

TESTIMONY

April 8, 2014

Fix Transfers, Expand Choice

By James V. Shuls, Ph.D.

Testimony before the Missouri House Elementary and Secondary Education Committee about Senate Committee Substitute for Senate Bills 493, 485, 495, 516, 534, 545, 595, 616 and 624

To the Honorable Members of This Committee:

Ladies and gentlemen, thank you for the opportunity to testify today. My name is James V. Shuls and I am the director of education policy at the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state policy. The ideas presented in this testimony about Senate Committee Substitute for Senate Bills 493, et al., are my own.

The Committee Substitute for Senate Bill 493, et al., touches on a variety of topics. If I had time, I would address each point. I would explain how holding charter school sponsors liable for expenditures associated with closing a charter school could lead to negative outcomes; why giving individual schools, not just districts, an accreditation status is a good idea; how removing

transient students from the Missouri School Improvement calculations depreciates the value of those students; and how the proposals for ending social promotion in unaccredited districts and urban districts could be improved.

However, because my time is limited, I will focus on the primary issue being addressed in this conglomeration of bills – the school transfer issue.

Ever since the Missouri Supreme Court upheld a student's right to transfer from an unaccredited school district to a nearby accredited one, Missouri school leaders have coordinated efforts to put an end to the transfer law. Some of the concerns regarding the transfer program hold merit. For instance, the current law has the potential to lead to the bankruptcy of

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unaccredited districts or to lead to overcrowding in accredited ones. Unfortunately, these problems have led many to ask, “How can we end student transfers?” rather than, “How can we make the transfer law work for students?”

This point was made clear in a position paper by the Cooperating School Districts of Greater St. Louis, in which area superintendents stated, “St. Louis area superintendents urge the state to move beyond providing choice options.” They claimed that school choice does not work. I quote: “In the private sector, choice does create competition in the marketplace. It works there. But is [sic] does not work in public schools, at least not in Missouri.”

I hope to do two things today. First, I want to put to bed this idea that choice and competition work everywhere, except in education. Secondly, I want to ask the question that everyone should be asking, “How can we make the transfer law work for students?”

School Choice Works

Public school superintendents in the Saint Louis area suggest that choice and competition improve nearly every aspect of our lives, just not education. They are flatly wrong. The evidence is clear, school choice leads to positive outcomes for students (and yes, there is evidence that choice is working in Missouri).

Random assignment studies, the “gold standard” in social science research, consistently show that students benefit from attending

charter schools.¹ There is even evidence that charter schools increase intrinsic motivation² and that these positive gains are most pronounced for disadvantaged students.³ Studies are demonstrating that charter schools are leading to increased high school graduation rates and increased rates of attending college.⁴

Some point to the failure of a few charter schools, such as the Imagine Schools, as evidence that school choice does not work. Writing in *The Wall Street Journal*, Karl Zinmeister summed up the history and research on charter schools like this:

The combination of weak charters closing and strong charters replicating is having powerful effects. The first major assessment of charter schools by Stanford’s Center for Research on Educational Outcomes found their results to be extremely variable, and overall no better than conventional schools as of 2009.⁵ Its follow-up study several years later found that steady closures and their replacement by proven models had pushed charters ahead of conventional schools.⁶

Contrary to the opinion of the Cooperating School Districts of Greater St. Louis, there is evidence that school choice works in Missouri. The Stanford study that Zinmeister cited found that Missouri charter schools produced significantly larger learning gains than the nearby public schools.

The research on private school choice yields similar results. The Friedman Foundation published a report detailing the studies on private school choice programs.⁷ They reported that 11 of 12 “gold standard” studies of voucher programs find positive benefits for all or some students. They also reported that choice and competition have a positive impact on the traditional public schools; at least that was the case in 22 of the 23 studies that examined the issue.

The gains may not be huge, but the evidence is consistently showing that students are benefitting from school choice.

Additionally, these programs increase parental satisfaction and expand options for students. Thanks to charter schools, in Saint Louis we now have three language immersion schools, multiple college prep schools, schools that focus on STEM (science, technology, engineering, and mathematics), a Montessori school, and a school focused on the arts. Students have different tastes and preferences and thanks to school choice, they are able to choose the school that best meets their needs.

How can we make the transfer law work for students?

With this in mind, I now turn to the question, “How can we make the transfer law work for students?” That is, how can we address the problems of overcrowding and possible bankruptcy while expanding options for students?

Right Of Refusal

One of the major concerns of the current transfer law is that accredited school districts have no right of refusal. That is, they have no mechanism to limit the number of transfer students to their schools. This bill adequately addresses this concern by allowing accredited school districts to determine a policy for desirable class size and student-teacher ratios. Using these policies, each district is allowed to determine the number of available spots in the district.

Fix The Tuition

The current law allows unaccredited districts to be charged tuition rates that are higher than the district’s current per-pupil expenditure. This is simply not sustainable, but this bill does not directly address this problem. Instead, it dangles a carrot in front of accredited school districts and offers incentives for districts to voluntarily reduce their tuition. This devised system is cumbersome and could have a deleterious impact. Moreover, it is not necessary, especially when a solution is provided elsewhere in the bill.

In the tuition rate calculation for students with a transportation hardship and for students who choose to attend a non-sectarian private school, the tuition is the lesser of the two schools’ tuition or per-pupil expenditure. In the case of transportation hardships, the tuition is the lesser of each district’s per-pupil expenditure for the previous year. The formula is similar for students transferring

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to private schools. If this method for determining tuition were used for transferring students, it would reduce the financial burden on unaccredited school districts.

This would not place an undue burden on accredited school districts. As a *St. Louis Post-Dispatch* report noted, accredited school districts have spent very little on transfer students.⁸ The tuition is almost all profit because the marginal cost of a few extra students is very low. Moreover, districts would now have the right to determine how many students they accept.

Expand Options

Rather than expand options, the current bill reduces educational options for students. It reduces the number of students who can transfer and it reduces the number of public schools to which students can transfer. It does create a non-sectarian private school option, but this is minuscule. I searched the Private School Universe Survey that the National Center for Education Statistics conducted and could only find one non-sectarian private school that does not serve a special population within either the Normandy or Riverview Gardens school districts, the two unaccredited districts in Saint Louis with students who transferred to accredited districts this year. According to the Private School Universe Survey, that school only served 53 students.

If the geographic limitation were removed, students would have the opportunity to attend a host of other

private schools in their area. Just as students are allowed to transfer to an accredited public school in the same or adjoining county, they should be allowed to attend a non-sectarian private school in the same or adjoining county.

Provide A Fund For Transportation

Currently, unaccredited school districts are required to provide transportation to transfer students. This bill removes that requirement. This will help unaccredited school districts save money, but it will also limit the options for students. Therefore, the legislature should consider establishing a “Transfer Student Transportation Fund.” The bill would already create seven new funds, what is one more? The fund could consist of any monies that the Missouri General Assembly appropriates or donations from individuals or businesses. The funds should be made available to any entity, including public schools, private schools, or non-profit organizations, that will coordinate transportation for students from unaccredited schools to attend school in an accredited public school or a non-sectarian private school within the same or adjoining county.

Transportation is a difficult problem, but it is a problem that individuals can overcome if they are willing to ask the question, “How can we make the transfer law work for students?”

Conclusion

There are problems with the student transfer law, but there also

are many benefits. Students who were attending schools with high concentrations of poverty and were struggling now have options. According to data that I obtained from the Missouri Department of Elementary and Secondary Education, nearly three-fourths of the transfer students scored basic or below basic on state tests in English language arts and math last year. These are students who are struggling, but they are students who desire to better themselves. These are students who benefit from the transfer program.

Think about the hundreds of students who were willing to ride a bus for 2 hours a day to attend a better school. They were not forced to transfer. They were not compelled. By their own free will, they chose to make sacrifices so they could receive a better education. Think about J'Von Coleman, who rode his bike 30 miles to school after he missed the bus. These are the students who are benefitting from the transfer program.

Depending on your point of view, the current bill would “fix” many of the problems with the transfer law. It would fix problems for the school districts, but it would do it at the expense of educational opportunities for Missouri’s most disadvantaged students. The purpose behind the transfer law was not to make things easier for school districts. The purpose was to provide opportunities to students who so desperately need them. The suggestions provided here would fix the problems in the current law while expanding opportunities for students.

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