School Choice: A Marketplace for Education

Pioneer Institute recently organized a roundtable for school officials to discuss their experiences with inter-district public school choice. The participants exchanged views on the current state of the choice program in Massachusetts.

Among the attendees were:
- **Richard Dussault**, superintendent, Masconomet Regional School District
- **Judy Kennedy**, member, Lynn School Committee
- **Michael Ronan**, superintendent, Uxbridge School District

Pioneer presented the participants with a series of questions concerning the current dynamic between "sending" and "receiving" districts, the needs of parents and children as educational consumers, and possible improvements to the school choice program. Pioneer has reproduced excerpts of that session in the following pages with the permission of the participants.

Pioneer Institute: School choice is supposed to spur healthy competition among public school districts. How can districts position themselves to win in this new marketplace?

**Michael Ronan:** The issue people are really concerned about is service. The question is: How do people perceive your district versus our district in terms of service? If your child has a problem, what happens in your district? What happens in my district? How do problems get resolved? Can you get in touch with the appropriate educators or administrators? Are issues tackled in an expedient manner? In Uxbridge, we point out to people that the tangible difference between us and everyone else is our servicing.

More and more, school districts are going to have to think in terms of broad strategies. Specifically, I think school management will have to consider the financial implications of their strategic decisions. Conventional wisdom seems to suggest that more capital investment in new buildings and equipment will stem the flow of students leaving a district. My sense from the beginning has been that our ability to draw students is not based on the quality of the buildings. Our facilities are not necessarily as new as some of the buildings these students are coming from. What matters to parents is the service their children are receiving. Their perceptions are based on 1) the programs in which their children are enrolled, 2) what their children say when they come home, and 3) the interaction of parents with the school staff. From my perspective, these are the elements that school districts need to improve in order to keep and attract students.

If you're losing money under the school choice program now, and you employ a strategy to improve your facilities, you may be backing into an excess debt issue. As a district increases its per student debt, it may move above the magic state average of $95 per student and lose even more money. If a district exceeds that figure, state law allows a town to correspondingly reduce its contribution to the school budget. A school system can end up with brand new facilities, but not enough resources to implement quality educational programs. As a result, their competitive position may be unchanged, or even worse.

If money is really the issue, efforts should be made to maximize resources at the classroom level. Uxbridge has six administrators, including myself, for everything in the school system. We continuously look for ways to privatize elements of our school system. For example, two years ago we privatized our guidance department at the high school level. We had a lot of inquiries about our activities from surrounding school committees because they saw that we were being competitive. We kept our programs when they were losing theirs.

The 1993 Education Reform Act did not bring about significant restructuring in the communities around us because the legislation provided them with a new infusion of cash. They kept doing the same old things that they had been doing and did not restructure their costs so as to maximize their program and service outcomes. They have adopted what I call the "gadget approach." Essentially, they only tinkered with the system--adding new gadgets--without making any fundamental change in service delivery or in attitude in dealing with customers.

Many school districts simply brought back everything they had eliminated earlier. They reasoned, "If we were doing this in 1990, it must have been important. We should be doing it in 1995." Instead they should adopt a strategic approach saying, "What do we need to do in the future, and what are the steps to achieve it?" Unfortunately, I have not seen that kind of change around us.
Every year we prepare an education report similar to the one that a corporation would do for its Board of Directors. It is 50 to 60 pages long and contains statistics on attendance, suspensions, state assessments, and Scholastic Aptitude Tests (SATs). It is easy to read. We put it on cable TV and give a copy to the local library. We are particularly interested in the trends; and since we’ve been working on these issues we have observed a steady improvement.

**Richard Dussault:** Masconomet provides a similar accountability report. We conduct a survey of all parents and students at the end of each academic year. We ask them to rate the teachers in each subject area with questions like, "Does your teacher do this? Yes, I strongly agree, disagree, and so on." The questionnaire gauges their satisfaction with guidance services, academic areas, and overall school discipline. We compile the responses longitudinally and publish the results. The report provides a three-year snapshot. Then, we do the same thing for all our test scores, the advanced placement tests as well as our SATs and Massachusetts Educational Assessment Program (MEAPs).

We put together a good package for the community, which helps parents make better informed education decisions. It assures parents that our system is giving thought to these issues and assembling quality material. We also publish in the local newspaper all the college acceptances for every student, not just where they actually attend, but all the schools at which they have been accepted. We profile each of the colleges and list their average SAT scores. This gives members of our community sense of what is happening in the school system. In addition, this information provides parents and students with some reference as they think about where they might like to attend college. Our guidance personnel have done an excellent job with the entire assessment/evaluation process.

**Judy Kennedy:** I agree on the need to move resources closer to the school- and classroom-level. For example, this year, we allocated money to the school improvement councils at each site. Although it was not a tremendous amount of money, approximately $9,000 or $10,000 per school, it served to involve and empower those parents. The school committee let them spend it as they saw fit within their own schools. The notion of direct management--services provided from one level to another cutting through administrative channels--really helps educators and parents to achieve productive outcomes. These types of activities fit within the larger framework of moving resources closer to the customer. It allows customers, in this case parents and students, more direct access to the services of their schools.

**Pioneer Institute:** Why do you think parents choose to participate in school choice?

**Dussault:** I would say that 80% of the families that our school choice youngsters come from--and Lynn happens to be one of the communities from where we have a sizable number of youngsters--are serious about education. These youngsters strive to be good students, their attendance is excellent and they participate in extracurricular activities. The other 20% are youngsters who may have had some difficulties in other places and are looking for an opportunity to start over. The bulk of those youngsters come to our district in the tenth and eleventh grades. Some of them do extremely well, and some of them do not. This admission cycle we had 30 additional openings, and the responses to our ads were very interesting. 60 students applied for ninth grade; 20 for tenth grade, and only 15 for eleventh grade. Since we did the lottery on April 1st, we have had ten additional phone calls for eleventh grade. In each case, the parents told me that they needed to move their kid to a new school. These kids are already thinking about next year, and I would say of those ten calls probably eight kids need a change for reasons that are not just academic. My observation is that the younger the students who apply, the more serious the parents are about education.

**Ronan:** More often than not, it is because another school system is more responsive to parent questioning and involvement than the district they are in.

At the high school level, I see the same type of mix Dick was talking about in terms of students who need a second chance. My estimate is that approximately half of those "second chance" students graduate in our school system. The other half simply are so far behind academically that even with all the options we can offer in terms of extended programs, support services, and tutors the best we can do is to graduate them at 19 1/2. That is a very difficult road for them to go.

As far as our racial mix is concerned, last year we had a larger percentage of minority students in our school choice population than we did in our home community. The socio-economic group is lower than our home community. People from a number of neighboring communities are able to access our programs since distances between Uxbridge and the surrounding communities are not too far. We offer as much help as we can with organizing carpools and allowing our buses to pick up the kids at the border, to make sure that we get them to and from school.

**Pioneer Institute:** How have the additional school choice funds helped you improve the quality of education at your schools?
Ronan: During the first two years Uxbridge participated in the School Choice Program, we assigned a substantial amount of the additional revenue to underwriting an integrated pre-school child care center, the Early Childhood Learning Center. The Center, which requires a partnership with the Department of Public Welfare (DPW), operates year round from 6:30 in the morning to 6:00 at night. We have also used part of the money to fund an inclusion program for special needs students at the elementary level, bringing children back from out-of-district placements, further integrating them in true inclusion classrooms, and providing teachers with the necessary support. We have allocated a portion of the funds to acquire technology and to make capital improvements in the school. Lastly, during the financial crunch in 1991 and 1992, we used the funds to stabilize our services. In summary, the additional funds have directly improved the Uxbridge school system.

I would add that the benefits derived from choice are not only financial. Uxbridge has four school site councils, one for each school. Three of the four schools have elected a school-choice parent to the school council, which shows that these out-of-town parents are making important contributions to the school system.

Dussault: Masconomet is a smaller district, serving grades 7 through 12. We were in a real budget crunch before education reform. We persuaded our School Committee and the Finance Committee that in order to maintain our programs, we had to get outside revenue. Either we could go for Proposition 2 1/2 overrides, which were never successful in our towns, or we could continue the school choice program. Three years ago, when we first opted to participate in the school choice program, it was primarily because we could not keep our class sizes across the district at the level preferred by our School Committee. Keeping academic class sizes in the range of 22-25 students per teacher was a priority for our School Committee. Accepting 125 school choice students the first year added about a half a million dollars to our budget. Those funds were allocated primarily to hiring 12 additional staff members, which allowed us to achieve our class size goals. We hired people with four years experience or less. It has worked out extremely well, since most of those teachers are still with us and their ideas have truly reinvigorated our schools.

Our second objective was to maintain the breadth of our academic and extracurricular offerings as well as the small class sizes in the advanced placement courses. Without the extra money, we could not have continued offering small sections and would have been forced to do a lot of doubling up.

The remaining choice funds were devoted to upgrading Masconomet's technology. Before school choice, we did not have any computer labs. The few computers we had were used for administrative purposes. Since then, we have installed four complete Novell networked computer labs. One is used exclusively as an English writing lab, a required course for all the ninth and tenth graders. Another lab is scheduled by teachers for class projects. A third lab is a business education and computer science facility. The fourth lab is for junior high and middle school students. This is a direct result of the extra money we brought in from school choice.

Last year we did not accept new school choice students. For next academic year, we are accepting 30 additional students, who will bring in approximately $120,000. These funds will allow us to maintain our existing programs.

Pioneer Institute: What might "sending" districts do to improve their programs and discourage parents from enrolling their children elsewhere?

Kennedy: In order for communities like Lynn to compete effectively, we will need to fundamentally rethink and overhaul our entire approach to education. We need to start by leveraging our assets. For example, we have a particularly strong Voc/Tech capacity. Lynn could start by expanding its vocational and technical high school. I feel that would make us attractive to students in surrounding communities. We already have a waiting list for Lynn students who want to get into the Voc/Tech. We are expanding it now, but unfortunately it is going to take a couple of years before construction is completed and even then we may not have enough slots for out-of-district students. However, this is illustrative of the steps we need to take in order to market and exploit a niche for ourselves.

It is extremely difficult for Lynn to achieve a competitive position vis-a-vis surrounding school districts while operating under the constraints of a consent decree for desegregation. We are implementing a voluntary desegregation program which has proved to be a hardship for us, since many of the students that we have lost through school choice were from the white, middle-class areas of Lynn. This has caused our racially imbalanced, or precariously balanced, schools to become more out of balance. The irony is that under the present school choice system, Lynn children are free to attend schools anywhere outside of the district. If Masconomet is 75% white, we can let a white student go to Masconomet, and nobody raises an eyebrow. But within our own school system, we are forced to tell students, "Well, I'm sorry you want to go to high school "A", but you have to go to high school "B" because we have to maintain the appropriate racial balance there." The present school choice system seems to work against communities such as Lynn...
in these areas. I believe school choice would be more effective if the overriding state regulations were eliminated.  

**Dussault:** There are several examples of communities actively responding to the competition that school choice has spurred. For example, Georgetown, a district next to Masconomet, is a very small town with less than 100 students in their graduating class. Georgetown is a middle-class community, with families who are seriously committed to education. Georgetown probably represents the largest number of school choice applicants to our district. Not surprisingly their schools became very concerned about losing children. They have since approved a $21 million bond issue for a total renovation and reconstruction of their high school. They are striving to be more competitive. Similarly, the Lynn School Committee is trying to maintain and improve their academic programs.  

Another example of a district that has responded effectively is Byfield. Byfield offers honors programs for fifth and sixth graders. Those students usually ended up attending Triton Regional High School, which did not have a similar program, and many parents felt that nothing was being done for their children. A group of parents asked the School Committee to implement programs for their youngsters, but the Committee refused. Finally, a dozen families enrolled their children as school choice students at Masconomet because we do have some good programs at that level. The very next year, Triton revamped their junior high/middle school program specifically to prevent students from leaving.  

The most important development in the surrounding communities that lost students to our school, except for Lynn, is that they immediately became school choice districts. I think it is a survival situation, and most of the schools in the North Shore area are hopping on the bandwagon and entering the school choice program.  

School choice is doing what it was supposed to do: make people look at themselves and offer all students a better opportunity. Although it does require some initial adjustment, it is going to pay off in the long run.  

**Ronan:** Districts that are losing students through school choice have to ask themselves one question: "How can we deliver educational services with the money we have and still be perceived as an attractive option?" The answer always comes back to service. For example, "How can we market the Lynn school system?" The Lynn School Committee should participate in school choice and market its strongest programs. I certainly would not let other communities take our students away without getting into the marketplace. The first order of business is to convince parents that Lynn is a district worth attending rather than leaving.  

I would look at my bilingual program and relabel it "World Languages." School systems are worried about how they are going to teach their children a second language and pass the required state assessment by Grade 10. I think some cities are sitting on a tremendous asset with world language capabilities that would give them a significant competitive advantage over neighboring districts.  

Districts that are losing students need to make a list of who is leaving and find out what school these children would normally have attended. That list has to find its way to the appropriate principal's desk with a very simple directive: "Contact all these families and find out why they have chosen to go elsewhere." After we have collected the information, we need to develop an action plan to improve our programs and compete more effectively.  

**Pioneer Institute:** What can be done to improve the present school choice system and what areas need to be addressed most urgently?  

**Ronan:** I am extremely troubled by the state's inability to simplify paperwork. With state programs like school choice, we are required to have additional forms and documents, which breeds bureaucracy and inflates program costs. A district's complement of administrators is directly driven by the degree of state and federal regulations. I am required to submit more paperwork and documentation on school choice students than on the students I claim for our foundation budget. For the foundation aid, I fill out one piece of paper, sign my name, and say, "These children attend school in Uxbridge." And the state sends us the money. On the other hand, in order to collect on one school-choice child, I have to submit substantially more documentation. Why is this so? If the state takes my word for the Uxbridge students, why won't they take my word for the choice students? Why not include them all into the foundation budget? It should be considered more closely, but I think we could just have one foundation report: children attending school in your district generate the same aid regardless of where they come from.  

**Dussault:** I see the transportation piece as a major issue as far as bringing students from the cities. Although transportation had been promised, funding has not been easily accessible. I think that families in the immediate suburbs or contiguous towns can work out transportation in the form of carpools or other alternatives. However, single-parent families in the cities where the parent is working long hours will be at a disadvantage. Children in those situations will need assistance with transportation.
Kennedy: I agree that school choice is not accessible to single-parent families under the present system. Some action on the state level to improve a district's ability to provide transportation might help those parents.

Mike makes a good point about the burdensome regulations and bureaucracy. Right now, we perceive this to be a real stranglehold on the administration of our system. There are so many state regulations that we have no power to say, "This is what we want to do with our money." Part of the solution may stem from the state accepting financial responsibility for those programs that it mandates. More than likely, this would leave us with the ability to pay for those programs we choose to incorporate into our school system. Additionally, this would do away with a lot of the extra costs that are incurred by a city like Lynn. The state would be responsible for special education costs because that is a state-mandated program. The same would be true for the bilingual and voluntary desegregation programs we are implementing right now. Eliminating those costs from our budget would make us a more competitive school system. We would be able to better serve our current students, and it might even allow us to open ourselves up and accept students from other communities who would want to come to our system.

Definitions:

**Inter-district School Choice**: Massachusetts' school choice program allows parents to enroll their children at schools in districts other than their own on a space-available basis. Unless they affirmatively decide not to participate in the program, districts must accept out-of-district students.

**Foundation Budget**: For each district, the state determines a minimum expenditure level (or foundation budget) and a target school tax rate that is adequate to support a quality school program. If the revenues from local property taxes at the designated tax rate fall short of the foundation level in any district, the state makes up the difference. By fiscal year 2000, all districts are expected to be operating at or above their foundation budgets.

**School Choice Financing**: Districts enrolling out-of-district students receive an increase in state education aid equivalent to 75% of the actual per student cost in that district, up to $5,000. State aid to the "sending" district is reduced commensurately. If a "sending" district's spending on education is below its foundation budget, however, it is eligible for full reimbursement from the state. "Sending" districts that spend above their foundation level receive a partial reimbursement.

Notes:

Of the school choice districts in Massachusetts that spend less than their foundation level, 46% were net gainers of students.

In Minnesota, a state with a comprehensive and well-established open enrollment program, a survey of school principals concluded that choice "stimulated improvements to school curricula, promoted greater parent and teacher involvement in planning and decision making, and increased the ethnic diversity of schools."

Massachusetts parents listed academic concerns as the primary reason for entering the school choice program followed by school resources, safety, and class size, among others.

As a response to losing over 100 students in 1993, Maynard Public Schools boosted its budget, installed computers, rolled out a new arts and music program, and restructured its marketing campaign. The following year Maynard outscored all but one district on the state assessment.

Fifteen states, including Massachusetts, have inter-district school choice programs. Twenty-five states have school choice legislation pending.

Uxbridge participates in school choice and is a net "receiver" of out-of-district students.

Masconomet participates in school choice and is a net "receiver" of out-of-district students.

Lynn does not participate in school choice and is a "sender" of students out-of-district.

**The following publications were cited or sourced for this publication:**

FY 1994 School Choice Report, Massachusetts Department of Education.


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