

September 15, 2011 No. 11-3

Highlights

- In SY2010-2011, 14 charter schools operated in Boston, serving 4,825 students while 448 Boston students attended charter schools outside of Boston for a total of 5,273 students
- Eight new charter schools may open in Boston over the next two years
- The BTU must agree to Pilot schools and no new Pilot school has been approved in three years since 2008

A special thank you to the Research Bureau's Cabinet Members for their generous support.

Arlington Advisory Partners
Beacon Capital Partners
Blue Cross Blue Shield of
Massachusetts
BNY Mellon
Citizens Bank
Comcast
Fidelity Investments
John Hancock Financial
KPMG LLP
Liberty Mutual Group
McKinsey & Co.
NSTAR
Partners HealthCare System
P & G Gillette
State Street Corporation
Verizon

Charter Schools Set to Expand in Boston

Pressure is mounting for the BPS to be more competitive

The number of students residing in Boston who attend charter schools located in the City is expected to increase by 55% over the next four years. This should be a wake-up call to the leadership of the Boston Teachers Union (BTU) which has now been in contract negotiations for over 17 months with the Superintendent and School Committee. Key reform provisions the Superintendent is seeking such as an improved teacher evaluation process, greater flexibility over school scheduling and staffing, and more time for student enrichment and teacher professional development and planning are features that make most charter schools both successful in raising student achievement and an attractive option for students and parents.

The expansion of charter school seats in Boston has a financial consequence for the City. State aid follows the student who attends a charter school, thereby decreasing discretionary revenues for Boston over time. Boston's net charter tuition payment was \$55.1 million in fiscal 2011 and could grow to \$90 million by fiscal 2015 due to the eight new schools and enrollment growth in existing charter schools.

Additional key findings of this report include:

- The Boston Public Schools (BPS) is creating a portfolio of new or restructured schools with more autonomy and flexibility than traditional BPS schools as a strategy to improving underperforming schools and compete with charter schools. In September 2011, student enrollment in BPS flexible schools is expected to increase by 1,298, while enrollment in traditional BPS schools is expected to drop by 1,611.
- Charter expansion may lead to an estimated 1,994 BPS students leaving the district within the next four years, adding to the BPS's approximately 4,250 empty seats even after the closing of eight schools and merging of eight schools. Additional school closings and consolidations may be necessary for the BPS to operate more efficiently and to allocate more resources to the classrooms.
- Achieving meaningful teacher contract reform this year is a critical step to improve the competitive advantage of traditional schools which 75% of BPS students will attend starting in September 2011.
- The BPS faces related issues of enrollment decline, excess seating capacity, facility capital needs, student assignment modification, and transportation costs in a continuing tight fiscal environment. The Superintendent and School Committee must develop a comprehensive, multi-year strategic plan to resolve these pressing issues to maximize resources for improved student achievement.

333 Washington Street, Suite 854

Boston, Massachusetts 02108

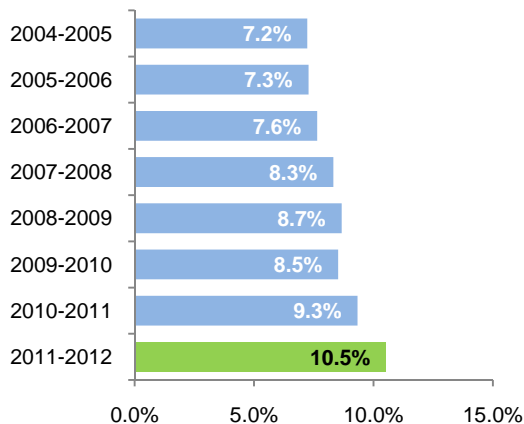
617-227-1900 www.bmr.org

Charter School Expansion

The number of Boston resident students attending charter schools located in the City is estimated to increase by 2,659 or 55.1% over the next four years due to provisions in the Massachusetts Race to the Top Law (Ch.12, Acts of 2010), which was enacted to narrow the state's achievement gap in the most underperforming school districts. Two important features of this law raised the state limit on charter spending in underperforming districts and authorized all districts to operate innovative public schools. Prior legislation capped charter school tuition payments at 9% of a school district's net school spending. Chapter 12 lifted the tuition cap to 18% of net school spending for districts performing in the lowest 10% on statewide MCAS tests. Under Chapter 12, Boston is eligible for Commonwealth charter expansion over the next six years. The tuition cap cannot increase by more than 1% per year until the 18% cap is expected to be reached in fiscal 2017. In school year 2011-2012, the state cap is 13%, and Boston's charter tuition is expected at 10.5% of net school spending.

Figure 1

Boston Charter Tuition as % Net School Spending



Source: MA Department of Elementary and Secondary Education as of June 28, 2011.

Eight new Commonwealth charter schools are expected to open in Boston over the next two years, and two current Commonwealth charter schools will expand their seats. In the four years between the 2010-2011 school year and the 2014-2015 school year, the number of Commonwealth

charter school seats in Boston is estimated to increase by 2,659 or 52.3%. (See Appendix A) Of that amount, 1,994 or 75% are estimated to be taken by students now enrolled in the BPS with the balance being taken by students now in parochial or other private schools.

History of Boston Charter Schools

Charter schools in Massachusetts were first enabled by the Education Reform Act of 1993 which authorized the Massachusetts Department of Education to approve charter schools. In Boston, the new Commonwealth charter schools were meant to provide an option for families to experience innovative learning environments and in doing so to force reform in the BPS.

Table 1

Net Charter Impact and Charter Enrollment SY04-05 to SY14-15

School Year	Charter Enrollment ^[1]	% BPS Enrollment	Net Impact (in millions)
'04-'05	4,434	7.8%	\$34.8
'05-'06	4,182	7.3%	35.5
'06-'07	4,509	7.9%	38.8
'07-'08	4,763	8.4%	41.6
'08-'09	4,962	8.8%	45.9
'09-'10	5,086	8.9%	51.0
'10-'11	5,273	9.3%	55.1
'11-'12	5,801	10.3%	63.2
'12-'13	6,515	-	70.5
'13-'14	7,224	-	80.0
'14-'15	7,932	-	90.0

Source: MA Department of Elementary and Secondary Education; BPS Office of Strategic Planning; BPS Office of the Chief Financial Officer

[1] Enrollment figures highlighted in green reflect Boston resident students attending Boston-based charter schools. Total Boston charter enrollment may be higher due to students attending charters in other cities and towns.

Over the past fifteen years, Commonwealth charter schools have become a popular alternative to traditional Boston public schools. In 1995, four Commonwealth charter schools opened in Boston, enrolling 985 students. By school year 2010-2011, 14 charter schools operated in Boston with an enrollment of 4,825. In addition, 10 charter schools in other cities and towns accepted 448 Boston students, bringing the total number of Boston resident students attending charter schools to 5,273 or 9.3% of the BPS enrollment. The

number of Boston students on wait lists for charters has grown from 5,267 in fiscal 2007 to 13,443 in fiscal 2012. However, these numbers reflect students who have applied to wait lists for more than one school.

Boston charter schools have been heavily concentrated in a few neighborhoods, and the schools have been serving more students in middle and high school than students in elementary grades. In school year 2010-2011, ten Boston charters served middle and high school students and four charter schools included kindergarten and elementary grades. This month, four new elementary charter schools have opened in Boston, and in September 2012 two elementary schools and two middle-to-high charter schools are expected to open. Most charter schools located in Boston focus on college preparation and civics or leadership. (See Appendix B)

Financial Implication of Charters

The rise in charter enrollment among Boston students comes at a cost to the City of Boston. State aid follows Boston students who attend charter schools. Over the past decade, as BPS enrollment has dropped by 6,380 students or 10.1%, the BPS has struggled to right-size the system in a timely manner. Challenges come from uneven enrollment losses across schools and the political difficulty of closing schools.

Over the next four years, up to 2,659 charter seats are expected in Boston due to the opening of eight new schools. Approximately 1,994 or 75% of these seats could be filled by BPS students, which added to the current estimated excess seating capacity of 4,250 seats, would bring the total number of empty seats to 6,244. The estimate of 75% is based on the BPS's current market share of Boston resident students, but a higher percent is very possible given the pent-up demand by Boston students and parents. The School Department's estimate of the cost of an empty seat multiplied by 6,244 seats would produce a total excess capacity cost of \$28 million by fiscal 2015. Increased seats in existing charter schools could add to excess

seating capacity and the transfer of more state dollars to charter schools.

The fiscal impact borne from students attending charter schools is measured as the City's annual net charter spending. Net charter spending is calculated as state aid that follows a Boston student to a charter school less reimbursement aid provided to Boston by the Commonwealth in the first six years that a student attends a charter school.

Charter Tuition - The BPS's gross charter school spending is the product of total enrollment of Boston students in charter schools and the per-pupil charter tuition for Boston students. The per-pupil rate is intended to replicate funding for in-district students based on three components. The first represents a Chapter 70 foundation budget for the charter school itself, which takes into account 11 areas of spending including grade level, the student's education program (regular, English language instruction or special education) and poverty status. The second component adds an amount that represents a level of per-pupil spending by a district beyond what the state requires. The final component reflects a spending rate for facilities.

Reimbursement Aid - Under Chapter 12, the Commonwealth reimburses Boston 100% of the increase in the state assessment it pays in the first year for the state aid for tuition that follows a student residing in Boston and attending a charter school. In each of the next five years, the state reimburses 25% of the student's first year tuition cost. Before the 2010 law, the state reimbursement carried for three years at 100% of the tuition assessment in the first year, 60% in the second year and 40% in the third year.

As Boston charter enrollment has grown over the past seven years, the net charter impact has steadily increased. Between fiscal years 2005 and 2010, Boston net charter impact grew by \$16.2 million or 46.6%, to \$51 million. In fiscal 2012, the net charter impact is expected at \$63.2 million.

The charter expansion will lead to a greater reallocation of state funds to charter schools instead of to Boston. By fiscal 2015, the net charter impact caused by just Boston-based charter seats may reach \$90 million, which would represent a state aid decrease to Boston of \$34.9 million or 63.3% over four years.

Flexible In-District School Growth

The BPS has embraced flexible district schools in order to support innovative education practices, improve underperforming schools and to compete with Commonwealth charter schools. These schools have become increasingly important over the past decade as BPS enrollment has fallen by 6,380 students or 10.1%. Like Commonwealth charters, these flexible schools are less restricted by collective bargaining agreements and administrative practices in areas of curriculum, staffing, budget, scheduling and professional development. This type of school includes BPS Pilot, Horace Mann in-district charter, Turnaround, and Innovation schools.

Table 2
BPS Enrollment by School Type

	SY00-01 to SY11-12 [1]			
	'00-'01	'05-'06	'10-'11	'11-'12 [2]
Pilot	2,009	5,319	6,321	6,473
Turnaround	-	-	5,449	5,654
Horace Mann	323	391	577	1,360
Innovation	-	-	-	158
Subtotal Flexible	2,332	5,710	12,347	13,645
Traditional	60,802	52,244	44,407	42,796
Total [2]	63,134	57,954	56,754	56,441

Source: BPS Office of Enrollment Planning

[1] Actual enrollment as of mid-December of the school year

[2] SY2011-2012 figure is a BPS projection

The number of flexible schools has increased in Boston over the past 10 years as the number of traditional schools and overall BPS enrollment has declined. In the decade between school years 2000-2001 and 2010-2011, flexible BPS school enrollment grew by 10,015 students. Traditional BPS school enrollment has dropped by 16,395 students or 27% due to both the intra-district shift

of BPS students to flexible schools and declining BPS enrollment. The share of BPS students attending flexible schools will have increased over the past eleven years from 3.7% in September 2000 to 24.2% in September 2011.

Pilot Schools - Launched in September 1995, just as Commonwealth charters opened in Boston, today 21 Pilot schools represent 11.1% of current BPS enrollment. The BTU must agree to Pilot schools, and no new Pilot school has been approved in the three years since 2008.

Horace Mann Charters - These schools are authorized by the state and operate within the school system with greater flexibility. Horace Mann schools were first approved in 1997. These schools are less subject to union approval due to an expedited contract waiver process. Two Horace Mann charter schools already operate in the BPS. Chapter 12 authorized four new Horace Mann schools in Boston, two of which will open in September with 783 students for a total of 1,360 Horace Mann students in Boston. The Boston School Committee has recently made a preliminary recommendation to the state for the September 2012 opening of two more Horace Mann schools.

Innovation Schools - Local school districts are authorized to designate Innovation schools, and the Superintendent is responsible for oversight and evaluation. While similar to Pilot schools, Innovation schools operate with greater autonomy and flexibility. Also, the application and contract waiver process is less contingent upon BTU approval. Boston will open its first Innovation school in September with 158 students at the former Roger Clap facility. Seven more innovation schools are in the planning phase and may open within the next few years.

Turnaround Schools - Under Chapter 12, the state is authorized to designate the lowest performing schools in the state as Turnaround schools. Eleven BPS Turnaround schools currently operate in Boston for 5,449 students or 9.6% of total BPS enrollment. These schools receive additional state

funds primarily for extended time and have three years to improve student performance or face state takeover. Chapter 12 provides an expedited conciliation process to modify contract language and grants the Superintendent flexibility to replace principals and teachers.

BPS/Charter School Compact

The City's attitude about charter schools has changed from opposing expansion to seeking collaboration through a recently approved compact with 18 Boston Commonwealth charter schools. This agreement focuses on key commitments to share resources and information. For example, the BPS may explore leasing vacant buildings to charter schools and granting charter schools access to BPS bulk purchasing. Charter schools will consider paying for transportation, expanding enrollment of students with learning disabilities and locating new schools in underserved Boston neighborhoods.

Conclusion

Within the next four years, Boston is expected to see an increase of approximately 2,659 students residing in Boston attending charter schools in the City. A trend toward more flexible schools is already underway in the BPS's efforts to turn around underperforming schools and make the district more competitive with local charter schools. The share of BPS students in flexible schools will have risen from 3.7% of total enrollment in school year 2000-2001 to an expected 24.2% in school year 2011-2012.

The BPS faces related issues of enrollment decline, excess seating capacity, facility capital needs, student assignment modification, and transportation costs in a continuing tight fiscal environment. The Superintendent and School Committee must develop a comprehensive, multi-year strategic plan to address and resolve these pressing issues in order to maximize resources to ensure that all students have access to quality schools and rigorous, competitive course offerings. The BPS's Redesign and Reinvest program is a piece of such a plan, but needs to broaden its scope.

In a tight fiscal period with recent changes in the allocation of school budget resources, it is important that the BPS appropriately manage school capacity as it engages in the competitive marketplace for local students. The challenge will be for the BPS to retain student enrollment in this marketplace even with the expansion of charter school seats. That is why new flexible schools should be linked to improving underperforming schools, and contract reforms are important. If this is not managed well, the projected charter impacts and enrollment trends taken together could produce a potential excess district capacity of 6,244 seats that will require additional school closings and consolidations.

The state can also be helpful to the BPS as it competes with charters and continues the work of school turnaround. Additional Horace Mann charter schools should be authorized for Boston to provide flexibility without the loss of state aid. For Turnaround Schools that are achieving improved student performance, the state should ensure that progress continues by extending the management tools and targeted funding that they had received.

Expanding the opportunity of flexible, innovative schools is an important strategy for the BPS to offer students and parents. Despite the increase in the number of these schools and their continued expansion, 75% of the BPS students enrolled in September will attend traditional and exam schools. Achieving meaningful reform in contract negotiations between the BPS and BTU is a critical step to improving the competitive advantage of these schools. This contract, now more than 17 months in negotiations, is an opportunity for reform that will not be available again for three years. This time the stakes are too high for too many and incremental change is not acceptable.

Appendix A

Expansion of Boston Charter School Seats

SY11-12 to SY14-15

New Schools	SY10-11 [2]	SY11-12	SY12-13	SY13-14	SY14-15	Total Seats
Bridge Boston Academy		72	36	36	36	180
Edward Brooke Charter School II		168	102	98	107	475
Grove Hall Preparatory Academy		75	75	75	75	300
MATCH Community Day Charter School		100	100	100	50	350
Edward Brooke Academy III		-	168	102	98	368
Dorchester Preparatory Academy		-	75	75	75	225
Excel Academy II		-	56	56	56	168
KIPP		-	72	72	136	280
MATCH Middle School Expansion		-	30	20	-	50
Roxbury Prep Expansion		-	-	75	75	150
Subtotal Existing School Expansion		-	30	95	75	200
Subtotal New Schools		415	684	614	633	2,346
Total Charter Expansion		415	714	709	708	2,546
Existing School Increase[1]		113	-	-	-	113
Grand Total Seat Increase	5,080					2,659

[1] Projection based on March 2011 MA Department of Education figures. Existing seat increase projections for SY12-13 through SY14-15 do not yet exist.

[2] SY10-11 column represents the total number of charter school seats existing in Boston for both Boston and non-Boston resident students.

Source: Boston Public Schools Office of Strategic Planning
Prepared by: Boston Municipal Research Bureau

(Appendix A continued on next page)

Appendix A
(continued)

Boston Resident Student Charter Enrollment

SY10-11

Commonwealth Charter Schools Located in Boston				
Charter School	Location	Total Enrollment (FTEs)	Boston Resident Enrollment	% Boston Students
Academy Of the Pacific Rim	Boston- Hyde Park	482.4	460.9	95.5%
Boston Collegiate	Boston- Dorchester	552.9	544.9	98.6%
Boston Preparatory	Boston- Hyde Park	345.1	338.1	98.0%
Boston Renaissance	Boston- Central	1,091.2	1,033.7	94.7%
City On A Hill	Boston- Roxbury	288.3	285.5	99.0%
Codman Academy	Boston- Dorchester	136.5	135.5	99.2%
Conservatory Lab	Boston- Brighton	153.9	150.6	97.9%
Dorchester Collegiate Academy	Boston- Dorchester	68.9	67.0	97.2%
Edward Brooke	Boston- Roslindale	447.7	426.6	95.3%
Excel Academy	Boston- East Boston	211.0	117.7	55.8%
MATCH High	Boston- Allston	441.4	428.1	97.0%
Neighborhood House	Boston- Dorchester	397.6	379.6	95.5%
Roxbury Preparatory	Boston- Roxbury	258.3	258.3	100.0%
Smith Leadership Academy	Boston- Dorchester	204.6	198.4	97.0%
Total (14)		5,079.8	4,824.8	95.0%
Non-Boston Commonwealth Charters Accepting Boston Students				
Advanced Math and Science Academy	Marlborough	963.1	1.0	0.1%
Benjamin Banneker	Cambridge	342.2	171.7	50.2%
Community Charter School of Cambridge	Cambridge	309.5	141.5	45.7%
Foxborough Regional	Foxborough	1,183.8	5.0	0.4%
Phoenix Academy	Chelsea	176.9	34.7	19.6%
Pioneer Charter School of Science	Everett	286.2	7.7	2.7%
Prospect Hill Academy	Cambridge	282.6	29.7	10.5%
Prospect Hill Academy	Somerville	827.9	51.8	6.3%
South Shore	Norwell	533.8	4.0	0.7%
Salem Academy	Salem	307.6	1.0	0.3%
Total (10)		5,213.6	448.1	8.6%
All Commonwealth Charters Accepting Boston Students (24)		10,293	5,273	51.2%

Source: Massachusetts Department of Elementary and Secondary Education, June 21, 2011 Q4 Enrollment Report.
Prepared by: Boston Municipal Research Bureau

Appendix B

Boston Charter Schools by Selected Characteristics

School	Years of Operation	Grades	Location	Projected Enrollment SY11-12 [1]	Focus
Boston Renaissance	1995-present	K-6	Hyde Park	886	Whole child development
Neighborhood House	1995-present	PK-8	Dorchester	391	High school prep
City On A Hill	1995-present	9-12	Roxbury	278	Citizenship
Boston Collegiate	1997-present	5-12	Dorchester	591	College prep
Academy Of the Pacific Rim	1997-present	5-12	Hyde Park	481	Pacific Rim culture
Conservatory Lab	1999-present	PK-6	Brighton	167	Music education
Roxbury Preparatory	1999-present	6-8	Roxbury	263	College prep
MATCH High School	2000-present	6-12	Allston	472	College prep
Codman Academy	2001-present	9-12	Dorchester	144	Social justice and arts
Edward Brooke	2002-present	K-8	Roslindale	457	College prep
Smith Leadership Academy	2003-present	6-8	Dorchester	207	Leadership development
Excel Academy	2003-present	5-8	East Boston	127	High school prep
Boston Preparatory	2004-present	6-12	Hyde Park	373	College prep
Dorchester Collegiate Academy	2009-present	4-6	Dorchester	112	College prep
MATCH Community Day	2011-	PK-2	Boston	100	College prep
Grove Hall Prep	2011-	5-5	Roxbury	75	College prep
Edward Brooke 2	2011-	K-5	Boston	168	College prep
Bridge Boston	2011-	PK-8	Boston	72	Full service school
Total Enrollment in Boston Charters				5,364	

Closed Boston Charter Schools

Youth Build Boston	1995-1997	9-12	Roxbury	-	vocational education
Frederick Douglas	2000-2005	5-12	Roslindale	-	college prep
Uphams Corner	2002-2009	5-12	Dorchester	-	college prep
Roxbury Charter High School	2003-2005	9-12	Roxbury	-	business

[1] Projected enrollment reflects Boston students enrolled in Boston charter schools.

Source: Boston Public Schools Office of Strategic Planning; Massachusetts Dept. of Elementary and Secondary Education.

Prepared by: Boston Municipal Research Bureau