

February 1st, 2016

Honorable Chris Christie
Office of the Governor
PO BOX 001
Trenton, NJ 08625

Dear Governor Christie,

As elected officials and civic leaders of Newark, we write you today in the spirit of nonpartisanship and unity. We acknowledge that there have been issues related to our schools that have divided us in the past. And disagreements over complex policy issues remain the subject of spirited, although increasingly civil, debate. We are united, however, around the central value of assuring that every one of our city's children has access to a free quality public education. We are urgently requesting your support and assistance in assuring that we can continue to make progress toward that goal.

Over the last several years, all public schools – district and charter – in Newark have had to confront the reality that there is less funding per-pupil, and we have collectively worked hard to prudently manage our expenses as a result. For charter schools these cuts have led to reductions in teaching staff and services to students. In district schools, despite massive budget cuts (\$75 million alone since Chris Cerf was appointed last July), Newark Public Schools (NPS) faces a structural deficit in FY17 of an additional \$72 million if the District is “flat funded” for the fourth consecutive year. The district is committed to aggressive budget reductions that will close approximately half of that gap. The only way to close the rest, however, would be with unacceptably high reductions to NPS school budgets.

Mindful of the extreme budget challenges you must balance across the state, you have every right to ask how the district's structural deficit occurred.

The conventional wisdom, of course, is that the “Former Abbotts” are overfunded and inefficient. Five years ago, the problem was indeed a bloated central bureaucracy. But that is far less true today. Non-school expenses have now been reduced to a very respectable 5.2% of revenues. NPS has *closed a \$75 million budget gap* since July 1, 2015 alone. When added to the 2011-15 reductions of \$82 million, NPS has already *cut over \$150 million*. Many of the actions taken have painful consequences: NPS reduced FTEs by over 900 and substantially eliminated the pool of unassigned “excess” teachers, necessitating force placing teachers back into classrooms – teachers who disproportionately received lower evaluations and many of whom were rated “ineffective.” Charters too have reduced their costs: reducing staff size within schools and reducing academic and operational supports for students.

To be sure, there is work left to do. NPS is aggressively pursuing a number of initiatives, but all take time. Moreover, *even if NPS were to reduce its central expenses to zero, the reduction would still not close the budget gap – leaving schools to bear the brunt of the shortfall.*

So what did cause this crisis? One significant contributor is simple demographics. Overall enrollment in Newark schools (both charter and district) has increased significantly since 2011, while state and local aid has been flat. As a result, per pupil spending has been reduced across all Newark schools – charter and district alike. This unprecedentedly large reduction is further compounded by increases in salaries and other contractual expenses during the same period. The large percentage of special education students and English language learners served in our public schools has exacerbated the fiscal challenges.

A second factor is the impact of flat state and local aid combined with enrollment patterns that have shifted substantially between educational providers. As you know, charter school seats have expanded dramatically and now serve 30% of Newark’s children (40% of the city’s African American children) and are on track for continued growth. The signatories of this letter have taken differing positions on charter schools, but all agree that they are and will remain a significant part of the educational landscape in Newark. That being the case, all parties also agree that with such significant changes in funding and enrollment, it takes time for an organization as large and with as many legacy costs as the school district to reduce fixed costs to align with new realities.

If NPS’s costs were entirely variable, the loss of every student to a charter school would result in an equal and offsetting reduction in expenses. Some costs, however, do not decrease in direct proportion to enrollment, such as certain facilities costs. Others are embedded in long-term contracts that may take several years to change. As a result, at least in the short term, traditional public schools bear a disproportionate share of fixed costs, significantly reducing the amount each school has available to spend.

The good news is that the current structural budget crisis is a short- to medium-term problem. NPS accepts the long-term responsibility for expense reduction and creating the infrastructure needed to safeguard district schools. The district has begun to take a number of steps to internally stabilize the budget in order to deliver as promised. These initiatives are projected to reduce Newark’s projected \$72 million deficit by around half.

The remaining \$36 million would, as a matter of mathematical certainty, come out of school budgets. The effect of such a cut would be educationally profound. NPS schools would experience:

1. Over 600 school-based employee layoffs
2. Significant increases in class size
3. A significant reduction in non-academic programs
4. A significant reduction in instructional and student support services

As noted, the budget challenge is a transitional phenomenon: as the district evolves to one with an increasingly diverse array of magnet, traditional and charter public schools, it needs time to execute structural budget reductions and to migrate to a more variable cost budget (only Newark and Camden, each with over 25% charter market share, face this structural challenge).

The solution to a transitional challenge is “transitional aid.” In Newark’s case, such aid would be \$36 million in FY17, with that amount scheduled to be reduced by 50% the following year and each year thereafter, with the total going to zero by FY20. The Transitional Aid could also be conditioned on NPS implementation of FY17 budget reductions of equal value.

Governor, the road to educational excellence in Newark has been a complex and choppy one. We have come a long way, however, and are working closely together across all schools in our community to make continued progress. Mayor Baraka and you have asked the Newark Education Success Board to activate the transition of the public schools in Newark back to local control. The board’s ability to design and execute this governance transfer depends in no small part on the fiscal health of NPS.

Fully appreciating the complexity of the statewide budget challenges you face, we are grateful for your consideration of this urgent request. We end by reiterating our shared value: that every child in Newark has access to a free, high quality public education. Now is not the time for retreat or reversal.

Sincerely,

Mayor Ras J. Baraka

Superintendent Chris Cerf

Councilman Amador

Councilwoman Chaneyfield Jenkins

Councilman Gonzalez

Councilman McCallum

Councilman Quintana

Councilman Ramos

Senator Teresa Ruiz

Assemblywoman Pintor

Assemblywoman Spencer

County Executive Joe DiVincenzo

Newark Board Chair Ariagna Perello

Newark School Board Vice-Chair Marques-Aquil Lewis

Newark School Board Member Crystal Fonseca

Newark School Board Member Khalil Rashidi

Newark School Board Member Phil Seelinger

Newark School Board Member Rashon Hasan

Black Alliance for Educational Options
Democrats For Education Reform
JerseyCAN
Newark Charter School Fund
New Jersey Charter School Association
Parent Coalition for Excellent Education
Teach For America - New Jersey

Great Oaks Charter School
KIPP New Jersey
Lady Liberty Charter School
Link Community Charter School
Marion P. Thomas Charter School
Merit Prep Charter School
Newark Legacy Charter School
Newark Prep Charter School
Paulo Freire Charter School
People's Prep Charter School
Robert Treat Academy Charter School
Roseville Community Charter School
Uncommon Schools – Northstar
University Heights Charter School

CC: Commissioner David C. Hespe