

**Pennsylvania General Assembly — Basic Education Funding Commission**

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**FINAL**

My name is Mark Gleason. I am the executive director of the Philadelphia School Partnership, a nonprofit working to ensure that every student in this city has the opportunity to attend a great school. Our Great Schools Fund has invested \$35 million since 2011 to provide startup capital to new schools, great schools that are expanding, and new leadership transforming low-performing schools. Our investments have spanned all three major sectors: traditional public schools, public charter schools and private schools. In all, we have invested in about 35 schools that will ultimately enroll more than 15,000 students. In making these investments, we have learned that there is no one best kind of school. The common ingredients in great schools are not size, not an educational model or curriculum, nor a governance type. The common ingredients are outstanding leadership; great teaching; day-in, day-out focus on student needs and outcomes; high standards; and highly engaged students and families. None of the schools we have invested in spends above the state average for per-pupil expenditures; some spend only half of the state average. All face daily financial challenges, yet nearly three-quarters of these schools are already achieving, or are on track to achieve, student outcomes that far exceed the citywide averages—on such measures as fourth-grade literacy, mastery of language arts and math, on-time graduation and college matriculation. I thank you for the opportunity to present today, and I offer you PSP’s support as you tackle the challenge of developing a fair, sustainable, students-first statewide system for funding public education.

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The purpose of basic education funding is to ensure that every student in the Commonwealth has the opportunity to receive a proper education—one that gives him or her the skills and knowledge to be a productive citizen in the 21<sup>st</sup> century.

I believe when we say “every student,” we all are in agreement that we mean **every** student. We want a system that minimizes discriminating factors, whether intended or unintended, and ensures every child has equal opportunity to a great education.

Funding is just one variable in the pursuit of this aim. There is ample evidence, some of it reviewed by this Commission, that funding alone is not a determinant of educational outcomes. It is true that—where we see inequities in educational opportunity—we should endeavor to use funding as a tool to increase equity. But it is not the only tool we should use, nor does the evidence show it to be the most powerful tool.

We have had a lot of noise in Pennsylvania about the financial impact of charter schools. Critics of charter schools complain that charters receive too much funding, even though by law they receive less revenue per pupil from taxpayers. Critics also complain that charters are a big reason why urban districts are struggling with budget shortfalls. While there is significant room for improvement in the charter laws, both statements wrongly shift the conversation from equity of educational opportunity to equity of spending. That’s not a shift that will lead Pennsylvania to better educational outcomes for

students, because the primary beneficiaries of spending in the K-12 education arena are adults, not students. Students can benefit from extra spending, but only if certain other conditions are met.

We have to keep the pursuit of a basic education funding formula tethered to measurable outcomes that increase taxpayers' return on investment...for existing dollars...and certainly for any increases in education spending. It's in that context that we should be evaluating and funding all public schools, including both traditional and charter schools.

I would now like to share some data with the Commission. Because PSP's focus is on Philadelphia, much of this data comes from schools located here. But I believe the story would be the same, and the data similar, if we were looking at statewide data.

When we look at Philadelphia, and in particular at schools serving the most disadvantaged children, we see a broad range in student performance. There are just under 200 public schools in the city where economically disadvantaged students, defined as those entitled to free or reduced price lunch, make up 80 percent or more of the student body. The chart on the screen shows how these schools score on the state's school performance profile. Only 17, or fewer than 10 percent, score 70 or higher on the SPP. Another 80, or 40 percent, score between 55 and 70. Nearly 100, or half, score below 55. A substantial number of those score below 40.

If we changed the metric from SPP scores to something else—PSSA scores, or graduation rates, or even safety—the curve would change a little bit but not a lot. Spending varies modestly amongst these schools, but not dramatically and not according to a predictable pattern. There is demographic variation—some of these schools are 99 percent disadvantaged instead of 80 percent. But for the most part, these schools are serving similar populations, with similar amounts of money to spend, and getting a broad range of results. So what is the relationship between spending and results?

As Marguerite Roza from Georgetown University stated at the Lehigh Valley session, the differences are in how the schools spend their money, and even more fundamentally, in the leaders and teachers spending it.

For an example, let's look at the staffing at two high schools in north Philadelphia, Mastery Simon Gratz and Martin Luther King Promise Academy, using data from fiscal 2014. Mastery had about 230 more regular ed students and about the same number of special education students as King. Both schools are neighborhood schools, with open enrollment to students living in the attendance zone. Both are two-thirds free & reduced lunch and nearly 100 percent African-American. King scored 39.6 on the SPP. Gratz scored 65.5. Twelve percent of King's students were proficient on the math Keystone exam, and 25 percent on the Literature Keystone. Twice the percentage at Gratz were proficient in math, and 50 percent more in English.

A look at the staffing budgets shows some key differences:

- Gratz has 16 principals, assistant principals and deans; King has three.
- Gratz has about an 11 percent higher student-teacher ratio than King.
- In other words, Gratz has chosen to run larger class sizes and reinvest those savings in far more personnel to coach and support teachers, and to assist teachers in addressing the varied special needs of a student population that comes into 9<sup>th</sup> grade almost entirely behind grade level.

It's too early to claim victory at Gratz, which is only in its fourth year of turnaround. But the example shows that how a school spends its money can make a big difference in outcomes.

Gratz is now a charter school. And it's true that when it comes to serving economically disadvantaged students in Philadelphia, there are more charter schools delivering results than traditional district-run schools. But let's be clear about why that is. There's nothing magical about charter schools. Some of the best schools in the city are run by the District. What has enabled many charters to do better in tough neighborhoods is autonomy and flexibility. Kids in tough neighborhoods need extra care, and they need even better teachers than the average school. Because of their autonomy and flexibility, charter schools can invest more in training teachers. They can staff schools with more administrative personnel because they have more choices in how to spend their budgets. They can extend the length of the school day, and the school year. Almost all charter schools in Philadelphia start school in August; the School District didn't start this year until a full week after Labor Day.

There's one other thing that charter schools have: accountability. Charter schools can have a charter revoked or non-renewed if they don't perform. That doesn't always happen, of course. In Philadelphia and across the Commonwealth, probably more of them should have been closed by now. But accountability is part of why charters have a better track record in this city of educating poor children.

The other thing we too often hear critics of charter schools say is that charters don't perform any better than their traditional-school peers across the state. This is not an apples-to-apples comparison. Many charter schools serve populations with above-average representation of extra student needs. Also, the cited research lumps the results of cyber charter schools in with brick-and-mortar charters. In both the district and charter sectors, cyber schools have struggled to produce compelling evidence of quality outcomes for children. However, cyber charters, which have been authorized at the state level, represent a much bigger share of total charter enrollment than do cybers operated by districts as a share of total district enrollment.

Turning back to the challenge of basic education funding with these facts in hand, I see several imperatives:

- First, put more of the state's education spending in the basic education budget. There's a tendency to want to control what districts and schools spend their money on, which has led to a set of more prescriptive line items in the state budget, or block grants with spending parameters attached to them. Put as much as possible in basic spending, so that districts and schools have more flexibility and autonomy.
- Second, make the basic education formula truly student-based. Money should follow the student. We tax and spend to educate the public, not to fund schools. Minimize factors in the formula that aren't driven by the number, and unique needs, of students in each district.
- Third, consider weighting charter students at a somewhat higher rate than district students in the same jurisdiction. There is truth to the problem of districts having to pay out dollars to charters that it can't fully recoup because of stranded costs; an extra charter weight could mitigate this. The other option is to restore the charter reimbursement fund. But in either case, the extra weight or reimbursement should only last two or three years. Use funding policy to penalize districts that don't manage out stranded costs over time. It's true that a district which loses 1,000 students to charters in one year won't be able to completely shed the cost of those students in the first year. But it should be

able to shed those costs over time by shutting underutilized facilities and shrinking staff through normal attrition.

Now, let's turn to the crucial topic of accountability. The funding formula itself shouldn't be the policeman of school performance. In a student-based funding system, to cut dollars because of poor results would be to cut dollars going to students because of the shortcomings of the schools they attend. It's imperative that Pennsylvania not keep channeling funds to low-performing schools; taxpayers can't afford to fund failure. But the answer isn't de-funding low-performing schools. It's changing those schools, or closing them and replacing them with better ones.

In Pennsylvania, we spend \$1.6 billion a year operating about 150 schools that represent the lowest-performing 5 percent of schools. In these schools, we are not getting the job done for students. In these schools, fewer than 30 percent of students are reading and doing math on grade level. These schools are almost life sentences to poverty for the students enrolled in them. And yet many of these schools have been this way for 20, 30, even 40 years. We can—and must—do better with that \$1.6 billion.

The last thing we should do is funnel even more money into those schools in the false hope that a few extra teachers, or a new after-school program, or school police to make the environment safer, will change the trajectory of learning. We have to hold these schools accountable, either by bringing in new management, whether district or charter, or by replacing them with new schools.

The two cities that have shown the biggest jump in student performance in the past seven years are New Orleans and Washington, DC. Both cities have seen dramatic growth in charter schools, but notably Washington also has seen dramatic reforms and improvement in district schools. What separates these cities from others is their focus on school accountability. Each city has closed dozens of schools, both district and charter, in that time. In each case, the number of closed schools is equal to about 30 percent of the total number of public schools operating today. At the same time, each city has opened up half as many new schools as it has closed. Yes, some of the school closings were simply about rightsizing, shrinking the public-school footprint to address declining student enrollment. But many of the closed schools have been replaced by newer, in many cases more effective, schools. In both cities, state funding policies channel education funds via a student-based formula. The combination of student-based funding and not allowing the most failing schools to continue to draw down taxpayer dollars has put both cities on an upward trajectory that is putting more minority and low-income students on the path to graduation and post-graduation success.

Money should follow students, but students should not be allowed to enroll in schools that data show will fail them. Below a certain threshold of student achievement, as measured against the state standards that define what a thorough and efficient education is in the Commonwealth, schools should have to change out management and perhaps staff, subject to state approval. Below an even lower threshold, schools should be subject to state takeover. That is now the case in Massachusetts, where Lawrence was one of the lowest-performing districts in the state. After a new law passed, the state education commissioner exercised his authority to appoint a new superintendent, who has worked in partnership with charter operators and the teachers union to create new schools and transform existing ones. The promising turnaround in Lawrence had even Randi Weingarten, head of the American Federation of Teachers, touting the changes at a press event two months ago—in a district that completely rewrote its teachers contract and gave schools unprecedented autonomy. At schools in

Lawrence, teachers have a say in what the changes will be. But the option that is no longer on the table is the status quo.

In Philadelphia, raising the graduation rate in just the 10 worst performing high schools to the city average would raise the city graduation rate by nearly five points, to over 70 percent. Creating a weighted student funding formula that ensures that children in poverty or non-English speakers have extra resources at their schools will help. But what will really get it done is to stop tolerating excuses for schools that, despite good intentions, have persistently let students down. If we are going to hold the state responsible for equity in spending, we must also hold it responsible for ensuring equity in educational opportunity.

Thank you.