

THE BOTTOM 10 PERCENT AND THE CAP ON CHARTER SCHOOL PAYMENTS

WHAT IS THE ISSUE?

Advocates for the charter school industry have exerted constant pressure on the legislature to lift or remove the cap on charter school payments from local school districts.

Since its inception, the Massachusetts charter school law limits a local district's payments to charter schools. Currently, this cap on local payments stands at 9 percent of the overall Net School Spending (NSS) of the district losing a student to a charter school. However, the law was amended by the legislature in 2009, at the request of the governor, to double the payment cap in the lowest performing 10 percent of Massachusetts school districts.

Now, with proposals put forward to increase charter school payments under the 18 percent NSS cap, a debate is taking place on how to determine which districts are in the bottom 10 percent and subject to the higher cap.

BACKGROUND

In order to compete for Race to the Top funds, in 2009 the governor submitted and the legislature enacted An Act Relative to Charter Schools in Underperforming Districts. Among the provisions of the law was the expansion that allowed for the garnishment of up to 18 percent of net school spending in districts with "the lowest 10 percent of all statewide student performance scores released in the two consecutive school years before the date the charter school application is submitted." Phased in over a period of years, the new cap effectively doubled the number of charter school seats available in certain low performing districts.

On the face of it, it seems reasonable that students should have a mechanism to leave a chronically underperforming district. A successful policy, however, should identify those districts that are truly chronically underperforming, and not penalize districts that are successfully educating children from high poverty communities with significant populations of second-language learners.

HELPFUL TO KNOW

When a student leaves a district to enroll in a charter school, a payment equal to the modified average per pupil expenditure for the sending district is paid to the charter school by reducing the amount of state aid to education from the sending district and paying it to the charter school. (See explanation in Appendix 2 at the end of this document.)

Paul Schlichtman, a member of the Arlington School Committee, is a Past President of MASC (2004). Full bio on last page.

HELPFUL TO KNOW

There is a significant difference between districts with high needs children who have difficulty overcoming poverty and language barriers and districts that are not effective at raising student achievement per se. This point is at the heart of the debate over how to identify and overcome these challenges for children.

TECHNICAL TERMS TO KNOW

Here are some important terms to inform this discussion:

Student Achievement: The measurement by the scaled score on the MCAS in English Language Arts, Mathematics and Science.

Student Growth: A “value added” measure of changes in achievement over time as measured by successive MCAS tests.

High Needs Students: Subgroups of students used for accountability purposes in Massachusetts including individuals who are of low income, special needs or limited English proficient.

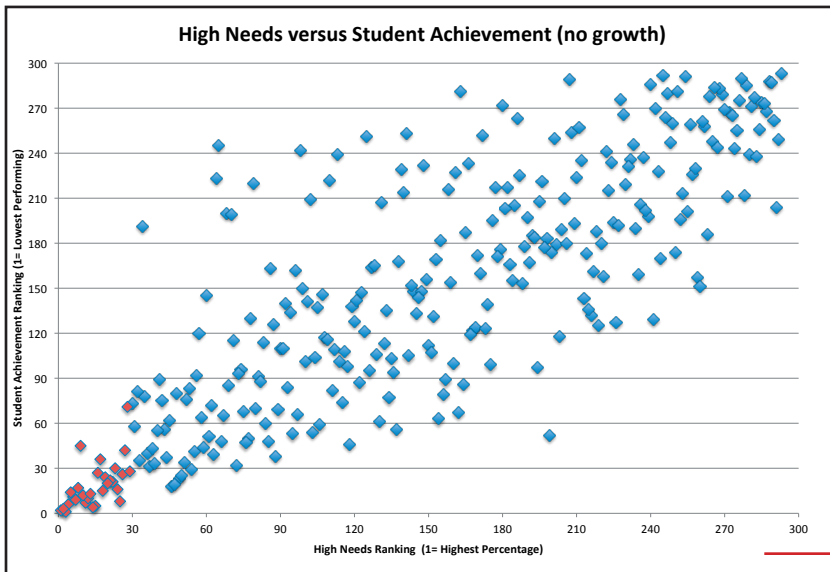


Chart 1: High Needs versus Student Achievement: The horizontal scale is a district's ranking in the percentage of high-needs students, the vertical scale is a district's ranking using only 2013 MCAS achievement scores to calculate the lowest 10 percent of districts.

HELPFUL TO KNOW

This chart reflects only student achievement using MCAS test scores. It places the state's 293 districts along the diagonal line with the lowest 29 lying at the bottom left end. They are subject to the expanded 18 percent charter revenue cap. The students at greatest economic risk are bunched together at the bottom as well.

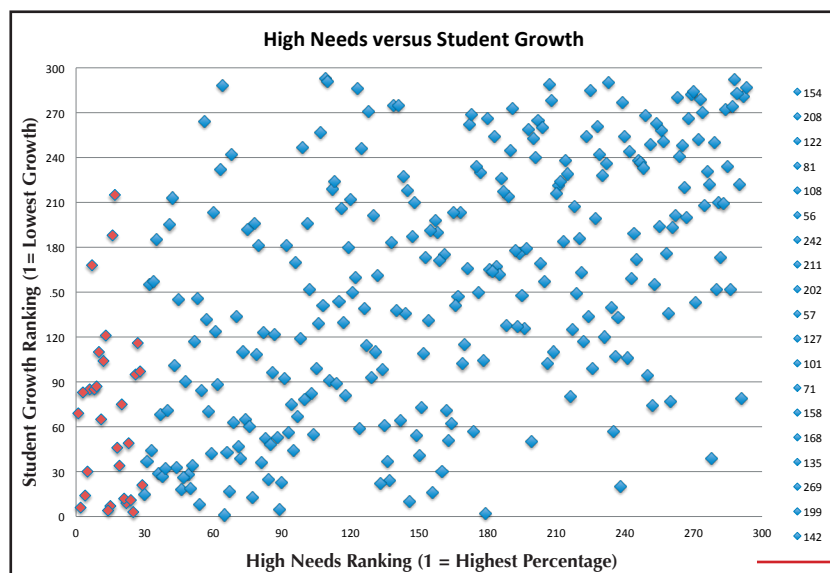


Chart 2: High Needs versus Student Growth: The horizontal scale is a district's ranking in the percentage of high-needs students, the vertical scale is a district's ranking using only student growth scores to calculate the lowest 10 percent of districts.

HELPFUL TO KNOW

This chart uses “student growth” data measuring how much students improve over time. As you can see, the scores are more widely disbursed because they also reflect the quality of instruction within the individual districts. With this kind of calculation, only 9 of the bottom 10 percent districts also have the most high need students.

The proposed change to the value-added measure of student growth, which is consistent with the concept of identifying underperforming districts, removes many large urban districts from the bottom 10 percent, as Table 1 below indicates.

For example:

- Boston is removed from the list because 29% of Massachusetts districts have lower growth scores.

Similarly:

- Worcester (41% of districts have lower growth scores).
- Brockton (57% of districts have lower growth scores),
- Lowell (38% of districts have lower growth scores),
- Lawrence (24% of districts have lower growth scores), and
- Somerville (64% of districts have lower growth scores)

Table 1

District	High Needs Rank (1)	Achievement Rank (2)	Growth Rank (3)
Lawrence	1	2	69
Springfield	2	3	6
Holyoke	3	1	83
Chelsea	4	6	14
Lynn	5	14	30
Boston	6	11	85
Brockton	7	9	168
Everett	8	17	85
Revere	9	45	87
Lowell	10	12	110
Fall River	11	7	65
Fitchburg	12	10	104
Worcester	13	13	121
Southbridge	14	4	4
New Bedford	15	5	7
Somerville	16	27	188
Malden	17	36	215
Randolph	18	15	46
Chicopee	19	24	34
Salem	20	20	75
North Adams	21	22	12
Gardner	22	21	9
Greenfield	23	30	49
Athol-Royalston	24	16	11
Webster	25	8	3
Haverhill	26	26	95
Gill-Montague	27	42	116
West Springfield	28	71	97
Wareham	29	28	21

HELPFUL TO KNOW

(1) Left column indicates High Needs Rank: 1 indicates the greatest percentage of high needs students.

(2) Center column indicates Achievement Rank: 1 indicates the lowest level of achievement.

(3) Right column indicates Growth Rank: 1 indicates the lowest level of growth.

Example: Brockton has the 7th highest percentage of high needs students in the state. In terms of achievement, it ranks 9th from the bottom. However, in terms of growth, 168 districts have lower student growth rates than Brockton. Districts in the bottom 10 percent are highlighted. Note the significant change in ranking in districts such as Lawrence, Holyoke, Lynn, Boston, Brockton, Everett, and Lowell when they are measured by growth.

Table 1 looks at the 29 school districts with the highest proportion of high needs students (left column), their rank using both Student Achievement (center column) and Student Growth (right column).

THE EXAMPLE OF SOMERVILLE

Let's look at Somerville. If you calculate the bottom 10 percent of school districts based solely on Student Achievement, Somerville would be subject to the proposed higher cap of 18 percent of net school spending. However, Somerville has growth scores well above the state average. If Student Growth is used to select the bottom 10 percent of districts, Somerville's net school spending cap is not raised above the statewide ceiling of 9 percent of net school spending.

Somerville is an urban success story. Identified as having the 16th largest percentage of high needs students (73.5 percent), half of its students speak a first language other than English. Despite these challenges, Somerville's median Student Growth Percentile scores are significantly above the state 50.0 median (58.0 in English Language Arts and 59.0 in Mathematics).

Somerville's success also defies some major financial obstacles. The city received more than \$24 million in Chapter 70 aid in FY 2003, but it hasn't recovered from the 20 percent local aid cuts in FY 2004. Somerville received less than \$19.5 million in Chapter 70 aid in FY 2014.

Even if Somerville's Chapter 70 aid (FY14 amount \$19,448,713) went completely to the public schools, that amount would account for only 23 percent of the full cost of educating a child in Somerville: the other 67 percent must be raised by the local taxpayers. Further adding to the burden is Somerville's Charter School tuition bill (the \$7.189 million price-tag for FY14 represents 37 percent of those Chapter 70 funds). Moreover, the projected FY15 charter school tuition garnishment of \$8.190 million represents a five percent increase (from 37 percent to 42 percent) of the bite from Somerville's state funds for next year. This increase in charter school tuition is a direct result of the cap being lifted due to the district's designation as a bottom 10 percent district and despite high student growth scores, **the exclusive use of achievement places Somerville at risk for doubling their payments for additional charter school enrollments.**

THE CURRENT REGULATIONS

Acknowledging the inequity of basing the 18 percent net school spending penalty on just Student Achievement, Commissioner Chester proposed using a mixture of Student Achievement and Student Growth to determine the bottom 10 percent of districts. The commissioner's proposal, which called for a combination of 80 percent Student Achievement and 20 percent student growth, was approved at the March meeting of the Board of Elementary and Secondary Education.

In written testimony to the Board, **State Senator Pat Jehlen of Somerville** supported the commissioner's proposal "as a first step but [I ask you] to go further, and base that calculation simply on (Student) Growth. Growth measures are better than Achievement measures at showing the impact of schools. The current calculation, and even the commissioner's proposal, are too closely tied to social class to reflect school quality."

HELPFUL TO KNOW

Senator Jehlen further explained that "Under the proposed formula, Somerville would no longer have its cap raised, but very similar communities, with growth scores above the median, would still be subject to this intervention. Under a formula using only Student Growth, communities which are doing well – compared to other districts – in raising the scores of individual students compared to similar students – would not be subject to this intervention."

Senator Jehlen cited her home town as evidence of the need to change the calculation. “Somerville is among the districts with the largest proportion of poor children in the state. We are in the bottom 10 percent by Achievement measures. But in Growth measures this past year we were the highest of any urban district and above most districts in the state. Yet under the current formula, we are considered a cap-lift community. If the Board had granted a proposed charter, enough students could have enrolled to require the closing of a district elementary school, depriving other families.”

Although Brockton, Somerville, and Haverhill are removed from the bottom 10 percent under the 80/20 formula, Senator Jehlen emphasized that inequities remain as long as Student Achievement remains the predominant statistic in the calculation.

Initially, Commissioner Chester had proposed a more radical adjustment, changing the formula from 80/20 to 70 percent Achievement/30 percent growth. In April, however, he pulled the proposal from consideration at the meeting of the Board of Elementary and Secondary Education. **The Boston Globe reported that the 70/30 formula came under fire from charter school advocates.**

HELPFUL TO KNOW

Charter school proponents claim that using “growth” instead of “achievement” for calculating the bottom 10 percent creates a reallocation of resources from low income families – primarily those of color in urban districts – to families in school districts that are primarily serving middle-class white students. Advocates for traditional school districts note that the case of Somerville proves the opposite.

However, the charter expansion legislation in 2009, which doubled the number of charter seats in the bottom 10 percent of districts, was not sold as a measure to target districts with large numbers of low-income families. The legislation was promoted under the title of An Act Relative to Charter Schools in Underperforming Districts. Somerville is a perfect case study that points up the fact that determining the bottom 10 percent based on Student Achievement alone results in doubling the cap in successful urban districts, and the shift of Chapter 70 aid from a successful urban district shifts resources away from low-income families being served in urban districts such as Somerville.

LOOKING AT DIFFERENT MODELS: BALANCING STUDENT ACHIEVEMENT AND GROWTH

The Department of Elementary and Secondary Education calculated district performance rankings using 2013 data, building six different models:

- 100% Student Achievement (used in previous years).
- 80% Student Achievement/20% Student Growth (model enacted in March).
- 70% Student Achievement/30% Student Growth (was under consideration in April).
- 60% Student Achievement/40% Student Growth
- 50% Student Achievement/50% Student Growth
- 100% Student Growth

A move from 80/20 to 70/30 would remove Lowell and Fitchburg from the bottom 10 percent.

A move from 70/30 to 60/40 would remove Boston, Everett, and Salem from the bottom 10 percent.

A move from 60/40 to 50/50 would remove Holyoke from the bottom 10 percent.

A move from 50/50 to 100 percent Growth would remove Lawrence, Lynn, Fall River, Randolph, and Chicopee from the bottom 10 percent. Greenfield, Dennis-Yarmouth, and Easthampton, which were added to the list when the state moved from 100 percent Student Achievement to 80/20, are also removed from the list of bottom 10 percent when the calculation is based on 100 percent Growth.

A look at the rankings of all school districts that may be impacted by the different models of calculating the bottom 10 percent of districts, appears in the Appendix.

HELPFUL TO KNOW

Charter school proponents object to the movement toward growth scores for calculating districts in the bottom 10 percent. The shift from Student Achievement toward Student Growth results in the movement of large districts off the list of districts with raised charter caps. And depending on the ratio used, this could result in a loss of more than 50 percent of potentially eligible charter school seats.

TABLE 2: Student Achievement vs. Student Growth (rank based on 100 percent formula)

Student Achievement	Rank	Population	Student Growth	Rank	Population
Holyoke	1	6633	Savoy	1	65
Lawrence	2	14251	Conway	2	150
Springfield	3	28434	Webster	3	1974
Southbridge	4	2420	Southbridge	4	2420
New Bedford	5	12974	Weymouth	5	6641
Chelsea	6	6175	Springfield	6	28434
Fall River	7	10936	New Bedford	7	12974
Webster	8	1974	Spencer-E Brookfield	8	1940
Brockton	9	17031	Gardner	9	2494
Fitchburg	10	5399	Tantasqua	10	1616
Boston	11	61910	Athol-Royalston	11	1726
Lowell	12	14588	North Adams	12	1505
Worcester	13	26729	Mashpee	13	1792
Lynn	14	14898	Chelsea	14	6175
Randolph	15	3299	Florida	15	87
Athol-Royalston	16	1726	Uxbridge	16	1937
Everett	17	6853	Peabody	17	6098
Orange	18	617	Orange	18	617
Winchendon	19	1498	Adams-Cheshire	19	1445
Salem	20	4795	Old Rochester	20	1114
Gardner	21	2494	Wareham	21	2862
North Adams	22	1505	Frontier	22	575
Methuen	23	7132	Fairhaven	23	1851
Chicopee	24	7704	Dracut	24	3985
Adams-Cheshire	25	1445	Saugus	25	2867
Haverhill	26	7923	Winchendon	26	1498
Somerville	27	5273	Taunton	27	7678
Wareham	28	2862	Methuen	28	7132
Spencer-E Brookfield	29	1940	Marlborough	29	4789
Total	281,418		Total	114,441	

HELPFUL TO KNOW

Table 2 above lists the bottom 29 districts using 100 percent Student Achievement on the left and 100 percent Student Growth on the right.

When Student Achievement is the method used to calculate the bottom 10 percent of districts, the total enrollment of the districts with the expanded charter spending cap is 281,418.

When Student Growth is the method used to calculate the bottom 10 percent of districts, the total enrollment of the districts with the expanded charter spending cap is 114,441, less than half of the spending cap expansion using Student Achievement as the measure.

APPENDIX 1: Six different models from the Department of Elementary and Secondary Education for calculating the bottom 10% of districts (rank 29 or lower in any of the columns based on high needs or as a measure of growth).

District	High Needs	NO GROWTH	20% GROWTH	30% GROWTH	40% GROWTH	50% GROWTH	ALL GROWTH	2014 FOUNDATION	FY15 seats under 9% cap
Lawrence	1	2	7	12	18	24	69	14251	-78
Springfield	2	3	1	1	2	2	6	28434	-19
Holyoke	3	1	9	18	21	32	83	6633	-232
Chelsea	4	6	5	5	5	5	14	6175	49
Lynn	5	14	8	9	10	11	30	14898	445
Boston	6	11	19	22	30	41	85	61910	-2924
Brockton	7	9	37	53	64	84	168	17031	1415
Everett	8	17	23	29	36	45	85	6853	202
Revere	9	45	50	54	55	57	87	6797	528
Lowell	10	12	25	34	46	50	110	14588	67
Fall River	11	7	11	16	19	26	65	10936	109
Fitchburg	12	10	22	31	41	48	104	5399	320
Worcester	13	13	30	38	51	60	121	26729	505
Southbridge	14	4	2	2	1	1	4	2420	207
New Bedford	15	5	3	3	3	4	7	12974	346
Somerville	16	27	56	65	87	102	188	5273	-43
Malden	17	36	65	83	101	119	215	7253	-58
Randolph	18	15	15	15	16	17	46	3299	114
Chicopee	19	24	20	20	17	16	34	7704	568
Salem	20	20	24	27	31	38	75	4795	115
North Adams	21	22	13	10	8	8	12	1505	75
Gardner	22	21	11	7	7	7	9	2494	243
Greenfield	23	30	28	25	28	28	49	2051	101
Athol-Royalston	24	16	6	6	6	6	11	1726	179
Webster	25	8	4	4	4	3	3	1974	186
Haverhill	26	26	35	41	49	49	95	7923	531
Gill-Montague	27	42	54	58	62	71	116	1105	45
West Springfield	28	71	68	70	72	78	97	3876	314
Wareham	29	28	21	19	15	14	21	2862	231
Florida	30	73	58	51	45	35	15	87	8
Ware	33	35	32	30	29	28	44	1403	167
Marlborough	36	40	33	28	26	21	29	4789	167
Taunton	38	43	35	31	27	22	27	7678	847
Hawlemont	39	33	26	21	20	19	32	98	9
Palmer	44	37	31	26	25	22	33	1626	164
Orange	46	18	10	8	8	9	18	617	69
Winchendon	47	19	14	11	12	13	26	1498	105
Methuen	49	23	17	17	14	15	28	7132	579
Adams-Cheshire	50	25	16	14	13	11	19	1445	64
Dennis-Yarmouth	51	34	29	23	22	20	34	3509	218
Spencer-E Brookfield	54	29	18	13	11	10	8	1940	205
Savoy	65	245	200	173	145	116	1	65	3
Peabody	67	65	52	46	37	31	17	6098	562
Easthampton	72	32	27	24	23	24	39	1837	119
Mashpee	77	50	39	33	24	18	13	1792	131
Saugus	84	60	48	43	39	33	25	2867	109
Weymouth	89	69	53	44	34	27	5	6641	508
Fairhaven	90	110	86	77	67	58	23	1851	165
Frontier	133	135	111	96	84	69	22	575	25
Dracut	137	56	43	39	32	30	24	3985	212
Tantasqua	146	144	113	103	86	68	10	1616	146
Uxbridge	156	79	63	56	50	38	16	1937	187
Conway	179	176	137	121	100	85	2	150	11
Old Rochester	238	202	166	142	126	105	20	1114	103

APPENDIX 2: EXPLANATION OF HOW DISTRICT TUITION PAYMENTS TO CHARTER SCHOOLS ARE CALCULATED BEFORE THEY ARE DEDUCTED FROM DISTRICT'S CHAPTER 70 ALLOCATION.

Massachusetts Department of Education Charter Tuition Rate - Summary

The goal of the foundation rate formula is to establish a tuition that is comparable to what would have been spent on a charter student had he or she stayed in the home district.

There are three components in the Foundation Rate formula. The first component, the foundation budget base rate, relies on the Chapter 70 foundation budget approach. The second and third components rely on data contained in the End of Year Pupil and Financial Report.

Step 1: Calculate the Foundation Budget Base Rate

The foundation budget is a dollar amount used in the Chapter 70 education aid formula to represent an "adequate" spending level. Inflation-adjusted rates in each of 11 functional areas, such as administration, teaching, guidance services, and maintenance, are further differentiated by a pupil's grade level, program, and low-income status. The functional areas pertaining to salaries are adjusted by a wage factor that seeks to compensate for cost of living differences across the state.

The foundation base rate is generated by dividing the foundation budget by the foundation enrollment for each sending district at each charter school. As charter schools do not pay tuition for special education pupils who are educated in out-of-district programs, that particular component of the foundation rate is removed.

Example: Charter school "A," pupils from school district "B"

1. Foundation Budget	200,000
2. Foundation Enrollment	25
3. Foundation Base Rate (1 / 2)	8,000

Step 2: Calculate the Above Foundation Spending Rate

Many districts spend more than their foundation budget requires. To capture this additional spending effort the district's net school spending (NSS), as reported on Schedule 19 of the End of Year Pupil and Financial Report, is compared to its foundation budget and converted into a percentage. This percentage is applied to the foundation base rate, determined in step one, to generate the second component of the rate formula.

NSS includes out-of-district special education costs, and in some instances, retired teacher's health insurance*. As charter schools do not currently incur these costs, the above-foundation share of these costs is removed from the NSS prior to calculation.

Example: School district "B"

4. Budgeted NSS	5,050,000
5. Above foundation out-of-district special education tuition.....	25,000
6. Above foundation retired teachers health insurance, where applicable*	25,000
7. Adjusted Budgeted NSS (4 -5 -6).....	5,000,000
8. Foundation Budget	4,545,500
9. NSS as a percentage of foundation (7 - 8/8)	10.0 percent
10. Above Foundation Spending Rate (3 * 9)	800

* School finance regulations stipulate that if retired teachers health insurance was not counted in a district's spending in FY93, it does not count towards the district's net school spending in any subsequent year.

Step 3: Calculate the Facilities Tuition Rate

Building costs are a part of a school district's budget. They are not captured in a district's foundation budget or in their NSS. The third component of the rate formula provides charter schools with similar funding via the facilities tuition rate component. It is derived from average statewide spending on school building.

Summary: Per Pupil Foundation Rate

14. Foundation Budget Base Rate	8,000
15. Above Foundation Spending Rate	800
16. Facilities Tuition Rate.....	800
17. Total Charter Tuition Rate.....	9,600

Paul Schlichtman served as President of the Massachusetts Association of School Committees in 2004. He is now in his 13th year as a Massachusetts school committee member (Minuteman Regional Vocational: 1997-2001; and Arlington: 2001-2007 and 2012-present). A graduate of the City University of New York and the Harvard Graduate School of Education, he is currently the K-12 Coordinator for Research Testing and Assessment for the Lowell Public Schools, and Principal of Record for the Rogers Early Learning Center.