

Testimony

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for the

Senate Education Committee, Pennsylvania General Assembly

on

**Senate Bill 1: Opportunity Scholarships and
Educational Improvement Tax Credit**

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Thank you for the opportunity to offer testimony regarding Senate Bill 1, the Opportunity Scholarships and Educational Improvement Tax Credit Act.

Our understanding at the School District of Philadelphia is that the sponsors of SB 1 believe that it is unacceptable for one generation after another of low income children to attend public schools that persistently fail to provide them with the academic skills they need to succeed.

We wholeheartedly agree.

Like the sponsors of SB 1, we believe that when schools consistently fail to educate the majority of their students year after year, the status quo must change.

In the School District of Philadelphia, the status quo is changing at an increasingly rapid rate. We are committed to building a system of great schools, where success is rewarded and failure is not tolerated.

What have we done so far?

- The SDP has created the Empowerment Schools Program to focus on the 107 lowest performing schools in our District. Children in these schools receive additional supports for instruction, access to social services to address conditions that impede learning, and an active program of parent engagement. Since their creation in 2008, Empowerment Schools have made 9 point gains in math and 7 point gains in reading.
- In 2009-10 the SDP launched the Renaissance Schools Initiative that takes interventions in our District's lowest-performing schools to a new and more intense level. Seven of our lowest performing schools have been converted to Renaissance Charter Schools operated by private turnaround teams competitively selected in partnership with school communities. Another six schools are now operating as Promise Academies, our District's "internal" turnaround model, with new staff, new leadership, a longer school day, a longer school year, enhanced staff development, and additional dedicated resources. By fall 2011, the SDP will: bring the Renaissance Schools Initiative to scale, by adding another 18 schools to the program; roll out two

new variations on its Promise Academy management model; partner with a well-established community-based organization in South Philadelphia to address education, housing, health and other related needs through a venture inspired by the successful Harlem Children's Zone Project.

- SDP has greatly expanded summer school programs in order to ensure that students do not “lose momentum” during the summer and come back in September behind where they left off in June. The District's expanded summer programs also provide failing students with a chance to catch up and advance a grade rather than repeating a grade. In 2008, only about 10,000 Philadelphia students were afforded the opportunity to attend summer school. In 2010, over 50,000 students participated in some portion of summer school; 541 students graduated from high school on-time thanks to the credit opportunities afforded to them in the summer program.
- SDP is also determined to offer safe learning environments to students and to improving overall school safety. In 2009, there was a 21% reduction in serious incidents, compared to 2005.

As a result of these and other interventions:

- The District has made steady progress in raising student performance in the schools it directly operates. Since 2002, test scores on standardized tests in District-operated schools have improved every year in core subjects like reading and math. In the past 8 years, the percentage of students performing at grade level or better in reading has increased from 24% to 51% and in math from 20% to 57%. This is a 175% improvement, and means that over 40,000 more Philadelphia students are performing at grade level or better, more than the total number of students in Pennsylvania's second largest school district. In 2010 alone, test scores increased 16%.
- This past year, 158 out of 267 District-operated Philadelphia public schools (59%) met their targets for Adequate Yearly Progress, a 33% increase over the prior year. 32 Empowerment Schools made AYP this year.
- The six-year high school graduation rate in Philadelphia's District-operated schools is now 63%, the highest in years.

While the School District of Philadelphia has been significantly improving academic achievement in the schools we directly operate, we have also been significantly expanding school choice for our students and their families by dramatically expanding the Philadelphia charter school network. While as recently as 2002 the District sponsored 39 Charter Schools with a total enrollment of 15,816, there are 74 Charter Schools operating in Philadelphia today with a total enrollment of 42,734. *This year, one out of every five Philadelphia public school students attends a charter school.* And in February 2010 the School Reform Commission instituted a new policy that allows high-performing charter schools to expand after three years, rather than waiting until the renewal of their charter at the end of the initial five year charter period.

The School District of Philadelphia has been able to achieve these results – shutting down and turning around under-performing schools, raising test scores, and expanding school choice – in large measure due

to the increased funding that the SDP received from state and local sources from the creation of the SRC in 2002 through 2009 and in line with No Child Left Behind. In the past two years, when the recession made further increases in state and local funding impossible, the Stimulus funding provided by the federal government enabled us to maintain and accelerate the momentum for school change and school choice in Philadelphia.

In its continuous commitment to being a financial steward while engaging in reforms that maximize student achievement, the School District of Philadelphia is engaging in a comprehensive facilities master planning process titled, "Imagine Great Schools." This critical initiative was created to provide a roadmap for the District to review its educational program offerings and facilities to determine necessary rightsizing adjustments and help guide where future investments need to be made.

Now, the question is: where do we go from here?

The School District of Philadelphia is committed to spending every dollar we are given wisely and maintaining the momentum of rising achievement, while keeping our budget balanced.

Like most other school districts in the Commonwealth of Pennsylvania, the School District of Philadelphia knows that there are going to be fewer dollars available to invest in our schools next year. We know that Stimulus funding is ending, and that full economic recovery is not yet here; as a result, higher levels of state and local funding are not yet available that can replace the Stimulus funds that our districts are losing.

Our concern with SB 1 is that, as currently drafted, the proposed Opportunity Scholarship Program would drain increasingly scarce funds from our School District at just the time when we can least afford that diversion.

- The way eligibility for Opportunity Scholarships has been defined in SB 1, the School District of Philadelphia would be disproportionately impacted by this program since Philadelphia educates over 23% of all of Pennsylvania's low income students. Out of the 144 schools listed as initially eligible under SB 1 SB1, 91 are Philadelphia schools. We estimate that over 51,000 Philadelphia students could potentially be eligible to apply for Opportunity Scholarships under the first year eligibility definition, a number of students more than one-and-a-half times greater than the entire enrollment in Pennsylvania's second largest school district.
- As is the case with students who leave our district-operated schools for charter schools, our school district will be hard-pressed to realize any offsetting cost savings if students with Opportunity Scholarships are funded out of our existing Commonwealth funding. While it is suggested that students are simply "taking their funding with them," the reality is more complex: because our district is so large (we directly operate over 260 schools in as many distinct neighborhoods), it is highly unlikely that students leaving our district-operated schools because they have been granted Opportunity Scholarships will all come from the same classroom, or even the same grade in the same school. They will be scattered. If these students "take their funding with them," there is nothing our District can easily cut from the budgets of the schools they are leaving behind. The remaining students will still need a teacher, and their school will still need its principal, nurse, custodian, safety officer, etc. The building will still need to be heated and lit.

Repairs will still need to be made. Snow will still need to be shoveled. And while right-sizing is indeed underway with the Facilities Master Plan, immediate implementation is not always feasible.

Based on the January 26 version of SB 1, if even 10% of eligible Philadelphia students applied for and received Opportunity Scholarships, and, the annual cost to the SDP could be \$40.4 million¹.

To illustrate what it would mean for the School District of Philadelphia to lose over \$40 million in funding, consider what \$40 million could pay for:

- All of SDP's school nurses, all of SDP's interscholastic athletic programs, and 20% of the SDP's librarians
- Triple the number of Renaissance Charter schools and Promise Academies that are operating this year (the transformation of as many as 39 more schools)
- All non-mandated transportation for 64,000 students, 87 full service cafeterias serving 67,000 students, and 959 athletic teams with 19,000 participating students.

And this loss of funding would be in addition to the loss of Stimulus funds that the SDP and other Pennsylvania school districts will already be experiencing next year.

This perspective is only looking at those eligible students in the first year of implementation -- students currently attending lowest performing District-operated schools. In the second year, when students currently attending non-public schools become eligible to apply, thousands more students could become eligible for the program (there are 30,000 students in Philadelphia's Catholic school system, for example), and the cost could therefore be much greater. And since these non-public students were not attending Philadelphia public schools previously, they would not be "taking their money with them." *Providing Opportunity Scholarships out of our District's revenues would simply require us to divide our limited funding among a largest number of recipients, resulting in less being available for each.*

Even if the financial impacts on the SDP and the Commonwealth's other school districts was not a consideration, we believe that the potential for SB 1 to be successful in placing significant numbers of low-income students in highly successful schools needs to be carefully scrutinized. The maximum scholarship amount defined in SB 1 is certain to be significantly less than the tuition rates charged by most private schools, which can be in excess of \$20,000 a year. In addition, the maximum scholarship amount is also likely to be insufficient to permit Philadelphia students to attend high-achieving public schools in other nearby school districts. Last year's out-of-district high school tuition rate in the Lower Merion School District, for example, was \$18,356.

¹ This projection assumes that each student would receive the maximum allowable scholarship; that the funding for the scholarships would be deducted from state aid provided to SDP; and the maximum scholarship amount would be calculated based on the total level of state aid that is received from the District.

We recognize that Opportunity Scholarships have the potential to provide positive impacts for one student at a time. However, the District is currently engaged in aggressive turnaround efforts that target whole schools at a time. We have already demonstrated that we are increasing school choice and improving academic performance. We are committed to creating more and better school options, closing and turning around more under-performing schools, changing leadership, expanding quality choice for students and families, and making greater gains in academic progress. We are in a position to offer the best alternatives to our children. For all these reasons, we respectfully request that the Commonwealth continue to support us in achieving these goals – if not, in these difficult economic times, by increasing funding, at least by holding us harmless from further losses.

If the Pennsylvania General Assembly determines that it is desirable to create a voucher program similar in concept and design to the program described in SB 1, we believe it would be the wrong choice to take funding away from SDP in order to fund that program, slowing down or even reversing the pace of positive change that we have already achieved and are determined to continue and expand. Please do not take away from our schools the resources we need to continue to increase choice, raise achievement, close and transform persistently-failing schools, and continue to transform the K-12 status quo in Philadelphia.

Thank you.

Note: If the General Assembly determines that it is desirable to create a voucher program similar in concept and design to the program described in SB 1, we ask that you consider some of the changes and clarifications proposed in the accompanying Appendix.

Appendix: Recommendations for Revisions to SB 1

If the Pennsylvania General Assembly decides that it wishes to create a school voucher program similar in concept and design to the Opportunity Scholarship Program described in SB 1, the School District of Philadelphia suggest that the following changes be considered:

1. **As we understand it, SB 1 anticipates that in the first year, a student's Opportunity Scholarship will come from new dedicated state funds, but in subsequent years, funding for scholarships would come from deductions from state aid provided to the student's resident school district.** The School District of Philadelphia respectfully requests that the General Assembly find a different way to fund this program, since our district and all Pennsylvania districts are already facing dramatically reduced levels of funding in the 2011-12 school year due to the termination of Federal Stimulus funding and the continued weakness of local tax bases. Given that our revenues are already declining significantly next year, we cannot afford an additional decline due to the diversion of a portion of the funds we receive from the Commonwealth.
2. **If the General Assembly does determine that Opportunity Scholarships are going to be funded through deductions from a school district's state aid, SB 1 needs to be amended to clearly define which Commonwealth funding sources are to be used to calculate "the Commonwealth's share of total revenue."** Dedicated funding sources that fund specific school district programs or reimburse school districts for specific costs should be excluded from the definition. Students cannot "take with them" these dedicated funds, which enable school districts to cover specific costs which will not go down if some students leave our districts by means of an Opportunity Scholarship. SB 1 calls for the cost of Opportunity Scholarships to be deducted in full from the resident school district's Basic Education Subsidy, but the funding formula in SB 1 also counts other dedicated state aid which cannot be diverted. The current formula would therefore deduct from each district's Basic Education Subsidy an amount substantially higher than the portion of the Basic Education Subsidy the resident district was providing to the recipient student.
3. **SB 1 creates a new and potentially costly additional transportation service mandate.** The PA School Code transportation funding formula should be amended to provide resident school districts with reimbursement funds to cover the costs associated with the provisions of SB 1 that mandate that school districts must transport scholarship recipients to non-resident public schools and participating non-public schools, up to 10 miles outside the resident district.
4. **The timelines for application and response in SB 1 do not align with the budget timelines of the Commonwealth and Pennsylvania's school districts.** A way needs to be found to give school districts and participating families predictability and certainty. Families receiving scholarships and the schools they apply to need to know in advance of the admission decision the amount of the scholarship that each family is going to receive. School districts need to know at the time they are preparing and adopting their budgets what their maximum exposure will be in terms of funding deductions and loss of students. SB 1 requires that the maximum level of each scholarship will be pro-rated if the total amount appropriated for the program is less than the total level of scholarships granted. This means that families and school districts cannot know the maximum amount of each scholarship or the maximum cost of the program to each district until the state budget has been adopted, which is too late for families and for the school districts.

5. **Some sections of SB 1 suggest that families could use Opportunity Scholarships to attend charter schools as well as non-resident district-operated schools and participating non-public schools.** Since Pennsylvania's charter school law already requires the resident school district to provide funding when a resident student attends a charter school in a non-resident school district, there does not appear to be any reason why a family would need an Opportunity Scholarship to attend a charter school. Therefore, references to using Opportunity Scholarships to attend charter schools should be deleted from SB 1.

6. **Most important, the Commonwealth should consider placing limits on the initial number of eligible students and scholarships, at levels significantly below the thresholds in SB 1, so the Commonwealth and Pennsylvania's school districts can see how a program of this kind works in practice, and so school districts have greater predictability regarding the potential impact on their revenues and enrollment.**