



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #638

Grants for Improving Pupil Achievement (DPI -- Categorical Aids)

Bill Agency

[LFB 2007-09 Budget Summary: Page 465, #4]

CURRENT LAW

No provision.

GOVERNOR

Provide \$5,000,000 GPR in 2007-08 and \$10,000,000 GPR in 2008-09 in a new, annual appropriation for grants to Milwaukee Public Schools (MPS) to improve pupil academic achievement. Allow the MPS Board of Directors to apply to the Department of Administration (DOA) for a grant of up to \$5,000,000 in 2007-08, and up to \$10,000,000 in 2008-09 and annually thereafter, to implement initiatives to improve pupil academic achievement in all grades, such as employing licensed teachers to tutor pupils who are struggling academically, or employing persons to coordinate the district's instructional programs and provide ongoing professional development for teachers. Require that the MPS Board submit with its application a plan for DOA's approval describing the initiatives for which the grant will be used, describing the research showing that the initiatives have a positive effect on pupil academic achievement, and including criteria for evaluating the effectiveness of the initiatives, such as high school graduation rates or the results of the Wisconsin knowledge and concepts exams.

Provide that DOA may approve the MPS plan in whole or in part, and that, if DOA approves the plan in part, then the Board may submit an additional plan for the same school year and DOA may award the Board all or part of the balance of grant funds. Upon receipt of a notice from DOA that a plan has been approved, require the State Superintendent to pay the Board the amount specified by DOA.

DISCUSSION POINTS

1. In the 2007 Budget in Brief, the administration asserts that this new categorical aid program would begin to address the student achievement gap between Milwaukee and the rest of the state. The administration cites high numbers of pupils eligible for free and reduced-price lunch, as well as high school graduation rates well below the statewide average, as evidence of the challenges faced by MPS.

2. According to data available from the Department of Public Instruction (DPI), the graduation rate in MPS has averaged between 55% and 60% over the past 10 years. The rate dropped as low as 52.6% in 1999-00, before climbing back to around 60% more recently. Statewide, the high school graduation rate has been no lower than 88.8% over the past 10 years. In addition, as of October, 2006, 77% of pupils enrolled in MPS were eligible for free and reduced-price lunch, while the statewide average was approximately 31%.

3. Under the federal No Child Left Behind (NCLB) law, schools and districts are required to meet specified statistical benchmarks of academic proficiency each school year. Schools and districts are subject to sanctions if they fail make adequate yearly progress toward the overall goal of 100% proficiency by 2013-14. For both 2004-05 and 2005-06, the benchmarks for Wisconsin required that at least 67.5% of pupils be proficient in reading, and at least 47.5% be proficient in mathematics. Proficiency is measured by the Wisconsin knowledge and concepts exams, administered annually to pupils in third through eighth grades and in 10th grade.

4. MPS failed to meet the NCLB benchmarks in both subjects in both years. In 2005-06, 58% of MPS pupils in all tested grades were at least proficient in reading, well below the 67.5% benchmark. Only 42% of MPS 10th graders were proficient in reading, the worst among the grades tested. In mathematics, 40% of MPS pupils overall were proficient or advanced. Again, 10th graders scored lowest on average, with only 33% proficient or advanced. As a result of these scores, MPS is currently the only Wisconsin school district "identified for improvement" under NCLB and is required to write and implement a district improvement plan. Statewide, an average of 73% of pupils were proficient in math, including 72% of 10th graders, and an average of 82% were proficient in reading, including 75% of 10th graders.

5. The Budget in Brief cites recent research by Dr. Allan Odden of the Wisconsin Center for Educational Research at the University of Wisconsin-Madison, who concludes that, in addition to small class sizes in the early grades, one-on-one tutoring with licensed teachers can lead to significant improvement in student achievement. Professor Odden also recommends full-time teacher coaches to provide on-site training and feedback to instructional staff.

6. The administration indicates that the proposed program would not be explicitly tied to these strategies alone, but would require MPS to submit a research-based spending plan to the Secretary of DOA for approval. According to the Budget in Brief, to further ensure that these funds would be spent on activities that are directly linked to improving achievement, DOA would seek input from DPI, the Wisconsin Center for Educational Research at UW-Madison, and the major statewide educational organizations representing teachers, administrators, and school boards as part of its review process.

7. As the state's largest city, Milwaukee is an important financial and business center, and helps drive the regional economy. It has been argued that local workforce skill and education levels can impact an area's ability to attract new businesses. The quality of local schools can likewise affect workers' decisions about where to live. Given Milwaukee's unique circumstance, some have argued that state investment that improves public education in the city is in the interest of the entire state.

8. Proponents of the proposal argue that, due to persistent underachievement within, and the importance of, the state's largest school district, a categorical aid aimed at improving pupil performance in Milwaukee would be an appropriate use of the state's resources. This rationale is reflected elsewhere under current law. For example, under the Milwaukee independent charter school program, certain charter schools in the city are funded directly by the state. A proportionate reduction is made to each school district's equalization aid payment and then lapsed to the general fund to offset the cost to the general fund. District revenue limits are not affected by the reduction, so districts can levy to replace the aid reduction.

9. On the other hand, one could argue that the state education finance system already invests significant resources in Milwaukee Public Schools. According to annual report data collected by DPI, MPS received \$719.9 million in state school aids in 2005-06. Among other state programs, that total includes \$630.2 million in general school aids, which can be used for any purpose, and \$30.4 million under the student achievement guarantee in education (SAGE) program, intended to fund small class sizes in kindergarten through third grade and, thereby, improve student achievement. In addition to state aid, MPS received \$174.3 million in federal revenues, and another \$179.0 million in property tax revenues for MPS purposes.

10. However, the long-term, severe performance deficits in many MPS schools suggest problems that no single categorical aid program is likely to address. If the state, as a matter of policy, would choose to intercede in an effort to improve pupil achievement, some might argue that a large scale initiative would be more appropriate than the proposed program. However, such an intervention would contradict the state's tradition of deferral to local school boards' judgments with regard to curriculum and instruction.

11. Under SB 40, the Secretary of Administration would be required to discern which research-based educational strategies are most likely to improve the performance of Milwaukee pupils. The administration indicates that this review process would ensure that a variety of community organizations and outside entities, including DPI, would have input into the use of the grants, and provide oversight in order to ensure the grants are used for the intended purposes. Given the importance of this review process, it might be desirable to delay funding for the grants until the second year of the biennium. The additional time would allow MPS to develop a plan for use of the funds, and provide ample opportunity for other entities to make recommendations.

12. The State Superintendent is an independent constitutional officer with broad authority over elementary and secondary education in the state. DPI employs a staff of education specialists who regularly review educational programs, assess student achievement statewide, establish a uniform financial accounting system, and provide direction and technical assistance to

schools and districts. Therefore, the program could be administered by DPI, which could bring a greater level of expertise to the evaluation of research-based education initiatives. The Committee could choose to modify the proposal to allow MPS apply to DPI, rather than DOA, for grants under the program. On the other hand, at the DPI agency briefing before the Committee, the State Superintendent indicated that placement of limited, specialized education programs within DOA is not a concern, and that DPI would work with DOA to assist with the program.

ALTERNATIVES TO BILL

A. Funding

1. Approve the Governor's recommendation to provide \$5,000,000 in 2007-08 and \$10,000,000 in 2008-09 in a new, annual appropriation for grants to Milwaukee Public Schools to improve pupil academic achievement.

ALT A1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$15,000,000

2. Modify the Governor's recommendation to reduce funding under the bill by \$5,000,000 annually, which would provide a total of \$5,000,000 in 2008-09.

ALT A2	Change to Bill Funding	Change to Base Funding
GPR	-\$10,000,000	\$5,000,000

3. Delete provision.

ALT A3	Change to Bill Funding	Change to Base Funding
GPR	-\$15,000,000	\$0

B. Grant Administration

1. Allow the MPS Board of Directors to apply to the Department of Administration for grants to implement initiatives to improve pupil academic achievement

2. Modify the Governor's recommendation to allow the MPS Board of Directors to apply to the Department of Public Instruction, rather than to the Department of Administration, for the new pupil academic achievement grants.

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