Senate Committee on Education
January 27, 2016

Department of Public Instruction Testimony
Senate Bill 640

I want to thank Chairman Olsen and members of the committee for the opportunity to testify before you today on Senate Bill 640 (SB 640). My name is Jeff Pertl, Senior Policy Advisor for the Department of Public Instruction (DPI), and with me today is Tricia Collins, Director of the School Management Services Team.

SB 640, provides technical clarification on specific provisions DPI identified in reviewing 2015 Act 55 (2015-17 Biennial Budget) that could present a challenge to implementation, are unclear, or are contradictory to other current law language.

SCHOOL ACCOUNTABILITY REPORT PROVISIONS

Act 55 made numerous changes to how district and school report cards are calculated, most notably implementing a weighting system for achievement and growth scores based on poverty (as measured by free- and reduced-lunch).

However, a few of the technical changes created unworkable policies or contained drafting errors. The three main technical errors addressed by SB 640 are around: (1) the exclusion of 9th grade transfers; (2) the length of enrollment weighting that inadvertently excludes students; and (3) a drafting error in the poverty weighting.

(1) **SB 640 restores to the calculation a 9th grade student who attended 8th grade in one sector (public, charter, or choice) but transferred to a different sector for 9th grade.**

Current report card calculations and rules already account for 9th grade transitions as part of a natural progression of grades (e.g., from an elementary school ending in 5th grade to a middle school starting in 6th grade), which are considered the responsibility of their current school.

However, schools are not held accountable for the assessment performance of mid-year transfer students. The full academic year (FAY) requirement in existing law ensures that mid-year transfers are not counted in report card calculations.

Eliminating all students that transfer among sectors (public, charter, and choice) at 9th grade would exclude thousands of students from vital report card calculations such as attendance, achievement, growth, gap closing, and test participation—all of which use multiple years of data or cohorts of high school students. This would raise significant accuracy issues and make it very difficult to generate high school report cards in small schools, particularly in Milwaukee.

(2) **SB 640 restores the report card practice of accounting for length of student enrollment by using multi-year calculations and eliminates the related drafting error**.

Prior to Act 55, the report card accounted for length of enrollment in several ways. Consequently, the new length of enrollment provisions have almost no impact on scores. Furthermore, the length of enrollment weighting significantly increased the complexity of the report card calculations, which make the calculations much less transparent and understandable, and those changes would have made it impossible for schools to use the technical guide to calculate their scores.
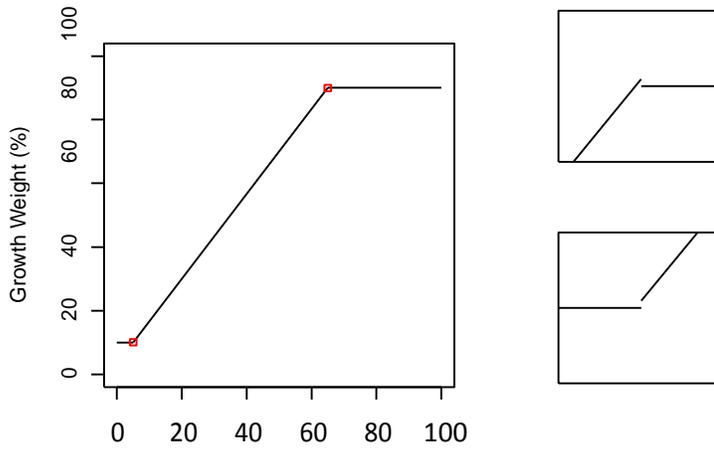
Among the eliminated changes in SB 640 is a drafting error under s. 115.385(1g)(b)(1c), that excluded students enrolled for 3 years (it only references "one year, two years, and more than 3 years"). This would have inadvertently resulted in thousands of additional students being excluded from vital report card calculations.

(3) SB 640 corrects the drafting error in s. 155.385 (1g) (c) 3, which lists the poverty weighting multiplier at 3.35, but should be 3.33. Eliminating this rounding error will correct the scoring gaps.

Section 3207(c) of the budget states that the DPI shall adjust the weight of student achievement and growth in the school and district accountability report cards "based on the percentage of pupils in the school or school district who are economically disadvantaged." The weighting assigned to achievement and growth is outlined in this section as follows:

1. For schools and districts in which 5% or fewer students are economically disadvantaged, achievement is weighted at 90% and growth is weighted at 10%.

2. For schools in districts in which 65% or more students are economically disadvantaged, achievement is weighted at 10% and growth is weighted at 90%.

3. For schools in which the percent of economically disadvantaged students is between 5 and 65%, growth weighting is defined as $^{80}/_{60}x+3.35$, where x is the percent of students who are economically disadvantaged. Achievement weighting is defined as 100 - growth weighting.

There is an error in the y-intercept value (3.35) of this formula, which is evident when the three weighting ranges for growth are plotted:

Percent of students who are economically disadvantaged

To get the correct intercept, we can calculate the formula for a line that passes through (5,10) and (65,90), which are the two endpoints of this line segment.

First we calculate the slope of the line.

$$\text{Slope} = \frac{y_1-y_0}{x_1-x_0} = \frac{90-10}{65-5} = \frac{80}{60}$$

which is the same as the slope in written into the budget. Next we find the y-intercept by plugging in one of the known points into the formula of a line, $y = mx + b$:

$$10 = \frac{80}{60}*5+b$$

which when solved for b gives b = 3.33. The corrected formula is $^{80}/_{60}x$ +3.33.

PARENTAL CHOICE PROGRAMS – FINANCIAL AUDIT REQUIREMENTS

Under the Private School Choice Programs, each participating private school is required to submit a financial audit. As part of the financial audit, a reserve balance is calculated for each school based on the choice program funding received and net eligible education expenses. Under state law, the department must review the financial audits of participating schools.

1. **SB 640 clarifies how eligible educational expenses are determined and audited.**

Under Act 55, the governing body of each private school participating in a choice program was required to determine eligible education expenses based on those that are reasonable for the private school to achieve its educational purposes. This bill still allows for schools to include those costs that are reasonable for the private school to achieve its educational purposes. This bill adds that the governing body of each private school would be required to have a written policy setting forth what will be included in eligible education expenses. In addition, the school's auditor must test the school's costs using that policy and determine whether the costs may be included in eligible education expenses based on the school's policy.

This language helps the process of establishing and auditing eligible education expenses and removing ineligible costs from the reserve calculation.

2. **SB 640 requires a school to refund its reserve balance if no longer participating in a Private School Choice Program.**

Schools participating in the Private School Choice Programs may maintain a reserve balance to use for future education expenses. The reserve balance is the amount of money received from the Private School Choice Programs that the school has not yet used for eligible education expenses. If a school has a positive reserve balance, the school must maintain a cash and investment balance equal to at least the amount of the reserve balance. This bill provides that if a school no longer participates in any of the Private School Choice Programs, the school must refund the reserve balance to the state. This provision helps ensure that any unspent choice funding is returned to the state.

3. **SB 640 sets a new process and timeline for review of the financial audits.**

Under Act 55, the department was required to certify all financial audits within 90 days and was limited to one written communication with each school's auditor. This bill restructures the review process of financial audits by providing additional time for DPI to review audits, limiting follow-up to certain items, and providing a specific timeline by which the review of all audits must be completed.

Under this bill, the department may contact an auditor regarding items that are greater than one percent of the funding the school received or for missing information. There is no longer a limit of one written communication with the auditor. An auditor has 10 school days to respond to a written request from the department.

By February 15 or within 120 days of receipt of the audit, whichever is later, DPI must notify the school whether the audit review is complete or if additional information is needed. If additional information is needed, DPI is required to complete its review and notify each school by April 1 whether the audit

meets program requirements. The bill also clarifies that DPI may communicate as necessary with the auditor regarding financial viability items. These changes help ensure a timely review of costs greater than one percent of funding received and ensure financial viability issues can be reviewed at any time.

Civics Test as Requirement for Graduation

Act 55 required that, beginning in the 2016–17 school year, each student must receive a passing score on a locally administered civics exam. An exemption was provided in Act 55 for pupils who have an Individualized Education Program (IEP) in effect. Under current law, students with an IEP must take the mandatory civics exam but is not required to receive a passing score as a condition of graduation.

1. **SB 640 allows a student's IEP team to determine the appropriateness of this requirement for individual pupils.**

Under Act 55 any student with an IEP was required to take the locally administered civics exam but not required to pass the exam. SB 640 amends that requirement allowing a pupil's IEP team to determine if it is appropriate to administer the exam or to make it a requirement of graduation for the individual pupil. Every IEP will include a statement regarding the appropriateness of administering the exam. If it is determined that it is not appropriate to administer the exam to the pupil, it may not be required as a condition of graduation for that pupil.

Thank you for the opportunity to testify today. We are now happy to answer any questions you may have.