

Charter's lesson plan for smart spending

Savings create opportunities for school to self-invest **BY KIM VELSEY**

When Matt Harrington graduated from NYU with a master's degree in education and social policy, he figured he would become a data analyst crunching stats for the Department of Education. An administrative internship at P.S. 770 in Crown Heights changed his mind. Financial management—especially finding cost savings—became his unlikely passion.

"I fell in love with it," said Harrington, now director of operations at The New American Academy Charter School. At the East Flatbush elementary school, which opened in 2013, his zeal for rooting out inefficiencies and being thrifty has produced a \$1.3 million cumulative surplus—a feat given that the school lacks a corporate partner and a PTA, relying solely on per-pupil government funding.

While charter schools are known for educational experimentation, their finances are often a different story. Raj Thakkar, founder of Charter School Business Management, which consults for New American, said it is not uncommon for charters to dismiss financial management as a bit of bookkeeping. "But it's much larger than that," said Thakkar, who has seen schools closed for financial mismanagement. "You're being given millions of public dollars, and there's a lot of accountability that comes with that."

New American is a Title I school, meaning that a large percentage of its 365 students comes from low-income households. Admission is lottery-based, with a preference for students from District 18, which includes Brooklyn's East Flatbush, Canarsie and Brownsville. The school covers such student expenses as healthful daily snacks, field trips and enrichment programs (lunches are free because it is a city public school). It also offers scholarships to pay for the required uniforms.

While reading scores rose last year, they are lower than the state average for financially challenged students. Statewide, 29% of them achieved proficiency in reading, while 21% did at New American, up from 16% the year before. Harrington said New American does not focus on test prep and enrolls many special-needs students. After a two-point drop in math proficiency last school year, it is sinking money into improving math instruction, in particular to meet benchmarks under the state's revamp of what had been the Common Core standards.

Freedom to save

Harrington's passion is finding cost savings that can be plowed back into programs for students and teachers. He has made a practice of ordering from vendors that traditional public schools can't use because of regulations. "We make a lot of purchases through Amazon," he said. "Why not buy a used library book from Sheboygan, Wisc.?"

Insurance is another big money-saver. New American has conserved thousands per year by self-insuring for unemployment rather than using the state's pooling system. While riskier, self-insurance allows the school to focus on employee retention and reducing turnover.

To that end, Harrington has tried to maximize benefits, which include a \$1,500 annual "life elective" stipend, which teachers have used for everything from taking a yoga class to becoming a U.S. citizen. Additionally, teachers pay low premiums and nothing else for health care, a boon that Harrington engineered by pairing high-deductible health plans with cards that reimburse expenses up to the \$6,850 individual out-of-pocket maximum.

The school allocates resources to its teachers, who can buy whatever supplies they deem necessary. Teacher Jennifer Trani said that at her previous job—in a low-income district in San Diego—she paid for everything from reams of paper to field trips out of pocket.

"I was literally photocopying books" she said. "When I came here, I was like, Wow, I can actually afford to do the science activity."

The school also invests heavily in professional development, paying for programs at Columbia Teachers College and Harvard. Because of this—plus a policy that pairs one "master teacher" per grade with "line teachers," who do the instruction—the school has attracted a number of younger, less-experienced educators. This, in addition to a lean administrative staff, reduces payroll costs. And the school maintains low turnover by paying salaries that can reach as high as \$132,000 for master teachers.

"We believe that the success of our students is contingent on the quality of our teachers," said principal Lisa Silva. "By effectively managing the budget, Matt is able to ensure that all staff are treated and paid like professionals."

New American seeks to eventually move to its own building—it currently shares space with the elementary school P.S. 233—and to expand past fifth grade to a K-8 structure. Harrington hopes to model best practices for all schools.

"That's one of the ideas of charter schools: to experiment and learn, and to bring those things back to public education," he said. ■



CLASS ACT: Harrington has saved \$1.3 million in New American's first four budget years.



FOCAL POINTS

INDUSTRY Nonprofit education

FOUNDED 2013

LOCATION Two floors of P.S. 233, Langston Hughes School, in East Flatbush

EMPLOYEES 46; **STUDENTS** 365

REVENUE Approximately \$5 million in 2016–17 from state and local aid, plus federal Title I and Title II funding

SURPLUS \$260,000 in 2016–17 (going toward a move to its own building)

GROWTH The school started with only kindergarten and first-grade classes. It has since expanded to a K-5 setup, backfilling through the older grades, which also increases revenue. This past year economies of scale enabled New American to add a technology teacher and a music teacher.