Welcome to 2009

With the start of a new year and legislative session, the first OEP newsletter of 2009 focuses on relevant issues that will be in play this year.

To start, Arkansas’ school choice law incorporated racial provisions that are likely unconstitutional based on the Supreme Court’s Seattle decision. Thus, this will certainly be an issue addressed this session.

Next on our list is the new End-of-Course exam policy which will require students to pass EOC exams in order to pass the courses and thus to graduate. In this issue, we present some of the basics regarding the policy, as well as the challenges Arkansas students may face.

Teacher pay and teacher certification are other topics that generally warrant attention. We address some key issues for both of these areas in brief articles.

Additionally, we highlight the new rating system in the Arkansas schools that will be unveiled in 2009. Act 35 creates two systems that will be used to rate all Arkansas schools: annual improvement on Arkansas standardized tests and a school’s absolute performance level on those same standardized tests.

Finally, we provide a charter school FAQ section, which is described below.

We hope this newsletter provides useful information. It will be a busy year for education in Arkansas, but we look forward to the task and will keep you posted on the latest happenings and research. Thanks and enjoy 2009!

Charter Schools in Arkansas

Charter schools are in the news more and more around the nation. To shed some light on the concept of charters, we provide an overall summary of the charter school law in Arkansas. On page 8 you will find a list of “Frequently Asked Questions” (FAQ) aimed at important aspects of charter schools and the law.

Arkansas currently has 9 conversion charter schools and 17 open-enrollment charter schools (see the FAQ section for a description of the two types) with more applications on the way. Thus, it is important that policy makers understand the nature and purpose of charter schools to make informed decisions. We hope the FAQ section provides useful information and insight into the basic description, as well as the potential costs and benefits, of charter schools in Arkansas.

See page 8 for the FAQ
Arkansas School Choice Law Faces Likely Change

In a 2007 decision, the United States Supreme Court struck down school integration plans in Louisville and Seattle. Those plans had been challenged by parents who were upset that their children had been denied the ability to go to a preferred public school. The Court held that under the Constitution’s guarantee of equal protection, state governments cannot assign students (or block their transfer requests) based on race.

Based on the Supreme Court’s decision, the Arkansas legislature must now modify the Arkansas Public School Choice Act (which allows students to transfer to a different school district), as well as the Arkansas Opportunity Public School Choice Act of 2004 (which allows students to transfer out of failing schools). Both laws incorporate racial provisions that are now unconstitutional.

Under the current public school choice law in Arkansas, thousands of students (including hundreds of minorities) transfer to different schools or school districts each year. The legislature has said that this law is “one of the methods for providing equal opportunity” to students.

However, students may be blocked from transferring to another school district if that district has a higher percentage of students that belong to the same race as the student. For example, if a white student in a 60% white district sought to transfer to a district that was 65% white, the transfer would not be allowed under the current Arkansas public school choice law. However, the Supreme Court’s recent decision implies that such racial restrictions in the Arkansas school choice law are unconstitutional.

This does not mean that the General Assembly is caught between the two extremes of eliminating public school choice altogether or allowing unlimited choice. Justice Kennedy’s concurrence — which provided the fifth and therefore controlling vote — pointed out that states may still try to encourage racial diversity by other methods. Such permissible methods would include:

- Strategic site selection of new schools;
- Drawing attendance zones with general recognition of the demographics of neighborhoods;
- Allocating resources for special programs;
- Recruiting students and faculty in a targeted fashion;
- A preference for socio-economic (rather than racial) integration.

Numerous school districts nationwide — including Seattle and Louisville — have moved towards the pursuit of economic integration. A lawyer who defended the Seattle program noted, “districts will find it easier to defend an integration plan that uses race-neutral means. These include school choice plans, attendance zones, and magnet or focus schools that consider socioeconomic status, parents’ level of education, geography, concentrated poverty, home language, test scores, and other academic achievement data.”

Finally, the benefits of integration are usually due to improvements in the schools themselves, such as better teachers or higher expectations. It may be more prudent to seek these benefits for all schools and all students, rather than for the few who are able to transfer. For example, a St. Petersburg, Florida district is considering “significantly smaller class sizes, longer school days and bonus pay for teachers at [high-risk] schools.” Such measures might provide an incentive that would aid racial integration by creating an incentive for higher-income students not to transfer out of those schools because these schools are delivering effective education to all students, regardless of race.

For more information, read our recent policy brief titled “How Does 2007 Seattle Decision Affect Arkansas?” by going to the following link:

Exit exams are used to measure whether a student is proficient in one or more subjects before the student can “exit” the high school system and have been implemented in over 20 states. The goal of such exams is to ensure the value of the high school diploma as a true record of achievement. However, there are also fears that high-stakes exit exams could increase the likelihood of students dropping out of school if they fail, or anticipate failing, the exam.

As of the 2009-10 academic year, high school students in Arkansas will be required to earn a proficient score on End-of-Course (EOC) exams in Algebra I, Biology, Geometry, and Literacy in order to graduate. These EOC exams have not been designated as “exit exams,” but will begin to function in that way.

The primary difference between Arkansas’ EOC exams and an actual exit exam is the timing. While the typical high school exit exam is given to high school seniors prior to graduation, EOC exams are given to students as they complete the given course. The lone exception is the Literacy exam, which is given to all students at the end of the eleventh grade.

According to recent results, this new policy may provide some challenges to Arkansas. While 66% of Algebra I students and 60% of Geometry students scored proficient or advanced on the EOC exam, only 51% of Literacy students and 30% of Biology students did so. Thus, by the Biology test alone, roughly 7 out of 10 Arkansas high school students who took that exam would not have “passed” the EOC.

When policy makers employ an exit exam system, they usually provide alternatives rather than having an all-or-nothing policy. In Arkansas, if a student fails to meet the proficiency standard of an EOC exam, he or she will be required to retake the class or to pass an “appropriate alternative exit course in order to receive credit for the course on his or her transcript and in order to graduate.” Therefore, if performance does not improve significantly within the next year, many Arkansas students will be retaking courses, or perhaps not graduating on time.

Arkansas is certainly caught in a bind: On one hand, these exit exams will reinforce the high school diplomas as a meaningful academic accomplishment. On the other hand, it would be problematic to require many students to retake courses, or even to deny or delay high school diplomas to many of Arkansas’ students. Rather than pursuing either extreme, it may be more prudent for the legislature to seek a middle ground. It may be wise for policy makers to phase in the exit exam requirements over a period of years, so that previous elementary education reforms have time to kick in, and Arkansas schools have time to adapt and prepare for such a requirement.

Percent of Arkansas students scoring proficient or advanced on End-of-Course exams, 2001-2008

For more information, read our recent policy brief titled “Stakes Increase for End-of-Course Exams” by going to the following link:

There are a number of challenges facing our schools today, both in and out of the classroom, regarding ways to improve the quality of education in Arkansas. While there is much debate about how best to accomplish this goal, nearly all education observers agree that the teacher standing in front of the classroom is the single most important factor in student learning. As such, it is not surprising that one of the key issues facing lawmakers each session is how to appropriately compensate our teachers, to ensure that high-quality teachers are staying where they are needed most: the classroom.

For this purpose, we briefly highlight trends in teacher salaries in Arkansas over the last 30 years, including changes that occurred since the Lake View court ruling in 2004. Then, we present a brief discussion on teacher compensation reforms that have been discussed in both a local and national context.

### Overall Levels of Pay

Arkansas lawmakers have certainly been interested in providing additional dollars for teacher salaries in an effort to draw good teachers into the field. As evidence of that, the table below highlights the average salaries for teachers in Arkansas compared to those across the nation. These data show that in current dollars and after adjusting for cost-of-living in 2005-06, Arkansas teachers have shown sizable growth in average salary and are closer to the national average. Arkansas additionally has increased in average ranks among states by 27 places since 1979-80, from 47th in the nation to 20th in 2005-06. Furthermore, the average teacher salary in Arkansas is greater than or equal to the salaries for teachers in surrounding states, thus reducing the likelihood that teachers in Arkansas may leave to teach in other states to attain a higher salary.

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*Rank ranges from 1-51, with 1 representing the highest rank.

Clearly, teacher salaries have increased in recent years, and lawmakers should be commended for their work to minimize the salary gap between Arkansas and other states. However, many of the problems in education still persist, and there are still considerable areas of need where an alteration of the current compensation system might be prudent. For example, at present there is a shortage of high-quality teachers in certain areas of the state; specifically, those areas with a high number of minority or economically-disadvantaged students. There are also a limited number of teachers who are entering the profession with specialized training in the fields of math and science. How then might we address these shortages?

### Reform Strategies—Differential Pay

Policymakers in some states have attempted to entice and retain high-quality teachers by paying differentially higher salaries to teachers in hard-to-staff geographic or subject areas. In Arkansas, teachers are provided with a $4,000 bonus for agreeing to work in high-needs districts, with subsequent yearly bonuses of $3,000 (for two years) to remain in that district. While this is an encouraging start to address some of these shortages across the state, because these dollar amounts are likely too small to make a significant impact on the quality of teachers in these hard-to-staff areas, the differential bonus plus the teacher’s salary is still less than a teacher can make in base salary in more affluent districts. Moreover, this small amount is not likely to entice individuals with in-depth training in a specific area, such as math, to enter the teaching profession.

### Reform Strategy—Performance Pay

Performance pay programs provide school leaders with the flexibility to compensate those teachers who demonstrate effective teaching in the classroom. In the majority of these programs, teachers receive a bonus for raising student achievement in their classroom. Other factors can also influence the magnitude of the bonus.
including, an evaluation by the principal, school-wide growth in student achievement, student achievement growth for disadvantaged students, etc. However, at their most basic level, performance pay programs aim to do three things:

- **Reward** highly effective teachers for superior performance in the classroom, most notably on levels of student achievement.

- **Retain** these highly effective teachers to ensure that they are staying in the classroom and not moving to administration or alternative fields to secure a higher salary.

- **Recruit** new, highly-motivated teachers who may not have otherwise chosen the profession due to the inflexibility of the current compensation system.

This type of reform strategy has been increasingly prominent at the state and national level in recent years. In fact, the recently appointed Secretary of Education, Arne Duncan, has expressed support for this type of compensation system after it showed promising results in student test-score growth in an elementary school in Chicago. There have also been a number of these programs in Arkansas, including pilot programs in public and charter schools in Little Rock, and programs funded by state grants in the Cross County and Lincoln school districts.

Overall, studies indicate that these types of programs have the potential to show positive results on student achievement. However, despite these favorable results, it is difficult to understand the true effects of performance pay due, in part, to the lack of sustainability of these programs. There is also a considerable opposition to these types of programs that hinder their implementation, most notably by teacher groups. The critics contend that performance pay programs can lead to counterproductive competition and a negative school environment, and that teachers will only focus on high-achieving students. While these potential problems should definitely be addressed, there are a number of ways by which these can be avoided.

First, by ensuring that *all* teachers are eligible for the maximum bonus (as opposed to having a fixed budget where only a certain number of teachers can benefit), the likelihood that counterproductive competition will result is minimal. Also, basing a portion of a teacher’s bonus on school-wide student achievement will encourage teachers to collaborate on the best strategies for improving student performance and will further reduce the presence of competition. Furthermore, by providing bonuses to all employees in a school, not just teachers of core subjects, it is less likely that the school environment will become negative as a result of performance pay. Finally, implementing a performance pay program that focuses on student growth – rather than levels of student achievement – will minimize the incentive for teachers to shift their focus away from low-performing students. In fact, because they have greater room to demonstrate growth, teachers might actually choose to work with the lowest-performing students, leading to higher levels of achievement for all students.

Evaluations of performance pay programs have been encouraging, and at the very least, warrant further consideration of compensation reform. When school officials recognize the potential problems that could arise from this type of program, they can reduce the risk of negative outcomes occurring after implementation and instead focus their attention on the most important outcome – improving levels of achievement for all students. While providing higher salaries to all teachers is a positive start, it might be prudent for school officials and lawmakers to begin looking at alternative ways of compensating our teachers.

For further reading, follow the link to this Education Leadership article:

http://www.ascd.org/publications/educational_leadership/oci08/vol66/num02/When_Merit_Pay_Is_Worth_Pursuing.aspx

For more information on school spending and teacher salaries, follow the link to this OEP report:

http://www.uark.edu/ua/oep/AER/5_3_Dollars_for_Sense.pdf
Teacher licensure has the goal of screening out low-quality teachers and allowing high-quality teachers into the classroom. Traditional teacher licensure in Arkansas requires a bachelor’s degree, passage of the Praxis I test (reading, writing, and math), Praxis II (a “more advanced” test of “teaching skill and subject area content knowledge”), and Praxis III (which involves interviews, written descriptions of the teacher’s classroom work, etc.).

Some have argued, however, that given the trends in teacher shortages (both geographically and in terms of subject matter), states should allow broadened access to the teacher workforce. Under Arkansas’ alternative certification program, people can be employed as teachers if they possess a bachelor’s degree, have taken courses in reading instruction and Arkansas History, and have passed the Praxis I and II tests. Those teachers then must complete two years of assessment, portfolio development, summer and weekend classes, and eventually pass the Praxis III test.

Evidence of Effectiveness

What do the data show? Some researchers argue that teacher licensure is effective and that it produces greater student achievement. Those researchers, however, rarely claim more than a tiny effect on academic achievement when they properly account for the fact that more advantaged and capable children are more likely to be taught by licensed teachers in the first place. A recent study of North Carolina students found that there was little, if any, relationship between the teacher’s licensure test score and her students’ test scores.

Much of the best research on teacher certification finds little difference between uncertified and certified teachers, or between states that imposed pre-licensure tests with states that do not. When Gordon, Kane, and Staiger looked at “the performance of roughly 150,000 students in 9,400 classrooms each year from 2000 through 2003” in Los Angeles, they found that there were “no statistically significant difference in achievement for students assigned to certified and uncertified teachers.” Similarly, Mathematica, a policy think tank, examined students who had been randomly assigned to be taught either by traditionally licensed teachers or by unlicensed teachers from Teach for America (TFA). The unlicensed teachers from the highly selective TFA program produced equal reading achievement and better math achievement. As for state testing requirements, Goldhaber and Brewer examined national data covering over 6,000 students and nearly 3,500 teachers, and found “little evidence that state testing requirements have an impact.”

Critics of strict teacher certification also fear that these requirements may screen out black individuals who would make good teachers, thus decreasing the diversity of the teaching workforce. Dan Goldhaber and a colleague studied 11 years of data on every student in North Carolina. Strikingly, they found that while black teachers had lower licensure test scores, they were so much more effective with black students that “black teachers in the lower end of the teacher test distribution are estimated to perform at approximately the same level as white teachers at the upper end of the distribution.” Thus, it may not make sense to create roadblocks that keep good black teachers out of the classroom.

A Radical Strategy?

Arkansans have seen the benefits in recent years of a greater focus on spending and high student standards. Perhaps one strategy to push for even greater improvement would be to reshape how teachers enter the field. For example, some have suggested replacing traditional licensure with a probationary period for new teachers, which could lead to increased teacher quality. As Gordon, Kane & Staiger argue, the notion would be to give uncertified applicants “a trial period of a couple of years, and then they can receive tenure based on performance.” As Goldhaber points out, we can identify only about 3 percent of teacher quality ahead of time, and the other 97% of teacher quality won’t be known until we see how the teacher performs in the classroom.

For more information, read our policy brief that will be released in the near future by going to the following link: http://www.uark.edu/ua/oep/
Act 35, passed in 2003-04, has many components related to accountability for student achievement. One of these is the new rating system that will be used to classify all Arkansas schools. The first piece of the rating system assesses “annual improvement” on Arkansas standardized tests, and the second rating focuses on a school’s absolute test scores (referred to as its “performance”) from just the previous year. In each of these ratings, Arkansas schools will be put into one of five categories:

- **Level 5**, for schools of “excellence”
- **Level 4**, for schools exceeding standards
- **Level 3**, for schools that meet standards
- **Level 2**, for schools “on alert”
- **Level 1**, for schools in need of immediate improvement

Each school’s ratings must be published annually by the Department of Education and the school district, and shall be available on the department’s website. In addition, parents and guardians are legally entitled to be given an “easy-to-read written report” describing the rating for their child’s school.

### The Performance Rating

Under the performance rating system, annual improvement categories are to be assessed starting as of the 2007-08 school and every year thereafter. Schools that earn ratings of Level 4 or 5 are “eligible for school recognition awards and performance-based funding.”

A school’s improvement rating will be based on the average improvement gain made by its students on the annual Benchmark tests. While students’ Benchmark performance is normally classified into four levels (Below Basic, Basic, Proficient, or Advanced), those four levels will each be divided into two steps (1 and 2). Each step will be given 0.5 points. Each school will then have a “school improvement gain index,” which will simply consist of the average points gained (or lost) by the students in that school. A Technical Advisory Committee studying a large sample of Arkansas schools was able to determine how many “points” under this system were earned by the typical Arkansas school. The Committee then made recommendations as to how much “improvement” would be needed to place a school in Level 5, Level 4, and so forth.

By now, the improvement scores for Arkansas schools should be in the final steps of completion and released to the public soon. This system is still in the early stages and will surely require modifications over time. Indeed, it will be a challenge to ensure that this rating system is clear to readers and does not lead to confusion as it is combined with existing ratings, such as Average Yearly Progress. Policymakers, schools, and parents will also need to develop a deeper understanding in order to pay attention to a school’s absolute level of performance, as well as maximum performance level. Nevertheless, state policymakers are to be commended for encouraging observers to focus on student improvement rather than absolute performance levels.

**For more information, view the presentation by Charity Smith of the Arkansas Department of Education:**

[http://www.arkansased.org/communications/powerpoint.html](http://www.arkansased.org/communications/powerpoint.html)
**CHARTERS: FREQUENTLY ASKED QUESTIONS**

What are charter schools?

Charter schools are public schools that are opened under an authorizing document called a “charter,” which may last for one to five years. In fact, charter schools are called “public charter schools” throughout the Arkansas Department of Education rules. These schools are open to the public, funded by the public, approved by the State Board of Education, and are held publicly accountable for results.

The main difference between charter schools and other public schools is that charter schools are not required to follow all of the bureaucratic rules that constrain a traditional public school.

What rules are charter schools exempt from?

It depends on the terms of the charter itself, as per the State Board’s discretion. As shown in a recent report, 71% of Arkansas charter schools are exempt from teacher certification requirements; 57% are exempt from certain curriculum requirements and from rules governing teacher hiring, discipline, and dismissal. A few charter schools are exempt from other rules, such as school calendar, school year length, etc.

Why should charter schools be exempt from any rules?

To allow greater freedom and flexibility to experiment with different curricula, different teaching methods, longer school days, control over personnel, and the like. For example, charter schools are able to focus more heavily on particular areas of interest: Haas Hall in Farmington has a strong emphasis on science, while the Benton County School of the Arts appeals to children who are interested in dance, photography, drama, music, and other arts.

Charter schools are able to hire someone with a Ph. D. in math to teach a math class, and to pay that person on a level more appropriate to his or her qualifications (most public schools would not be able to do that).

Is there more than one type of charter school?

Yes, there are two types. First, a “conversion” charter school is the type that exists when a school district converts an existing public school into a charter school. There are nine conversion charter schools in Arkansas. Second, an “open enrollment” charter school is founded by a private individual or non-profit organization (although private schools in existence before July 30, 1999, are ineligible to become a charter school). There are 17 open enrollment charter schools in Arkansas. By law, the number of open enrollment charter schools is capped at 24 throughout the entire state.

Do charter schools have a religious affiliation?

No. By law, charter schools must be non-sectarian. Churches are not allowed to operate charter schools.

Do parents have to pay for charter schools?

No. When parents choose a charter school for a child, it is just as if they chose any other public school. They are not required to pay any additional out-of-pocket fees or tuition.

Who does pay for charter schools?

In Arkansas, charter schools receive a per-pupil allocation from the Arkansas state government and are eligible for a small amount of federal funding and additional state funding for impoverished students, the same as all other public schools. That said, charter schools are at a funding disadvantage compared to other public schools, in that they currently are not allowed access to local property taxes or municipal bonds, as would typically be used to pay for a school.
building, nor do they have access to transportation funds. In order to pay for a building, charter schools have to either come up with outside grants or loans, or else have to take the money out of their per-pupil funding. As a result, some Arkansas charter schools have had financial difficulties.

**Don’t local public schools lose funding when a child leaves to attend a charter school?**

Yes and no. If a child leaves to go to a charter school, his or her original public school will lose (although not immediately) the state’s share of that child’s foundation amount. However, the school also no longer has the expense of that child (this expense is now born by the charter school).

That said, traditional public schools do not lose all funding when a student transfers to a charter school. This is true in three ways:

- Public schools are funded based on last year’s attendance. Thus, the traditional public school will keep that student’s per-pupil funding for at least one more year, even though the student has departed for a charter school.

- When a public school has declining enrollment, it actually receives extra funding under Arkansas Code § 6-20-2305 (a)(3)(A).

- The traditional public school still has access to local property tax funding and the proceeds from municipal bonds, because that funding does not follow the child to the charter school under current law. Thus, the traditional public school will now have more of such dollars per pupil than before.

**Are charter schools held accountable for their results?**

Yes. Charter school students take the same Arkansas standardized tests as all other public school students. And unlike the situation with other public schools, the State Board of Education can easily put a charter school on probation or out of business entirely (by cancelling or refusing to renew the charter) if the charter school achieves poorly.

**Which students are eligible to attend charter schools?**

Open enrollment charter schools — just as their name implies — are open to anyone, even from other school districts. If too many children sign up for a given charter school, that school must select the students by anonymous lottery (the lottery can take into account any desegregation obligations that exist, or whether a child currently has siblings attending the school). Moreover, Arkansas charter schools are held to every federal and state anti-discrimination law.

**Are there charter schools aimed at disadvantaged children?**

Yes. State law requires that the State Board “shall give preference” to charter schools located in school districts that are in academic distress or that have an above-average number of poor children (Arkansas Code § 6-23-304). The KIPP Delta College Preparatory School in Helena is an example of such a school.

**Do charter schools impede desegregation?**

No. Arkansas state law requires the State Board to deny a charter application if it “hampers, delays, or in any manner negatively affects the desegregation efforts of a public school district” (Arkansas Code § 6-23-106).

*For more information, read the Arkansas Charter Schools: Evaluation of Service Impact and Student Achievement report on the Arkansas Department of Education website, by going to the following link:*

http://arkansased.org/schools/pdf/charter_eval_051608.pdf
Dear Colleagues,

In this issue of Education Policy News, we focus exclusively on issues that we imagine will be important during the 87th General Assembly of the Arkansas legislature. During the next couple of months, our legislative leaders will grapple with difficult issues regarding charter schools, teacher pay, end-of-course exams, and school choice.

It is our hope that this edition serves as a helpful source of background information for policymakers and for all those interested in K-12 education in Arkansas. And this is a good time to be interested in Arkansas schools. Our state leaders are implementing more rigorous standards and our students, according to the results of most assessments, appear to be up to the task. It seems that the initiatives enacted over the past few years—along with significant increases in resources—have begun to show some positive results.

To generate continued improvement, however, our lawmakers may have to show even more innovation, experimentation, and creative thinking. Perhaps some of the ideas on these pages can be a start….

Respectfully,
Gary Ritter
Director, Office for Education Policy