

**House Bill 4190 as passed by the House
Second Analysis (8-29-01)**

**Sponsor: Rep. Doug Hart
Committee: Education**

THE APPARENT PROBLEM:

In his 2000 State of the State address, the governor proposed a "Golden Apple Award" program to provide a monetary incentive for elementary schools to improve the test scores of their fourth and fifth graders on the Michigan Educational Assessment Program (MEAP) tests. The governor's proposed program was subsequently incorporated into the School Aid Act appropriations act (Public Act 297 of 2000) for fiscal year 1999-2000. Section 96 of the act allocates a maximum of \$8 million for each fiscal year for 1999-2000, 2001-2002, and 2002-2003 for "Golden Apple" awards of at least \$50,000 to be allocated to and used by school districts "exclusively for the purpose of distributing funds to each eligible elementary school." To be eligible for a "Golden Apple" award, an elementary school must have at least 50 pupils ("in membership"), must meet certain minimum participation levels in the MEAP tests, and must either (a) show a 60-point improvement in the composite score for the pupils who took the tests (over the preceding two years) or (b) be "among the highest elementary school scores statewide," as determined by the Department of Treasury, which is the program administrator. Minimum student participation levels were set at 80 percent for fiscal year 1999-2000 and at 90 percent for fiscal years 2001-2002 and 2002-2003, and are based on the number of fourth and fifth grade pupils "enrolled and in regular daily attendance in the school on the pupil membership count day in that school year" who take the applicable MEAP tests. (In grade four, students are tested in mathematics and reading; in grade five, they are tested in science, writing, and social studies.) A "Golden Apple" award must be for at least \$50,000, but can be higher, as it is calculated on the basis of \$1,000 for each full-time employee (which includes both teaching and non-teaching staff) who works in the eligible elementary school "plus \$10,000 to be allocated to the principal of the school." The award must be used for school improvements, as determined by a majority vote of the full-time school employees.

The Department of Treasury administers the Golden Apple Award program, and made 184 awards in the

year 2000, the first year of the program. The department made a number of administrative decisions in making these awards. One decision was to limit the award to elementary school buildings containing grades four and five in the same building. (Public Act 297 of 2000 refers somewhat ambiguously to allocating awards to school "districts," which then distribute the awards to "eligible elementary schools.") This decision automatically excluded from eligibility school districts that configure their K-5 grades in ways other than those that locate the fourth and fifth grades in the same building. Thus, even though a number of school districts (according to the Department of Treasury estimate, 84 out of the state's 554 districts) qualified in terms of participation and improvement or high achievement, they were not eligible because their fourth and fifth grades were not located in the same building(s). At the request of one of these districts, legislation has been introduced to address this issue.

THE CONTENT OF THE BILL:

The bill would amend the State School Aid Act to allow Golden Apple awards to be awarded in districts where the fourth and fifth grades were housed in different buildings, with the award going to the building housing the fourth grade. The bill also would remove language referring to the 1999-2000 fiscal year awards, and would change the way special education students were counted in the calculation of the percentage of students participating in the Michigan Educational Assessment Program (MEAP) tests.

"Elementary school." The bill would add a definition of "elementary school" to mean "a school operating both grades 4 and 5, or a combination of a school operating grade 4 and 1 or more other schools that operate[d] grade 5 and receive[d] pupils from the school operating grade 4." (The School Aid Act does not define "school," though it does define "public

school academy” and “university school,” as well as “district” and “intermediate district.”)

The bill would specify, however (in addition to adding the above definition of “elementary school”), that if an elementary school had grade 4 operated by a “different school or schools” than grade 5, then in order for the elementary school to be eligible for a Golden Apple, the school would be required to meet the criteria specified in law, and also to provide the Department of Treasury any information the department considered necessary to determine whether that elementary school met those requirements. Under the bill, the department’s determination would be final. If an elementary school qualified for the award, the award would be paid to the district that operated the school. The bill then would require the district to distribute the award to the “component” school operating grade 4, though all money allocated under the award program would have to be used for school improvements focused on grades kindergarten to grade 5 as determined collectively by a majority vote of the full-time employees who worked at the “school” operating grade 4.

Special education students. The bill would keep the 50-pupil minimum school size and 90 percent participation in the MEAP tests requirement, as well as the current requirements regarding the 60-point improvement in MEAP scores over three years or being “among the highest elementary school scores statewide, as determined by the Department of Treasury, for that school year.” (See BACKGROUND INFORMATION for further details on the program and the department’s implementation of the program.) However, the bill would specify that in calculating the percentage of students that took the applicable MEAP tests, for the purposes of the Golden Apple awards the Department of Treasury would not count special education students as part of a school building’s enrollment unless at least ten percent of the fourth and fifth grade students enrolled in the “elementary school” (which the bill would define) were special education students, as determined by the department, and the student’s individualized education program (IEP) provided that he or she would not take any of the applicable MEAP tests.

MCL 388.1696

BACKGROUND INFORMATION:

According to the Department of Treasury’s “Golden Apple” web page (see the department’s “Michigan

Merit Award” home page at www.meritaward.state.mi.us) to be eligible for an award, an elementary school *building* must have at least 50 pupils in grades 5 and lower, meet the statutorily applicable required participation rate (of 80 percent in the first year of the program and 90 percent in the following two years) and qualify either as a “most improved” or “high achieving” school. If a school building qualifies for both “most improved” and “high achieving,” it receives a single award. The department notes that Public Act 297 of 2000, which established the Golden Apple award program in July 2000, directs the department to award a “Golden Apple” to “an elementary school” with at least 90 percent of the “fourth and fifth grade pupils enrolled in and in regular daily attendance in the school” who took the applicable MEAP tests. Accordingly, the department made an administrative decision that *buildings* that did not contain both a fourth and fifth grade were not eligible for a Golden Apple award.

Of the 184 Golden Apple awards the department granted in 2000, 154 elementary school buildings received an award for “most improved,” 40 received an award for “high achieving,” and 10 received an award under both categories.

“Participation rate.” The department will calculate the statutorily-required 90 percent participation rate (for the fiscal years 2001-02 and 2002-03) by taking the number of fourth graders who took the MEAP tests in 2000-01, plus the number of fifth graders who took the MEAP tests, and divide that number by the total enrollment in grades 4 and 5 as reported by each school to the Michigan Department of Education on the September 2000 Pupil Headcount Report. (The participation rate was set in statute at 80 percent for the first year of the award program, which was the 1999-2000 school year.)

“Most improved.” To qualify as a “most improved” school building for 2001, the elementary school building must have a composite score increase of at least 60 points from the 1998-99 school year through the 2000-01 school year. The composite score increase is determined by the percentage of students who attained the highest level of achievement in 1998-99 compared to the percentage who attained the highest level of achievement in 2000-01. (Composite scores for the year 1999-2000 are not included because the composite score increase is required by law to be over the two consecutive school years immediately preceding the state fiscal year in which the award is given.) For example, if 20 percent of the students attained “satisfactory” in the math MEAP test in 1998-99, and 35 percent achieved

“satisfactory” in 2000-01, the gain in math scores would be +15. If the same +15 gain were realized for all four subjects (math, reading, science, and writing), the composite score increase would be +60. However, the school building need not realize a gain in each of the four subject areas so long as the sum of the gains in all four areas taken together (the composite score increase) is at least 60.

“High achieving.” The Department of Treasury awarded forty “2000 Golden Apple Awards” to the ten highest achieving eligible elementary schools in each athletic class (A, B, C, and D) of the elementary school’s associated high school. To identify a “high achieving” elementary school building, the department considered the percentage of students who attained the highest level of achievement in all four MEAP areas (math, reading, science, and writing). The department totaled the four test scores, ranked all of the eligible elementary schools from highest to lowest, and then assigned an “associated athletic class size” to each eligible elementary school. Since elementary schools are not assigned an athletic class size, but high schools are, the department (relying on “the rule of reasonableness”) assigned one of the four high school athletic classes (A, B, C, or D) to each eligible elementary school. The department did this by first determining which high school the majority of the fourth and fifth grade students in a certain elementary school building likely would attend, and then applying that high school’s athletic class size (from the Michigan High School Athletic Association school directory) to the elementary school building. Available funds in a given fiscal year, and the number of “most improved” schools identified in that year, will determine the number of “high achieving” schools recognized in 2001-02 and 2002-03. (Public Act 297 does not set an annual minimum amount of money to be allocated to the Golden Apple program, but does set an annual maximum of \$8 million. In addition, the act specifies that any funds that are not expended in the state fiscal year for which they were allocated can be carried forward to a subsequent state fiscal year.)

The department notes that it considers only the highest level of achievement in a subject (“proficient” or “satisfactory”) because only the highest level meets or exceeds state standards. In addition, if a school building chooses to exclude a student’s MEAP scores in 2000-01, the student’s MEAP scores will not be counted in calculating scores for “most improved” or “highest achieving,” nor will the excluded student be considered by the department to have been tested for purposes of calculating the participation rate.

Award amounts. A Golden Apple award is, at a minimum, \$50,000 for each recipient elementary school. (Again, the act speaks of Golden Apple awards being “allocated to and used by” a school *district*, which then is required to distribute the award to “each eligible elementary school.”) Each recipient school building principal is awarded \$10,000, and each full-time employee who works in the recipient elementary school building is awarded \$1,000, with a minimum of \$40,000 per recipient elementary school building (that is, even if the school building in question has fewer than 40 full-time employees). Thus, for recipient elementary school buildings with more than 40 full-time employees in addition to the principal, the total amount of the award depends on the number of full-time employees.

The Department of Treasury requires schools reporting staff sizes with more than 40 full-time employees to provide a complete list of employee names and their working titles. In addition, for 2001, the department defines the term “full-time employee” to mean a person who was on staff on January 1, 2001, and who:

- Is legally employed by the school district;
- Is routinely found at or in the school building during times when the school is in session (class time, teacher preparations time, daytime school functions, etc.);
- Consistently provides exclusive service to the school building at least throughout the school year, rather than a seasonal basis;
- Does not routinely work at or for other school buildings within the school district.

According to the department, a total of \$9.6 million was awarded under the program, which was \$1.6 million over the maximum allocated to the program under Public Act 297 of 2000. According to the department, moreover, out of the 184 schools receiving an award, 18 received more than the \$50,000 minimum award, with the 18 awards ranging between \$51,000 and \$96,000.

Use of award money. Public Act 297 requires that Golden Apple awards be used for “school improvements, as determined collectively by a majority vote” of the recipient school building’s full-time employees. The Department of Treasury defines “school improvement” to mean any product or service that the school principal believes will improve educational opportunities for the students,

and notes that awards granted so far have been used for audiovisual equipment, textbooks, office supplies, playground equipment, janitorial supplies, and heating/air-conditioning units. The department adds that it relies on the professional judgement of the school principal and staff to know how best to use the funds in a manner that improves the educational opportunities of their students. In addition, the department notes that the law does not require that the money from the Golden Apple awards be used by a certain date, and indicates that it will contact each recipient school before the end of the 2001-02 school year to determine how the funds (presumably for the year 2000 awards) were or are intended to be used.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill could create as many as 125 additional awards based on MEAP test improvement scores, which would result in a minor additional cost to the school aid fund. If the eight percent “most improved” award rate in 1999-2000 holds true for the additional schools made eligible for the Golden Apple award program under the bill, a maximum of about ten additional awards could be expected in fiscal year 2000-2001. At a cost of \$50,000 per award, this would create an additional cost of \$500,000 to the school aid fund and an increase of 6.25 percent over the current \$8 million Golden Apple appropriation under the fund. Also, excluding special education students from the calculation of the required 90 percent MEAP test participation should increase the number of schools eligible for the \$50,000 minimum award. The number of additional schools that could become eligible due to this change cannot be determined. (3-7-01)

ARGUMENTS:

For:

According to testimony before the House Committee on Education, over 200 schools in many Michigan school districts (estimates range from 39 to 70 districts) were not considered for the Golden Apple awards in 1999-2000 because their fourth and fifth grade students are not located in the same building, even though their MEAP scores and participation rates would otherwise have qualified them for such an award. Further, according to the assessment coordinator for a Grand Rapids school district, two of the district’s six elementary schools had higher MEAP totals than some of the schools who received Golden Apple awards for high achievement in Class A, while at least four other elementary schools in the state would have been eligible to receive such an

award had it been based only on participation and improvement in their MEAP scores. Given the rhetorical attacks on public schools over the past several years, this lack of inclusion in eligibility for the newly-instituted “Golden Apple” awards has been especially disappointing for those schools that, except for building configuration, otherwise would have been eligible. It has been particularly disappointing for those schools who would have qualified under the “most improved” category, since they generally tend not to receive much positive public recognition. The decline in school populations in some districts has led them, sometimes reluctantly, to close some of their school buildings and to reconfigure others, some by including their fifth graders in their middle schools, some by other kinds of building configurations. Moreover, although teaching fourth and fifth grades in a single school building generally is the focus of most traditionally well-coordinated school improvement and professional development programs, there is a new organizational concept in Michigan known as “intermediate” schools that is an alternative to the traditional middle school configuration that contains the sixth, seventh, and eighth grades. The new intermediate schools instead pair the fifth and sixth grades in one building, and grades K-4 (and 6-8) in one or more other buildings. (Some school districts also have various other groupings of grades K-5 or K-6 in their school buildings.)

Since most elementary schools are still organized in the traditional K-5 manner, most are eligible to participate, and it apparently was with them in mind that the Department of Treasury made its administrative decision to restrict Golden Apple awards to these configurations. However, this means school districts that structure their learning environments in ways other than this traditional K-5 configuration, for whatever reasons, do not meet the Golden Apple Award program eligibility requirements.

The bill is needed, therefore, in order to focus the Golden Apple awards where they were originally intended, namely, on improvements or high achievement in the MEAP tests. The changes proposed in the bill would do this by including all school configurations that otherwise would qualify for the award program so long as they met the MEAP participation levels and the “most improved” or “highest achievement” criteria in the Golden Apple award program.

For:

The bill also would seek to ameliorate a problem that arose as a result of the original legislation. According to committee testimony, at least one elementary school failed to meet the Golden Apple award criteria by a mere three-one-hundredths of one percent solely because two families with high achieving children moved out of the school district during the school year and one family moved into the district with two special education students who were counted in the student participation requirement. Since many special education students, while performing up to the expectations of their individualized education plans (IEPs), score lower on the MEAP tests than other students, counting the scores of special education students in a district's aggregate MEAP scores can lower these scores. In an attempt to address this issue, while at the same time not providing schools with incentives to exclude special education students completely from a school district's MEAP scores, the bill would exempt special education students from being included in the calculation of the percentage of students who took MEAP tests if the student's IEP didn't require them to take the tests and if at least ten percent of the fourth and fifth graders enrolled in the elementary school were special education students.

Against:

The bill should be retroactive to include the few schools last year that would have qualified under the "most improved" category but for their elementary school building and grade configurations. One of the ways to qualify for a Golden Apple award is to improve composite MEAP tests scores by 60 points. Since once a school achieves this increase it is unlikely that it will achieve another such increase the following year, those schools who increased their scores by at least 60 points last year but didn't get an award because of their elementary grade configuration should get a Golden Apple award for their achievement retroactively. Reportedly, there were only a few such schools, so the costs to the state of such retroactive awards would not be great, while the positive impact of a Golden Apple award would be a great morale booster for these few schools.

Response:

This may already be taken care of if current legislation is enacted. The school aid budget bill that has already passed both the House and the Senate, House Bill 4371, does propose \$50,000 in funding for "adjusting" golden apple awards made in 1999-2000. However, the bill also would eliminate any other funding for the program and would strike current language that requires up to \$8 million in school aid money each fiscal year through 2002-

2003. Thus, the program appears to be virtually eliminated, with the exception of possible adjustments to last year's awards, which likely will be the first and last year of the program.

Against:

Apart from the questions that could be raised about the use of standardized school tests in general, it should be pointed out that often it is the socioeconomic background of students that determines how well they will perform on standardized tests, and not necessarily the student's in-school experience. This raises the question of what is being rewarded when awards are made to schools based on standardized test scores: the school's performance as a whole or the socioeconomic level of the students' families. Obviously schools have little influence over the latter, so if socioeconomic levels are in fact the determining factor in how well students do on standardized tests, the question becomes whether or not schools should be rewarded for the socioeconomic status of their students. Could one of the unintended effects of the Golden Apple awards program be to reward already socioeconomically-favored students and their schools? Does the Department of Treasury take into account socioeconomic factors when making these awards?

Response:

The criteria for awarding Golden Apple awards are spelled out in the legislation creating this program and do not include addressing socioeconomic factors. Given, moreover, the negative political attitudes expressed in recent years towards teachers and schools, it can only help boost morale – and, presumably, schools ability to teach – to publicly recognize those schools who, at least on one measure, are working to improve.

Against:

Some people believe that the Golden Apple awards should be a flat \$50,000 grant, and not tied to the number of full-time employees in the recipient elementary school building. A "flat" award not only would hold down the costs of the program but also would "level the playing field" among the recipient school buildings. The highest grant, according to the Department of Treasury, was \$96,000, almost twice the minimum grant amount, which means, presumably, that that particular recipient school building had 86 full-time employees. If the award is intended to recognize schools for their students' performance on the MEAP tests, why shouldn't all schools get the same recognition? At the very least,

shouldn't all of the schools in the "highest achievement" category get the same award amount, since the treasury department decided to divide up these awards based specifically on the athletic class size of the associated high schools? There would seldom, if ever, be a way for the smaller Class C and D schools to ever match the award grants to the larger Class A and B schools unless every recipient school in this category, by law, were to receive the same award amount.

Secondly, turning the \$50,000 minimum award into a "flat" award would help contain program costs. For example, although Public Act 297 of 2000 explicitly limited the amount of school aid fund money for Golden Apple awards to not more than \$8 million, the actual amount awarded for the 1999-2000 fiscal year totaled \$9.6 million, \$1.6 million more than the \$8 million figure in the legislation creating the program. While there is nothing to stop adding additional funds from other sources, some people believe that the \$8 million figure in Public Act 297 should be adhered to and that the total of future such awards should be limited to that amount.

Response:

First, since 154 of the 184 awards granted the first year of the program went to school buildings in the "most improved" category, the number of schools receiving the award in that category reasonably could be expected to decline in future years, as it would be difficult, if not impossible, to sustain a 60 point improvement over a number of consecutive years. So the sheer number of schools eligible for the award under this category likely will not be as high as it was during the first year of the program, and, consequently, the total cost of the awards likely will decrease. Secondly, the number of schools receiving more than the \$50,000 minimum was only 22 out of the total 184 awards granted, or somewhat more than 20 percent. Capping the award at \$50,000 instead of leaving it as a minimum would hurt future recipient schools by depriving them of the extra award money based on the number of full-time building employees. In any case, larger schools arguably need more money precisely in order to "level the playing field" because their award money must serve a greater number of students.

POSITIONS:

The Michigan Education Association supports the bill. (4-16-01)

The Michigan Federation of Teachers and School-related Personnel supports the bill. (4-17-01)

The Michigan Association of School Boards supports the bill. (4-17-01)

The Wayland Union Schools support the bill. (4-18-01)

Dowagiac Union Schools supports the concept of the bill but has reservations about the House floor amendments. (4-17-01)

The Department of Treasury has no position on the bill. (4-17-01)

Analyst: S. Ekstrom

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.