



## Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #504

### **Milwaukee Performance Funding (Public Instruction-- Categorical Aids)**

[LFB 2017-19 Budget Summary: Page 351, #12]

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#### **CURRENT LAW**

No provision.

#### **GOVERNOR**

Provide \$5,645,200 in 2018-19 for performance funding for Milwaukee public schools, school district charter schools, independent charter schools, and private schools participating in the Milwaukee private school choice program. Eligible schools must be located within the City of Milwaukee.

Of the total, allocate \$1,954,600 for distribution among eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school accountability report published by DPI for the immediately preceding school year. Specify that each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

The remaining \$3,690,600 would be allocated to eligible schools that increase by at least three points their numeric accountability score used to determine the school's performance category on the school accountability report published by DPI for the prior school year compared to two years prior. Each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award.

Prohibit DPI from awarding funds before the Department of Administration approves the

per pupil amounts calculated as described above. Require the Board of Directors of the Milwaukee Public Schools to distribute performance funds to the school administrator of the school that earned the award.

## DISCUSSION POINTS

1. The first school report cards were published in Fall, 2012, and the first school district report cards were published in Fall, 2013. The report cards provide data on multiple indicators in four areas: (a) pupil achievement, which includes performance on the statewide reading and mathematics assessments compared to state and national standards; (b) pupil growth, or improvement over time on the statewide reading and mathematics assessments; (c) the progress of pupil subgroups in closing gaps in reading and mathematics performance and graduation rates; and (d) performance on indicators of college or career readiness. The report cards also show performance on three pupil engagement indicators, including: (a) test participation rate, with a goal of 95% participation for all pupils and each pupil subgroup; (b) absenteeism rate, with a goal of 13% or less; and (c) dropout rate, with a goal of 6% or less.

2. The indicators are used to determine the school or school district's overall accountability score, which places the school or district into one of five performance categories: (a) significantly exceeds expectations; (b) exceeds expectations; (c) meets expectations; (d) meets few expectations; and (e) fails to meet expectations. Cut-off scores for the five categories are shown in Table 1. Each report card displays the school or district's numerical overall accountability score and performance category in addition to the cut-off scores for each of the five categories.

**TABLE 1**

### **Accountability Performance Category Score Cut-Offs**

<u>Accountability Rating Category</u>	<u>Score Range</u>
Significantly Exceeds Expectations	83-100
Exceeds Expectations	73-82.9
Meets Expectations	63-72.9
Meets Few Expectations	53-62.9
Fails to Meet Expectations	0-52.9

3. An alternate accountability process is used for schools for which sufficient data is not available to calculate standard accountability scores. These schools include the following: (a) schools with fewer than 20 full academic year pupils enrolled in tested grades; (b) schools without tested grades; (c) schools exclusively serving at-risk pupils; (d) new schools; and (e) K-2 schools without a direct feeder pattern. These schools complete a self-evaluation process describing how they are measuring pupil progress using indicators of their choice and indicate whether performance is improving, maintaining, or declining based on the measures chosen.

4. The 2013-15 biennial budget (2013 Act 20) codified aspects of the accountability system in state law. The act included requirements that DPI publish school and school district report

cards annually by September, that the report cards place each school or district into one of five performance categories, and that DPI use multiple measures to determine a school or school district's performance. The measures must include the following: (a) pupil achievement and growth in reading and mathematics; (b) measures of college and career readiness for high school pupils and measures indicative of being on track for college and career readiness in the elementary grades; and (c) gaps in pupil achievement and rates of graduation, categorized by race, English language proficiency, disability, and income level.

5. A number of changes were made to the school and school district accountability reports under 2015 Act 55 (the 2015-17 biennial budget), including the addition of weighted formulas for pupil achievement and growth scores. Under the act, pupil achievement and growth are weighted based on the percentage of a school or district's pupils who qualify for a free or reduced-price lunch, with growth weighted more heavily in schools or districts with higher levels of poverty. Pupil achievement scores must also be weighted based on the number of years a pupil has been enrolled in a school or district. Act 55 also specifies that each accountability score must be reported on a scale from one star to five stars, with five stars awarded to schools and districts that significantly exceeds expectations and one star awarded to schools and districts that fail to meet expectations.

6. Beginning in 2015-16, choice schools are required to submit data to DPI for pupils attending the school under a private school choice program, and DPI is required to produce a report card for each school with scores based only on choice pupil data. A private school can choose to submit data for all pupils attending the school and receive an overall report card for all pupils in addition to the choice pupil report card. Report cards were published for private choice schools for the first time in 2015-16. Because the report cards require multiple years of data to produce priority area and overall accountability scores and only one year of data was available for choice pupils in 2015-16, private choice schools did not receive numeric scores in that year. It is anticipated that scores will be available starting with the report cards prepared for the 2016-17 school year.

7. On the report cards published in Fall, 2016, Milwaukee Public Schools (MPS) received a district rating of "Meets Few Expectations," with an overall accountability score of 55.3. In that year, 152 MPS schools were included in the accountability reports and the average accountability score for an MPS school was 57.7. Twenty-two independent charter schools located in Milwaukee were given accountability scores, with an average score of 63.0. As described above, the 92 private choice schools located in Milwaukee were not rated. Table 2 shows the number of schools in each performance category in 2015-16.

**TABLE 2**

**2015-16 Milwaukee Report Card Summary**

<u>Accountability Rating</u>	<u>Public</u>	<u>Independent Charter</u>
Significantly Exceeds Expectations	3	3
Exceeds Expectations	21	5
Meets Expectations	31	8
Meets Few Expectations	41	3
Fails to Meet Expectations	42	2
Alternative Accountability Process		
Satisfactory Progress	3	1
Needs Improvement	11	0
Not Rated	0	0

8. Under the proposal, \$1,954,600 would be distributed among eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school accountability report for the previous year. Each school would receive a per pupil payment calculated by dividing the total amount of funding by the total number of pupils enrolled in each school eligible to receive an award. If aid were distributed in 2016-17, 24 public schools and five independent charter schools would qualify for aid based on the report cards published for the 2015-16 school year, and the per pupil payment would be equal to approximately \$123. It is likely that in 2018-19, the per pupil payment would be reduced if private choice schools qualified for aid once accountability scores for choice schools are available. The Executive Budget Book indicates that the funding amount in the bill is intended to provide an estimated payment of \$100 per pupil.

9. Additionally, \$3,690,600 would be allocated to eligible schools that increased their overall accountability score by at least three points in the prior school year compared to two years prior. Due to the changes to the accountability reports included in Act 55, report cards from 2015-16 and later are not directly comparable to those from previous years. Therefore, it is not possible to estimate the number of schools that could qualify for aid under the proposal or the amount of per pupil funding that could be distributed to each qualifying school. According to the Executive Budget Book, the funding amount in the bill is intended to provide a payment of approximately \$100 per pupil.

10. It could be the case that schools rated "fails to meet expectations" have the greatest need for additional resources if they are to make meaningful improvements in areas such as professional development, instructional materials, school climate, student services, or to address other needs which could improve performance. Therefore, the Committee may wish to consider modifying the bill in order to provide more resources for under-performing schools. For example, the Committee could modify the bill to provide grants to schools placed in a performance category of "fails to meet expectations" on the accountability report published for the school at the end of the preceding school year, if the school develops a written school improvement plan to achieve

improvements in math and reading. Funds could be contingent upon improvement in the overall accountability score from the prior school year, if the school received funds under the program and developed an improvement plan in the prior year.

11. Additionally, it could be argued that rewarding schools rated highly on the school report card does little to improve those schools' performance. Schools in the top two categories under the proposal are not required to increase their numeric score on the report card in order to receive a grant, and would receive funding regardless of whether the school is improving or declining in performance. The same per pupil grant amount would be awarded to the highest-rated "significantly exceeds" schools as would be awarded to the second category, thus giving schools little incentive to improve further, or to strive for the highest rating. One alternative might be to deny a grant to a school in either of the top two categories whose numeric score on the accountability report declines from the previous year.

12. The persistent low performance of schools in Milwaukee and the high level of poverty in the city could offer justification for concentrating additional resources to schools in the city. On the other hand, in 2015-16, eight school districts received lower overall accountability score ratings than MPS, and of these, five received an overall district rating of "Fails to Meet Expectations:" Bayfield, Cambria-Friesland, Cassville, Menominee Indian, and Racine. It could be argued that improvement grants should be targeted at any school district that receives an overall accountability score below a certain threshold, rather than only to schools in the City of Milwaukee. For example, the Committee could consider awarding grants to schools located in any school district that received an overall rating of "Fails to Meet Expectations" on the accountability reports in the previous school year, in addition to awarding grants to schools located in Milwaukee. On the other hand, the eight school districts had a total of 18 buildings rated "Fails to Meet Expectations," while MPS had 42, so it could be argued that it would be preferable to concentrate resources in Milwaukee.

13. In the errata materials submitted to the Committee, the Secretary of Administration requested a correction to specify that for private choice schools eligible for performance funding, only pupils attending the school under the Milwaukee private school choice program would be included in the calculation of the school's funding amount. The private school would not receive performance funding for non-choice pupils.

14. It could be argued that it would not be necessary to require DOA to approve to per pupil aid amounts calculated by DPI prior to the distribution of aid. The bill's language contains clear instructions for calculating aid amounts under the programs, and the data necessary for the calculation is collected and maintained by DPI. It could be viewed as inefficient to require DOA to confirm a simple calculation performed by DPI. Therefore, the Committee may wish to consider deleting the language prohibiting DPI from distributing funds prior to DOA's approval of the per pupil amount calculations.

## ALTERNATIVES

### A. Grants for High Performing Schools

1. Approve the Governor's recommendation to provide \$1,954,600 for distribution among eligible schools placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the school accountability report published by DPI, with a correction requested by the Secretary of Administration specifying that only pupils attending a private school under the Milwaukee private school choice program could be included in the calculation to determine a private choice school's performance funding amount.

ALT A1	Change to	
	Base	Bill
GPR	\$1,954,600	\$0

2. Modify the Governor's recommendation to require that, if a school is rated "exceeds expectations" or "significantly exceeds expectations," but the school's numeric score declines by more than one point compared to the prior year's accountability report, that school would be ineligible for a performance grant in the current year.

ALT A2	Change to	
	Base	Bill
GPR	\$1,954,600	\$0

3. Delete provision.

ALT A3	Change to	
	Base	Bill
GPR	\$0	- \$1,954,600

### B. Grants for Improving Schools

1. Approve the Governor's recommendation to provide \$3,690,600 for grants to eligible schools that increase their numeric accountability score by at least three points in the prior school year compared to two years prior, with a correction requested by the Secretary of Administration specifying that only pupils attending a private school under the Milwaukee private school choice program could be included in the calculation to determine a private choice school's performance funding amount.

<b>ALT B1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$3,690,600	\$0

2. Modify the Governor's recommendation by specifying that grants could be awarded to any school, including a public school, independent charter school, or private choice school, located in a school district that received an overall rating of "Fails to Meet Expectations," in addition to schools located in the City of Milwaukee.

<b>ALT B2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$3,690,600	\$0

3. Modify the Governor's recommendation to provide grants to schools located in a district rated "fails to meet expectations" on the accountability report published for the preceding school year, if the school meets the following criteria: (a) develops a written school improvement plan to achieve improvements in math and reading; and (b) if the school received funds in the previous year, the school's overall accountability score improved from two years' prior to the previous year.

<b>ALT B3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$3,690,600	\$0

4. Delete provision.

<b>ALT B4</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$0	- \$3,690,600

**C. Approval of Per Pupil Amounts**

1. Approve the Governor's recommendation to prohibit DPI from distributing funds prior to DOA's approval of the per pupil amounts calculated by DPI.

2. Delete provision.

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