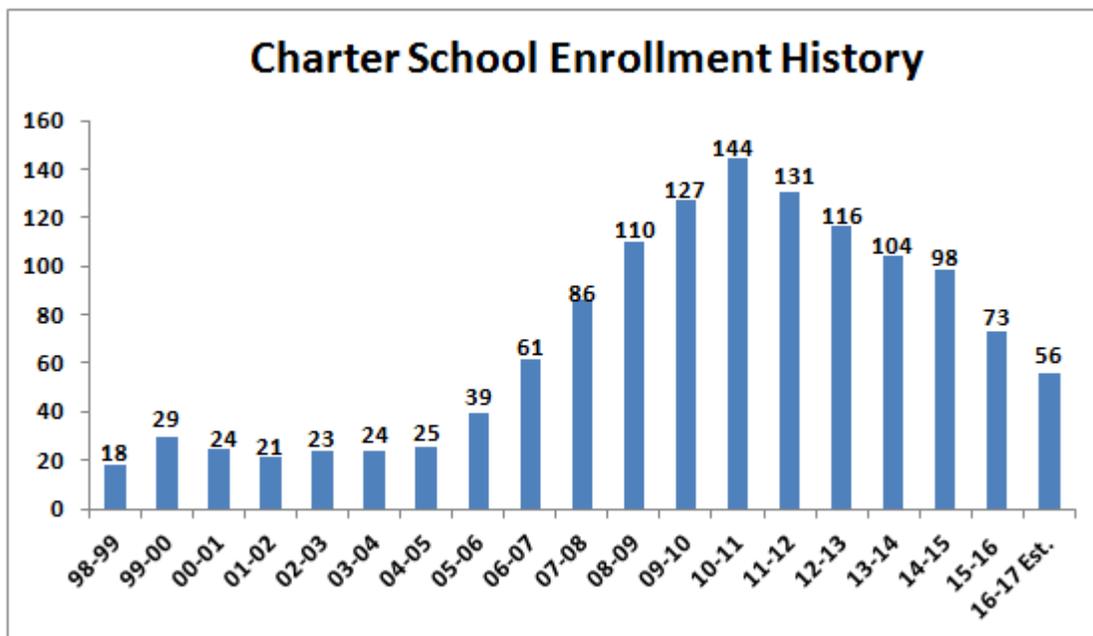


Charter School Enrollment History – Updated September 2016

This information was provided as part of the Town Meeting budget information packet in May 2016. The 2015-2016 enrollment is now final, and it is slightly different than the estimate at that time (one student difference).

The number of charter schools has increased along with participation in the School Choice Program. Shown below is the historical enrollment of Shrewsbury school-age children attending charter schools. Most charter school students from Shrewsbury enrolled either at the Advanced Math and Science Academy in Marlboro or Abbey Kelly Foster Charter School in Worcester.



Interestingly, charter school enrollments have been decreasing since the 2010-2011 school year. This is very advantageous from a financial perspective as the tuition charge per student is roughly the district's average cost per pupil. The district has been making a concerted effort to retain students as their continued enrollment in the district comes with little marginal cost and avoids the average cost per pupil charge.

Charter School Enrollment & Tuition Report – December 2015

The following information was provided as part of the annual report on charter enrollment and tuition that Mr. Patrick Collins, Assistant Superintendent for Finance & Operations, presented to the School Committee last December. This information is being provided again as background to the state ballot question.

Under Massachusetts law, families may choose to attend charter schools, which are publicly funded independent schools which operate under a charter granted by the Department of Elementary and Secondary Education (DESE), and which are governed by a board of trustees that is not publicly elected, but rather appointed by the charter school's own board. Student admission to a charter school is based on the student residing in a community that charter school serves, by lottery if seats are limited, and with students living in communities for which the school was specifically chartered and siblings of existing students receiving preference. By way of example, the Advanced Math and Science Academy charter school in Marlborough (AMSA) was chartered for students residing in Marlborough, Maynard, Hudson, and Clinton, so students from those communities receive preference for admission, but several other communities are included in their attendance area, including Shrewsbury.

The funding formula for charter schools is complex. I have included information from the DESE that explains both how tuition rates are calculated and how the state's reimbursement formula works. A simplified explanation of charter school finance is:

- the state applies the Chapter 70 foundation formula to the actual students from a particular community attending a specific charter school to arrive at a tuition cost per student (the foundation formula has different allocations for a student's grade level, socioeconomic status, special education status, etc.)
- the state then applies another formula to include an allowance for how much the sending community spends beyond the state's minimum requirement in its own public schools (i.e., percentage above required "net school spending")
- the state assesses an allowance to capture school facility costs based on a statewide average, and then provides "facilities aid" in the same amount, so this assessment has no impact on the cost to communities
- the tuition rate derived for that cohort of students attending a particular charter school is multiplied by the number of full time equivalent students in that cohort from that community (e.g., the tuition rate established for students from Shrewsbury attending AMSA multiplied by the number of FTE students attending AMSA)

- if the total tuition charged to a district for all of its charter school attending students in the current fiscal year is greater than the previous fiscal year, the *amount of the tuition increase* is to be reimbursed by the state, with 100% of that increase reimbursed in the first year, followed by five years in which that increase is reimbursed at a 25% rate (however, the state has not fully funded the reimbursement formula in recent years)
- if a student attends a charter school after having been home schooled or in a private school, the district receives a 100% reimbursement for the first year of that individual student's tuition and no further reimbursements after that
- The table below shows the preliminary rates for the current fiscal year for Shrewsbury students attending charter schools; note how the tuition varies depending on the cohort of students, because each has different characteristics that trigger different rates in the foundation formula

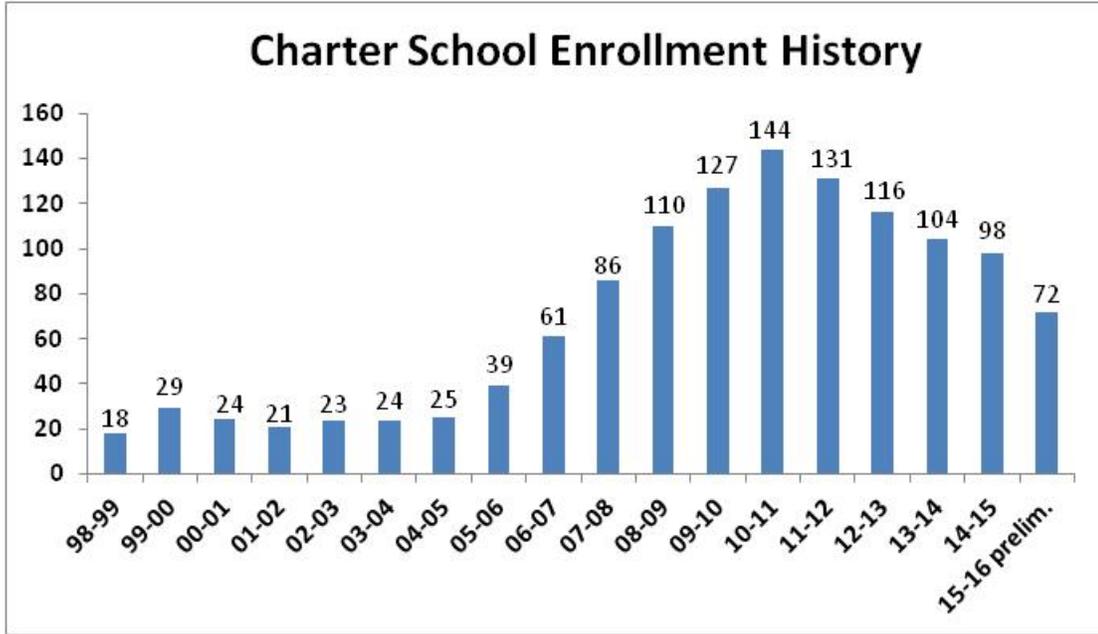
Massachusetts Department of Elementary and Secondary Education

Preliminary FY16 Rates by Charter School and Sending District (Q2)

Cha Lea	Charter School	Campus Lea	Campus Location	Send Lea	Sending District	FTE	Foundation Base Rate	Above Foundation Spending Rate	Facilities Aid Rate	Trans- porta- tion Rate	TOTAL Foundation Formula Rate
430	ADVANCED MATH AND SCIENCE AC/	170	MARLBOROUGH	271	SHREWSBURY	63.0	9,831	2,263	893	0	12,987
445	ABBY KELLEY FOSTER	348	WORCESTER	271	SHREWSBURY	8.0	10,324	2,377	893	0	13,594
478	FRANCIS W. PARKER CHARTER ESS	352	DEVENS	271	SHREWSBURY	1.0	9,860	2,270	893	0	13,023

One of the reasons most public school districts object to the way that charter schools are funded is that the formula is not sensitive to economy of scale nor the issue of average cost versus marginal cost to educate. For example, the 72 Shrewsbury students attending charter schools this year are spread across many grades; if all were to return to the school district next year, there would be virtually no effect on the district's budget, as they would be readily absorbed with existing staffing and overhead costs. However, this year these students will cost Shrewsbury over \$920,930 in tuition that is diverted from the town's state aid for education. Another way of illustrating this is that the amount of funds being diverted to charter schools represents roughly 1.6% of the School Department's appropriated budget; yet, because of our fixed costs, it is not possible for the district to reduce 1.6% of personnel costs, overhead costs, facility capital costs, etc. without compromising the program for the 6,000 remaining students, as those resources remain necessary to serve their needs (e.g., we can't cut 1.6% of each teacher the charter students would have had, 1.6% of secretaries, 1.6% of those schools' principals, etc.).

The good news for the district financially is that charter school enrollment continues to trend downward. Charter enrollment hit a peak of 144.1 FTE in FY11, compared to the current enrollment of 72, a reduction of 50% from peak.



While charter school enrollment is trending significantly downward, the net cost to the town/district has not followed at the same pace. This is because the state reimbursement scheme for these students also results in a decrease in reimbursement. So, as one can see below the net enrollment change from FY14 to FY15 was a decrease of 6.17 while net cost to the district increased by \$41,870.

Massachusetts Department of Elementary and Secondary Education

SCHOOL FINANCE

Summary of Historical Sending District Charter School FTE, Tuition, and Reimbursements

271 SHREWSBURY	FY09	FY10	FY11	FY12	FY13	FY14	FY15
FTE	110.15	127.16	144.14	130.79	116.28	104.36	98.19
Tuition	1,025,068	1,151,129	1,321,539	1,279,450	1,226,276	1,142,099	1,221,904
Facilities Aid	95,665	106,489	118,052	113,196	100,058	90,037	85,270
Chapter 46 Aid	446,696	351,695	330,718	85,807	38,006	38,663	81,365
Total Aid	542,361	458,184	448,770	199,003	138,064	128,700	166,635
Net Cost to District	482,707	692,945	872,769	1,080,447	1,088,212	1,013,399	1,055,269

The FY16 preliminary data shows a drop in net cost of \$197,312 as a result of the continued decreasing enrollment as shown in this table:

**Massachusetts Department of Elementary and Secondary Education
OFFICE OF SCHOOL FINANCE**

Preliminary FY16 Charter School Tuition Payments and Reimbursements for Sending Districts (Q2)

DISTRICT	FTE	DISTRICT PAYMENT			STATE AID TO DISTRICT				NET DISTRICT COST
		LOCAL FOUNDATION TUITION	LOCAL FACILITIES TUITION	LOCAL PAYMENT	100/25/25/ 25/25/25 INCREASED TUITION AID	INCREASED AID PRO RATION	FACILITIES AID	TOTAL CHARTER AID	
SHREWSBURY	72.0	857,957	62,973	920,930	0	0%	62,973	62,973	857,957

It is also critical to note that in FY16 the Commonwealth is not fully funding its own reimbursement formula. If state reimbursement were fully funded the town would have received an additional \$60,855 thereby reducing our net cost by the same amount.

At the time of this writing the actual student enrollment roster for the 72 charter school students was not available from the Department of Elementary and Secondary Education [DESE]. It is interesting to note that the initial enrollment projection provided by DESE in spring 2015 for the 2015-2016 school year indicated a total enrollment of 81 students. Actual enrollment is 72. We await the file from DESE to analyze the ongoing shift away from charter schools.

We do know the trend of fewer students attending charter schools can be attributed to various factors. Anecdotal evidence indicates that reasons that appear to be influencing families' choices to have their students remain in our district include the opening of the new Sherwood Middle School; the advanced math programming added at Sherwood and Oak Middle Schools in recent years; the innovative approach to the use of technology; and certainly the reduction of class sizes and restoration of resources thanks to the recent operational override.