-resourced educational environments; and

**WHEREAS**, New York City's school system is the only in the entire state and the entire nation that is statutorily required to reimburse charter schools for rent in privately owned facilities if they are not provided space in public school buildings<sup>2</sup>; and

**WHEREAS**, this unique financial burden was enacted in 2014 under Education Law Section 2853(3)(e) and requires NYC to pay charter schools the lesser of their actual rental cost or 30% of the charter school's basic tuition multiplied by current year enrollment<sup>3</sup>; and

**WHEREAS**, charter schools rental costs have escalated dramatically, growing from approximately \$284 million in FY 2023-24 to \$342.3 million in FY 2024-25, a \$57.9 million increase in a year, representing a 20.4% jump. The number of sites have increased from 174 to 190, NYC's net cost after state reimbursement reaching \$137 million annually and rising rapidly as charter enrollment and rental costs increase<sup>4</sup>; and

**WHEREAS**, NYCPS's FY 2025-26 contract budget includes \$3.4 billion for charter schools, representing 31% of the Department's total \$10.8 billion contract budget<sup>5</sup>; and

**WHEREAS**, multiple documented instances of self-dealing and artificially inflated rents have been identified by Class Size Matters and other organizations, including: Success Academy Hudson Yards facilities where rent increased from approximately \$793,000 to over \$3.4 million



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in one year despite the space being owned by the Success Charter Management Organization<sup>6</sup>; Hellenic Classical Charter School's arrangement where the school turned over its lease to an affiliated entity that subleased the property back at three times the original price<sup>7</sup>; and eight charter schools receiving \$11.6 million in FY 2020 rental subsidies for space owned by their own Charter Management Organizations or affiliated foundations<sup>8</sup>; and

**WHEREAS**, a March 2025 Albany Supreme Court decision found 'multiple red flags' in charter school rent requests and annulled State Education Commissioner Betty Rosa's order requiring NYC to pay inflated rental costs, affirming concerns about abuse of the rental reimbursement system<sup>9</sup>; and

**WHEREAS**, Class Size Matters research documented that between FY 2014-2019, NYC Public Schools paid approximately \$377 million in charter school facility costs while simultaneously failing to provide \$22 million in legally required matching facility funds to 175 public schools co-located with charter schools<sup>10</sup>; and

**WHEREAS**, NYC has been denied over \$2.81 billion in state Charter School Transitional Aid between 2011 and 2023, making it the only school district in New York State excluded from this assistance despite having the highest concentration of charter schools in the state<sup>11</sup>; and

**WHEREAS**, approximately 150,500 students attend NYC charter schools in the 2025-26 school year, representing more than 15% of all NYC public school students and approximately 67% of all charter school enrollment statewide<sup>12</sup>; and

**WHEREAS**, District 30 schools serve approximately 34,000 students, with charter schools enrolling approximately 9% of District 30 students<sup>13</sup>, yet unlike other city school districts in the state, District 30 receives no Transitional Aid to offset the tens of millions of dollars in per-pupil tuition diverted to charter schools; and

**WHEREAS**, Assembly Bill A1588 would prohibit NYC from reimbursing charter schools that rent or lease space in private facilities; repeal existing charter school rental reimbursement provisions; require state funding for matching capital improvements when charter schools receive facility upgrades in co-located buildings; and prohibit charter schools from requiring non-disclosure agreements in employee contracts<sup>14</sup>; and

**WHEREAS**, Senate Bill S6628 would prohibit NYC from reimbursing charter schools for leasing privately owned or other publicly owned facilities; require state funding for matching capital improvements when charter schools receive facility upgrades in excess of \$5000 in co-located buildings; and prohibit charter school employee contracts from including a non-disclosure agreement<sup>15</sup>; and



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**WHEREAS**, Senate Bill S423 would repeal both paragraph (e) of subdivision 3 of section 2853 (the charter rent reimbursement requirement) and subdivision 6-g of section 3602 of the education law (the state reimbursement provision)<sup>16</sup>; and

**WHEREAS**, Assembly Bill A4975 provides a complementary approach to Senate Bill S423, repealing charter school rental reimbursement requirements<sup>17</sup>; and

**WHEREAS**, the elimination of mandatory charter school rent reimbursement would free significant public school funding (which according to the City Council's 2024 Lease Subsidy Data totaled \$235.6 million<sup>1</sup> and the City Council's 2025 Lease Subsidy Data totaled \$266.9 million<sup>2</sup>) to be used instead for the direct investment in district school facilities, programs, and services; end the incentive structure that enables self-dealing and inflated rent; align NYC with every other school district in New York State and the nation, none of which face this unique financial burden; and ensure that public education dollars are invested directly in students rather than diverted to private real estate interests; and

**WHEREAS**, according to the City Council's 2025 Lease Subsidy Data, charter schools located in Community School District 30 received \$6.3 million in rental reimbursement payments<sup>18</sup>; and

**WHEREAS**, these legislative proposals do not prevent charter schools from operating but rather end the requirement that NYC public school budgets subsidize private facility costs, while charter schools would retain access to free co-location in NYCPS buildings; and

**WHEREAS**, at a time when NYC public schools face unprecedented challenges including: compliance with state-mandated class size reduction requirements<sup>19</sup>; growing Carter Cases costs exceeding \$1 billion annually for special education services<sup>20</sup>; facility overcrowding affecting students throughout the district; underfunding of Fair Student Funding at many schools; and historic enrollment declines requiring thoughtful resource allocation; and

**WHEREAS**, Community Education Council District 30 has direct experience protecting public school buildings from charter rent extraction, having passed Resolution 191 in March 2025 opposing the co-location of a Zeta Charter School in the PS 150 Annex in Sunnyside, which garnered over 500 signatures from District 30 families and successfully prevented the co-location<sup>21</sup>. That same Zeta Charter Schools network is now documented paying \$12.6 million annually in rent to itself elsewhere, demonstrating precisely the type of self-dealing that

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co-locations in District 30 buildings would have have enabled<sup>22</sup>; and

**WHEREAS**, the rent reimbursement mandate allows Charter Management Organizations to use public funds to acquire private real estate assets: when taxpayers pay \$7.2 million annually for 36 years (totalling \$259 million) to KIPP Bronx Charter School II for a building that KIPP owns under a lease extending to 2061, or when Zeta Charter Schools collects \$12.6 million annually in rent from itself, taxpayers are financing private real estate portfolios rather than renting space for students. This creates an unconscionable arrangement, siphoning public funds to private entities where CMOs retain full ownership of buildings purchased with taxpayer money while the public receives no equity stake, no ownership rights, and no benefit beyond the charter school's operational period<sup>22</sup>; and

**THEREFORE, BE IT RESOLVED**, that Community Education Council District 30 strongly supports Assembly Bill A1588, Senate Bill S6628, Senate Bill S423, and Assembly Bill A4975 and urges the New York State Legislature to pass this legislation ending the requirement that New York City reimburse charter schools for private facility rental costs;

**BE IT FURTHER RESOLVED**, that CEC30 calls upon Governor Kathy Hochul to sign this legislation into law upon passage;

**BE IT FURTHER RESOLVED**, that CEC30 urges all New York City Community Education Councils, parent associations, School Leadership Teams, and education advocacy organizations to join in supporting this legislation;

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1. NYC Department of Education, District 30 Data Summary 2025 (2026-2027 Strategic Planning Data Considerations).  
<https://pwsblobprd.schools.nyc/prd-pws/docs/default-source/default-document-library/district-30-data-summary-2025.pdf>
2. Class Size Matters, "New Report Reveals Over \$100 Million Per Year Spent by NYC on Charter Facilities" (October 2019): "New York City is the only district in the state – or indeed the nation – that is required to pay rent for charter schools."  
<https://classsizematters.org/new-report-reveals-over-100-million-per-year-spent-by-nyc-on-charter-facilities/>
3. New York State Education Law § 2853(3)(e), added by Part BB of Chapter 56 of the Laws of 2014. For the provision being repealed by A1588, see:  
<https://www.nysenate.gov/legislation/bills/2025/A1588>



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4. NYC Council, Department of Education Charter School Lease Assistance Report FY24 (February 2024): \$284.4 million in annual charter school lease costs across 174 sites. <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2024/02/Department-of-Education-Charter-School-Lease-Assistance-Report.xlsx>; NYC Council, Department of Education Charter School Lease Assistance Report FY25 (April 2025): \$342.3 million in annual charter school lease costs across 190 sites; \$266.9 million in projected FY25 payments. <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2025/04/Lease-Assistance-City-Council-Report-FY25-EXTERNAL.xlsx>
5. NYC Council, Department of Education Fiscal 2026 Preliminary Budget Report (March 2025), p. 12: "DOE's Fiscal 2026 contract budget totals \$10.8 billion... made up of \$3.4 billion, or 31 percent, in contracts for Charter Schools." <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2025/03/Department-of-Education.pdf>
6. Class Size Matters, "New Report Finds DOE Overspent by Many Millions on Charter School Rental Subsidies for Charter Schools" (March 2021): Success Academy Hudson Yards rent quadrupled from \$793,000 to \$3.4 million in one year for space owned by the Success Charter Management Organization. <https://classsizematters.org/new-report-finds-doe-overspent-by-many-millions-on-charter-school-rental-subsidies-for-charter-schools-and-owed-millions-to-co-located-public-schools-for-facility-upgrades/>
7. Chalkbeat New York, "NYC sues state over charter school rent dispute" (March 6, 2024): Hellenic Classical Charter School leased from church, turned lease over to affiliated entity, affiliated entity subleased back at 3x original price. <https://www.chalkbeat.org/newyork/2024/03/06/nyc-sues-state-education-department-charter-rental-dispute/>
8. Class Size Matters (March 2021), *ibid.*: Eight charter schools received \$11.6 million in FY 2020 rental subsidies for space owned by their own Charter Management Organizations or affiliated foundations.
9. Chalkbeat New York, "Judge backs city in dispute with state over charter school rent reimbursement" (March 24, 2025): Albany Supreme Court found "multiple red flags" in Hellenic Classical Charter School case and annulled Commissioner Rosa's order to pay inflated rent. <https://www.chalkbeat.org/newyork/2025/03/24/judge-backs-city-dispute-state-charter-school-rent-reimbursement/>



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- 10.** Class Size Matters (October 2019), *ibid.*: \$377 million total charter facility costs FY 2014-2019; \$22 million in legally required matching funds NOT provided to 175 co-located public schools.
- 11.** S.4449 (2025), Bill Justification: "\$2.81 billion in state reimbursement for tuition to charter schools was denied to New York City from 2011 through 2023."  
<https://www.nysenate.gov/legislation/bills/2025/S4449>
- 12.** NYC Charter School Center, "Back to School: More than 15% of All NYC Public School Students Are Attending Charter Schools for the 2025-26 School Year" (August 2025): 150,500 students, representing 15.2% of NYC public school students.  
<https://nyccharterschools.org/press-releases/back-to-school-more-than-15-of-all-nyc-public-school-students-are-attending-charter-schools-for-the-2025-26-school-year/>
- 13.** NYC Department of Education, District 30 Data Summary 2025, *ibid.*
- 14.** Assembly Bill A1588 (2025), full bill text:  
<https://www.nysenate.gov/legislation/bills/2025/A1588>
- 15.** Senate Bill S6628 (2025), full bill text: <https://www.nysenate.gov/legislation/bills/2025/S6628>
- 16.** Senate Bill S423 (2025), sponsors and bill text:  
<https://www.nysenate.gov/legislation/bills/2025/S423>
- 17.** Assembly Bill A4975 (2025), bill text: <https://www.nysenate.gov/legislation/bills/2025/A4975>
- 18.** NYC Council, Department of Education Charter School Lease Assistance Report FY25 (April 2025), *ibid.*: Charter schools located in Community School District 30 received \$6.3 million in rental reimbursement payments.
- 19.** New York State Education Law § 2558-d (class size mandate).
- 20.** NYC Council, Department of Education Fiscal 2026 Preliminary Budget Report (March 2025), *ibid.*: "With the addition of \$275 million in Fiscal 2025 in the Preliminary Plan, the Fiscal 2025 Carter Cases budget is now \$1.07 billion."
- 21.** Community Education Council District 30, Resolution 191: Resolution in Support of Prioritizing the Utilization Needs of Community School Districts and NYCPS Programs (March 2025), opposing co-location of Zeta Charter School in PS 150 Annex.
- 22.** NYC Council, Department of Education Charter School Lease Assistance Report FY25 (April 2025), *ibid.*: Zeta Charter Schools paying \$12.6 million annually in rent to itself (\$6.4



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million for Inwood site at 400 W. 219th St, \$6.2 million for Bronx site at 425 Westchester Avenue). KIPP Bronx Charter School II paying \$7.2 million annually to Jerome 2720, LLC with lease extending to 2061.

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