



Shrewsbury Public Schools

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Superintendent

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To: School Committee
From: Joe Sawyer
Re: State Ballot Question on Charter School Expansion

On November 8, the voters of the Commonwealth will decide whether to approve a citizens' petition, commonly known as a state ballot question, which would enable the Massachusetts Board of Elementary and Secondary Education to approve up to 12 additional so-called Commonwealth Charter Schools¹ per year, beyond the limitations that are currently in effect. The text of the petition may be found [here](#), and the official state explanation of the petition may be found [here](#). These limitations include a hard cap of 120 total charter schools, 72 of which may be Commonwealth Charter Schools. In addition, a tuition cap also exists where charters may not be added in districts where tuition currently being paid to charters is already equal to or greater than 9% of that district's net school spending; however, additional charters may be approved drawing from a district if that district is in the bottom 10% of the state in performance, even if the 9% tuition cap is exceeded.

If this question, which is now known as Question 2 due to its placement on the ballot, were to be affirmed by the voters, it will create significant financial risk for the Shrewsbury Public Schools for the following reasons:

- 1) Question 2 does nothing to change the [existing charter school funding formula](#), which has historically had a significant, negative impact on our school district due to its failure to mitigate issues related to marginal vs. fixed costs and economies of scale, as it is based on a per-pupil average tuition model.

¹ Commonwealth Charter Schools are operated independently from traditional public school districts, as opposed to Horace Mann Charter Schools, which are new or converted schools which belong to a traditional public school district but are governed independently within that district. In this memorandum, "charter schools" refers to Commonwealth Charter Schools. For specific information about how charter schools are approved in Massachusetts, see this [charter school FAQ document](#) from the Department of Elementary and Secondary Education (DESE).

- 2) Question 2 will only take the performance of school districts where new or expanded charters are proposed into consideration *if* the total number of applications in a single year exceeds 12. While the supporters of the petition argue that it is intended to provide additional choices for students in underperforming districts, it seems likely that over time market saturation in such districts will occur, and therefore new charter schools proposed to draw from high-performing districts such as Shrewsbury will have a greater likelihood of approval. At 12 new charter schools per year, the total cap for charter schools could double within a decade, so expansion of charters beyond those located in underperforming districts seems inevitable. As the Committee knows, [Shrewsbury was at-risk last year for a new charter school](#) (the Massachusetts Biotechnology Charter School) to be sited within the town, and although the targeted student population was stated to be from Worcester, it would have certainly drawn students from Shrewsbury, and [the Committee opposed this proposal](#).

As you know from many reports and discussions over the past decade, the way charter schools are funded has resulted in the diversion of millions of dollars of funding for Shrewsbury Public Schools to charter schools. Contrary to claims that these funds are no longer necessary if the students attending charters are no longer educated in the sending school district, and contrary to the typical misunderstanding of the funding formula that leads many to believe that the state provides reimbursement for every new charter student who leaves a district², Shrewsbury has essentially had to backfill this loss of funds in order to provide necessary services to the 6,000-plus remaining students in the district. Contrary to some claims that lifting the charter cap will somehow increase investment in public schools in Massachusetts, what it will actually do is redirect funding from traditional districts to charters, and in doing so create new - or expand existing - charter schools, which essentially function like small school districts (which makes the economy of scale for investing scarce education dollars worse, not better). As Patrick Collins, Assistant Superintendent for Finance & Operations, wrote in the annual charter school report last year:

One of the reasons most public school districts object to the way that charter schools are funded is that the formula is not sensitive to economy of scale nor the issue of average cost versus marginal cost to educate. For example, the 72 Shrewsbury students attending charter schools this year are spread across many grades; if all were to return to the school district

² State reimbursement is tied to whether the *total tuition paid by the district for all charter students increases year-over-year*, and phases out over time – it is *not* tied to individual students who enroll in a charter school, and the student may not have even been attending the public school district prior to going to the charter school. Once a district reaches a state of equilibrium or sees a decline in overall tuition, reimbursements are no longer provided. Additionally, while the reimbursement formula does assist districts with absorbing increases in total tuition, a complicating factor has been the Massachusetts State Legislature’s failure to fully fund the existing reimbursement formula, which gives very little confidence that it will be fully funded in the future.

next year, there would be virtually no effect on the district's budget, as they would be readily absorbed with existing staffing and overhead costs. However, this year these students will cost Shrewsbury over \$920,930 in tuition that is diverted from the town's state aid for education. Another way of illustrating this is that the amount of funds being diverted to charter schools represents roughly 1.6% of the School Department's appropriated budget; yet, because of our fixed costs, it is not possible for the district to reduce 1.6% of personnel costs, overhead costs, facility capital costs, etc. without compromising the program for the 6,000 remaining students, as those resources remain necessary to serve their needs (e.g., we can't cut 1.6% of each teacher the charter students would have had, 1.6% of secretaries, 1.6% of those schools' principals, etc.).

There are many issues associated with charter schools in Massachusetts that are part of the vigorous debate that is occurring across the state, some technical and some philosophical. Here are a few examples:

- Some object to the reality that funding that would otherwise be allocated by the local municipal governing body to the community's public school district, and that would be invested under the authority of the locally elected school committee, is allocated by the state and expended by a charter school board of trustees that is not subject to the approval of local voters.
- Some believe that the competition that charter schools create forces public school districts to improve their performance, and that charters are laboratories of learning that create innovation in education from which traditional districts can benefit; however, others believe that the fact that charter schools do not operate within the same regulatory environment as traditional public school districts renders many such potential innovations moot.
- Some believe that charter schools are a way to provide a better alternative to families who otherwise would have their children educated in a school district whose performance is weaker compared to other school districts, especially families of lower socioeconomic status who do not have the means to choose private schools or to move to a more affluent community.
- Some believe that charter schools are receiving funds through a formula that takes the cost of educating all types of learners into account, but then educating a population of students who self-select to enter by lottery, with fewer special education students and English language learners; along the same lines, there are those who believe that some charters send students who struggle with behavior back to the traditional public schools, therefore functioning as *de facto* private schools.

There are clearly valid points on both sides of the debate, and there are a variety of research reports supporting these various points of view. As I have stated on several occasions in the past, I am not opposed to the existence of charter schools, and I respect the choices families make for their child's education, whether that be a traditional public

school, a charter school, or a private school. However, because charter schools in Massachusetts are funded in such a manner that they have a disproportionately negative financial impact on the school districts from which they draw their students, and because this represents a significant financial risk to the Shrewsbury Public Schools, I oppose Question 2. For the same key reason, I advocate that the School Committee should oppose it as well.

Based on the significant risk to the adequate financing of the Shrewsbury Public Schools associated with the potential expansion of charter schools, I recommend that the School Committee formally vote to oppose Question 2.

I suggest that the School Committee vote on this matter at its next meeting, which is scheduled for October 5, 2016. This will give the Committee time to further consider the matter and to hear feedback from the public in advance of a vote.

In addition to the links in this memorandum, I am including information from last year's annual report on charter schools, and updated statistics on charter school enrollment and cost in Shrewsbury. I look forward to discussing this topic with you at your meeting on September 21.