

## Raising the Bar:

Better New Bedford Public Schools Will  
Lead to a Stronger Economy



RESEARCH | ENGAGEMENT | POLICY

Everyone would like to live in a safe community where you and your neighbors have fulfilling careers, the school system is sought out by new parents ready to buy their first home, and properties on historic tree-lined streets are well maintained and of high value. Most often, such communities have two things in common; a well-educated and engaged citizenry, and high performing public schools that are an indicator of higher property values and thus a stable and broad tax base. There are certainly other factors that contribute to communities having high living standards, but these two measurements are constants.

New Bedford is a vibrant port city with sound economic assets, wonderful diversity, and great cultural opportunities to offer its citizens and visitors alike. It is a city with a Mayor who has consistently been a leader in demanding greater accountability

and performance from our school system, and a Superintendent who has pushed to raise the bar of expectations and performance in the classroom. They are joined by the School Committee and City Council in calling for needed state level reforms to complex funding formulas that often have the effect of diminishing needed classroom resources in neighborhood schools. However, at a fundamental level, the community itself has fallen behind when it comes to fully embracing the importance of education, and its direct link to a strong and sustainable economy.

This position paper will explore the links between education and economic success, the challenges for cities such as New Bedford to resource public education, and the near and longer-term steps that should be considered to maintain the momentum of a city and school district making great strides.

## Overview

The Regeneration Project of the New Bedford Economic Development Council (NBEDC) began in the spring of 2014 when Mayor Mitchell asked many of Greater New Bedford's business and community leaders to serve as members of the New Bedford Regeneration Committee. The task the Mayor put before this diverse group was to articulate a strategy for the city's economic regeneration that builds on the committee's collective experience in leading successful enterprises. This strategy was articulated in the group's report, *Uniting in Pursuit of Growth and Opportunity*. Now as a standing and independent committee of the NBEDC, the overarching goal of this group is to continue to support and push for the creation of systematic changes that will break us away from the all too familiar pattern of a fragile up-and-down local economy.

This paper will focus in one area highlighted in the 2014 report—the educational attainment level of the community and how it directly relates to the workforce readiness of our citizens. While other issues such as public safety, transparent and efficient government, and well-managed infrastructure systems are of vital importance, the true cornerstone to building a strong and resilient economy is the education and skill level of New Bedford families.

For more than eight months, the committee has engaged with local stakeholders and agencies tasked with this mission; the Workforce Investment Board, New Directions, Bristol Community College, University of Massachusetts Dartmouth's Center for Policy Analysis, New Bedford Public Schools, City of New Bedford, Greater New Bedford Regional Vocational Technical High School, and the region's largest employer, SouthCoast Health. All of these conversations and interactions lead to the overarching conclusion that this single issue has the greatest impact on all of our collective futures. Success in public education is not something so easily fixed with a stroke of the pen by a Mayor or Superintendent of Schools, or with a generous grant from a private sector benefactor. It must be owned by everyone in the community.

We must get to a point where every corner of the New Bedford community understands the importance of having a well-educated and highly trained citizenry in the 21st century. Nearly every data set shows us that a citizenry that places value in these defining characteristics has access to better employment opportunities, is physically and mentally healthier, supports arts and culture at higher levels, lives in safer neighborhoods, and has greater wealth.

For a long while, traditional blue-collar cities such as New Bedford have been able to "get by" with a strong work ethic and strong back—attributes of great value since the days of whaling and bustling textile mills. But alone these virtues are no longer enough in the 21st century economy. When cities such as New Bedford don't place a high enough importance on education, income inequality continues to grow and drive an even larger wedge between classes—something we witness in similar communities across America.

For the Commonwealth to attain a more equitable balance in its economic gains, cities that have been and continue to be gateways for new immigrant populations must realize greater investment in public education. While Massachusetts leads the nation in educational prowess, cities like New Bedford that serve

Through the 19th and mid-20th centuries, New Bedford's educational system evolved in support of our community's need for a workforce in maritime, textile, and industrial enterprises. As a result, higher education was not necessary to provide a good living for New Bedford families, and not emphasized as a vital tool for individual, family, or citywide success. As we plan for our future, we understand the urgency to develop a quality educational vision that will impact our community's character and economic potential. A comprehensive and sustainable vision for New Bedford must include the strengthening and expanding of our educational system.

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student populations of incredible diversity, continue to struggle in finding financial resources to support the most basic needs of neighborhood schools. It is important to understand that to get New Bedford to the point where education levels are an asset and not a hindrance to future economic growth, more work will

be required by all. We will have to fight for what is fair. We must explore every avenue for improved management, collaboration and investment. And we must understand that there will be difficult choices ahead in setting collective priorities.

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## Why it Matters—The Link Between Educational and Economic Success

The past few years have given us many mornings of good headlines relating to the strengthening of the New Bedford economy, and more are sure to come in the months and years ahead. New Bedford's economic agenda continues to build steam, but even with our recent successes, one painful reality remains—until the education and professional skill level of the community improves, the strong and durable economy we want for all New Bedford families will continue to be frustratingly out of reach.

There is no shortage of reports, articles, and news segments reporting that the Commonwealth is in the midst of its most sustained economic expansion in decades, and is a national leader in this regard. However, this success is unbalanced across the state. Conditions remain difficult for the young, poorly educated, and long-term unemployed, specifically for those who live in gateway cities such as New Bedford. Innovation is the most significant growth driver for the larger Massachusetts economy, but our region does not currently have a strong presence in the knowledge-intensive industries that are driving most of the state's employment and income growth. Our lower-than-average education and skill levels are holding us back. New Bedford is not alone in this regard; many cities across the state (and in other states across America) are becoming increasingly concerned about not having enough skilled workers to fulfill the needs of companies ready for growth, regardless of the industry driving the growth.

Across the country, those individuals with education and skills are doing better than ever, and those without a solid education or technical skill set are being further left behind. From the early 1960s through the early 1980s the gap in wage levels was present, but not demonstrable. Since that time the gap has increased dramatically. According to data provided by the UMass Dartmouth Public Policy Center, in 2012 a male with a bachelor's degree was earning more than 140% in weekly earnings than a male high school dropout. When a male with an advanced degree is compared to the high school dropout, that gap jumps to 190%. For women, the wage gaps exist at approximately the same rates.

Since the mid-1970s, globalization, trade policies, and the decline of traditional manufacturing have continued to create systematic disadvantages for those who are not well educated. We see this impact in the frustration of citizens not only locally, but also across the country, and at nearly every level of political debate. For working age citizens, the 1970s and 80s do not seem so far away, but the ability for someone with limited education to have access to jobs that allowed for a single bread-winner to support a family never seemed as unattainable as it does today. New Bedford, like so many other places in America, struggles to hold on to an economy that just doesn't exist anymore.

Data from the State's Executive Office of Labor and Workforce Development for 2010-2015 shows a direct correlation between

those without a bachelor's degree and higher unemployment rate in Massachusetts. Gateway cities such as Lawrence, Fall River, and New Bedford have populations with less than 20% of its citizens with bachelor's degrees or higher. These same cities continue to struggle with some of the highest unemployment rates in the state, and a seemingly never-ending difficulty with funding local school systems at desired levels. But our challenges in New Bedford show themselves before any level of college attainment enters the discussion. In New Bedford nearly 30% of the population is without a high school diploma, whereas the state average is only 10%. This statistic alone handcuffs an individual's ability to succeed while limiting our potential as a city to attract industries that demand a well-educated workforce.

An illustrative example of the widening income gap in cities like New Bedford can be found in a recent study from the Massachusetts Budget and Policy Center. This study shows that family incomes would have been much higher in gateway cities if median incomes had grown at an equal level with the state's overall income growth. In 2012 the New Bedford median household income was \$35,703. This income level is in the bottom quarter of the 26 gateway cities of Massachusetts, is measurably lower than the gateway average of \$49,192, and is just over half of the average statewide household income of \$65,801. All gateway cities would have seen higher household incomes (approximately 25% higher) if their median income grew on par with overall income growth, and New Bedford would have seen a median household income of \$58,047—or a nearly 40% increase.

The data about the linkage between community education levels and economic strength is overwhelming and should not be ignored. Communities with low education levels and struggling local school districts directly feel these negative effects in areas including but not limited to: the well-being of families, community wealth as measured by tax base, and with sustainable economic success. Better education and skills training lead to better opportunities and choices for citizens who then can put more of their disposable income back into the local economy. These citizens can then invest more in the upkeep of their homes, are generally in better health, and are far less likely to be engaged in any kind of criminal activity. Families with higher education levels are generally more engaged in the education of their children and have greater income flexibility to fund sports, music, and other extracurricular activities outside of the classroom. Cities with high performing school districts see an increase in property values, and thus a stronger and more stable tax base to support all municipal services. The challenge is understanding and accepting this connection between education and community and personal wealth, and then taking the steps to change the dynamic for the better.

## Understanding the Challenge

Annual budget pressures on New Bedford and all gateway cities in the Commonwealth are immense. Within this context, core services unjustly compete for precious resources while costs to deliver those same services continually rise each year. In New Bedford, more than 70% of the entire municipal budget is dedicated to expenses mandated by the Commonwealth. This means that the City has marginal flexibility in spending, thus posing a difficult task for any Mayor and City Council to meet even the basic needs of the school system, public safety, and other essential governmental services that citizens rightfully expect. Even though New Bedford's fiscal management practices are very good (as evidenced in reports by the Standard and Poor and Moody's financial rating agencies), and new growth is steady (at about \$2M for this year), expenses such as health care, pension liabilities, and charter school reimbursements are outpacing this growth. At the same time, taxpayers feel they can't bear additional increases for any purpose, no matter how critical the need.

Nearly all gateway cities struggle to fund their local share of public education at a level that is measurably above the state mandated minimum, known as Net School Spending compliance. Still struggling to recover from great recession, these cities have lower than average residential and commercial tax bases values (which results in higher tax rates), a problem that is compounded with higher than average student populations with language, behavioral, or other challenges. This results in a lower than average revenue base with higher than average costs—not a good place for a city to be. This challenge is illustrated in the City's difficulty in reaching the full 100% of Net School Spending compliance. For the FY17 budget year, the average budget for local school districts in gateway cities was at 106.5% of the Net School Spending requirement. In the same year, New Bedford's budget was 99.6% of Net School Spending (95% is the statutory minimum before a municipality faces penalties from the Commonwealth). In FY15, New Bedford was at 97.4%, and in FY16 the budget was 97.2% of Net School Spending.

While the local share of school spending remains a struggle for New Bedford, it is not the greatest budgeting challenge for the New Bedford school system. The greatest challenge to New Bedford and any other school district with charter schools is the state's funding allocation through Chapter 70. The Chapter 70 program is the funding mechanism of state aid to public elementary and secondary schools. In addition to providing state aid to support school operations, it also establishes minimum spending requirements for each school district (the foundation budget) and minimum requirements for each municipality's share of school costs. Chapter 70 establishes a complex formula to calculate state aid to communities and is based on enrollment, inflation, and wage adjustments. This formula is intended to ensure that those districts with the greatest need receive the

greatest aid. After the state makes the calculation and informs New Bedford of what the year's foundation budget is (\$164.5M for FY18) the City then is able to determine its share in terms of state required minimum (estimated at \$27M for FY18) and actual contribution (estimated at \$37.6M) which includes expenses that are not considered eligible costs, such as health insurance and transportation. It is important to note that the local share of reimbursement for charter school funding (estimated at \$12M for FY18) looms large in this formula, and this factor alone has a singular outsized impact on the net amount of Chapter 70 funds for direct expenditure of the New Bedford Public School System.

From 2012 to 2017, New Bedford's Chapter 70 allocation increased from \$111.8M to \$132.4M for an average annual increase of \$4.1M at a rate of 3.5% per year. However, over the same period of time the funding that was diverted to charter schools increased from \$4.8M to \$10.5M, an increase of 7.6% percentage per year. In 2017 alone, this results in a loss of more than \$6M of direct funding available for the academic needs of New Bedford Public Schools. This expanding deficit is in large part to the Commonwealth not following the mandated reimbursement schedule for charter school students. This problem is only compounded when additional charter schools, and seats within existing charter schools are added to a district, unfairly pitting charter schools against public schools for state resources. This factor alone has proven crippling to New Bedford's ability to adequately fund a public school system making measurable progress in its fight to get past its underperforming status.

Like all other municipal services (and non-governmental services for that matter), public schools have the challenge of annually rising fixed costs. Even though those increases have been well controlled in New Bedford, the pressure of these increases still exist, and threatens gains in classrooms across the city. For FY18 the cost increases for a balanced budget requested by Superintendent Durkin (that doesn't even maintain the current level of services provided to students) are approximately \$2M greater than FY17. These cost increases include health insurance, contract obligations, retirement assessments, special education tuition, and special education services. A FY18 budget that would continue the same level of service as FY17 without any new efficiencies would require an additional \$3.9M of funding.

There is no one who wishes to see the solid student achievement gains in the New Bedford Public Schools slide back even an inch. The district continues to demonstrate to the Commonwealth that its 2011 Level 4 "turnaround" status may soon be a thing of the past, should achievement progress remain steady. The challenge is to harness desire into action and find the pathways to ensure that teachers and students in the classroom have the resources available to perform at the highest levels.

## Advocating in the Near Term

This spring, state and municipal budgets will be proposed, hotly debated, and then passed into law. In fact, both of these processes are already underway at the State House and City Hall. In regards to the funding for public schools, districts that have demonstrated measurable results and accountability in serving high need populations should not be punished for those efforts. New Bedford is one of those districts.

The issues surrounding how a community values education, and then demonstrates its commitment to this value, can present challenges that would rightfully require years to systematically address. The immediate issue set on the table is ensuring the New Bedford public schools can, at a minimum, continue its steady gains in student achievements seen in the past several years.

The district has made measurable accomplishments at the elementary level, is in the midst of a teacher lead re-design of the middle school programs, and has seen test scores and graduation rates increase above expectations at the high school. Long needed district-wide curriculum purchases have been made, extended learning times for students have been implemented, a successful renegotiation of contractual agreements have been completed, and much needed capital improvements are underway across the city. There is clear evidence of progress and immediate action should be taken to ensure that this momentum be maintained, and provide measureable gains across the student population. Following are suggested immediate actions for FY18:

### Fight for Increases to Chapter 70 Funding

It seems that the most likely path to reaching the funding levels needed to meet actual costs would be supporting the local delegation in fighting for larger Foundation Budget adjustments in Chapter 70. It stands to reason that the greatest energies of New Bedford's stakeholders should be placed here, since there is already a statewide effort of education reform organizations to lobby for additional funding, there are House amendments to increase this year's funding, and there is a bill filed in the State Senate to increase the foundation budget by modifying the funding formula. Gateway Cities such as New Bedford are asked by the state to handle populations of far greater need, but the state's funding formula underestimates the costs needed to meet those needs. Our delegation should have our full-throated support in their aggressive efforts to ensure that increased funding for cities like New Bedford passes through the House and Senate.

### Engage Students and Their Families at All Levels

All efforts must be undertaken to ensure that "average" students are not forgotten, specifically at the high school. High performing students are now and have always done very well in our schools, often going to some of the best universities in the nation. Likewise, the school system has done very good work to ensure that students of special needs have the services required to ensure their specific needs are rightfully met. What cannot be forgotten is the necessity to ensure that the students who fall in

the middle of the pack have the education experiences available that will serve them well once graduating high school.

When families see diminished prospects for these students enrollment drops, and when these students are not fully engaged they tend to drop out. Expanding opportunities for these students will improve attendance, enrollment, and graduation rates, while lessening the number of students seeking a full vocational education simply to avoid what families may perceive as an undesirable high school experience. Such opportunities could include dual enrollment programs at Bristol Community College or UMass Dartmouth. Such programs offer a clear path after high school graduation, are within financial reach for middle class families, and are geared toward solid careers in fields where local employment and advancement is likely.

More effort should also be placed on communicating successes of the district. Students and their families would benefit from a comprehensive communications strategy that could highlight successes of individual students, improvements in test scores, and continued reinvestment in the school facilities. There is a real opportunity to generate grassroots enthusiasm in the success of local schools for families who are here now, or for those considering a move to the city.

### City Reaching a True 100% of Net School Spending

Even with increases in Chapter 70 funding, there is still another issue that has nagged New Bedford in recent years that should be corrected for FY18—getting to the full 100% of Net School Spending compliance. In FY17 New Bedford's budget was 99.6% of Net School Spending or nearly \$700K below the 100% level. Only one other gateway city budgeted less by percentage than New Bedford last year, and in recent years the gap was actually greater. In FY15, New Bedford was at 97.4%, and in FY16 the budget was 97.2% of Net School Spending. In those years the percentages below 100% represent an "under funding" of \$3.8M and \$4.3M respectively.

For FY18, Mayor Mitchell has worked with Superintendent Durkin to present a budget that will have New Bedford reach a full 100% of Net School Spending compliance, on par with the large majority of the other 26 gateway cities in Massachusetts. This was not an easy accomplishment, and the Mayor and City Council should make clear to the citizenry the importance in getting to the full 100% funding level during the City's budget hearings at City Council. In turn, the community should then express their full support to the Mayor and City Council for their leadership in taking this first step in placing greater emphasis on funding our public schools, as we endeavor to break out of the low performance trends that our Level 4 designation suggests. This funding level will allow for new science curriculum in middle schools and the hiring of new ELL teachers and therefore should remain at the level requested when the City Council sends a final budget to the Mayor.

### Support Full Level Services Beyond the FY18 Budget

For the upcoming years, maintaining a full level of current services should be the optimum goal, and funded by whatever means possible. For this year alone, a budget that maintains the status quo of services is estimated at \$134.9M. As presented by Superintendent Durkin and her leadership team, this budget includes the third and final year of introducing a new math curriculum, special education cost increases, and costs to meet collective bargaining agreements. Superintendent Durkin and her leadership team have also prepared an “enhanced budget” requesting an additional \$10.6M for need-based areas including; reading specialists, English as a Second Language (ESL) teachers, science curriculum materials, classroom libraries, and elementary student success centers. It seems contradictory that in a district with New Bedford’s demographics that providing reading and ESL teachers in each of the schools is considered an “enhancement” rather than a requirement, but such are the hard realities of funding education at the local level.

Even with the Mayor committing to a full 100% of Net School Spending for FY18, maintaining the current level of services will be a difficult task, since the Chapter 70 funding increase for this year (as proposed by Governor Baker) is estimated at \$3.7M, with

a total of \$12M being allocated to charter schools. If nothing is changed by the legislature in this year’s budget process, the Net School Spending estimate for the academic needs of New Bedford will be about \$130M, or approximately \$4.9M short of maintaining level services.

For FY18 the Mayor and Superintendent have found a path to fund most of the academic needs of the schools such as ESL teachers and improved science program curriculum, other needs such as classroom libraries and increasing the number of reading specialists, remain unfulfilled. Whether these additional needs are funded by an increase in Chapter 70, City funds, private grants, or by or some combination thereof, these services are essential to improving student performance and should be an essential component to this and future budgets supported by the Mayor, School Committee, and City Council.

Finally, the district leadership should continue to work closely with the City’s CFO to determine if any merging of services between the City and the school district can result in savings of non-academic functions, while maintaining the needed levels of service for those functions.

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## Looking for Long Term Solutions

A high-performing public school system is a must for any American city if it wishes to meet the ever-growing challenge of workforce demands shown in private sector industries- many of which are a great fit for New Bedford. It is a must for a city that wishes to regenerate its economy and thrive in a new century.

Getting there will not take months, but rather years, and without a strategy in place, we will continue to have the same annual debate about the funding challenges of a school budget, and we’ll continue without progress. The budget process is a means, not an end, and it’s more about the work that is done in education and the results of students that come from that work that matter most.

A longer time span can offer opportunities to seek comprehensive reforms and solutions that will have lasting impacts on student performance and encourage New Bedford families that our schools meet the needs of their children—regardless of the need. A longer time span is also needed to find the political solutions needed for funding and policy reforms that impact a variety of constituencies across the state.

In looking for those longer-term solutions, the following suggestions are offered for discussion and debate:

### A Ten-Year Plan

New Bedford should undertake a ten-year strategic plan that outlines how its public schools can reach an “enhanced level of service” that has a value of at least 110% of minimum requirement of Net School Spending. This should be a community-wide effort, not just a school department or city government project, and it should be primarily focused on how the district can ramp up to reach the needed level of services provided to each cohort of our student population, and not simply on an annual appropriation. This effort should focus beyond the Chapter 70 formula and tax increases, and look to other best management practices in leading gateway cities to deliver services through partnerships and attract philanthropic support. In a decade, New Bedford could lead all gateway cities and be a national model for the turnaround of an urban school district.

### Increase Per-Pupil Funding at High Schools to Closer Match Regional Vocational Schools

Traditional public high schools in Massachusetts should be much closer to the level of funding provided per student that attend regional vocational high schools. There is a 28% per-pupil funding gap between pupils who attend high school at urban centers such as New Bedford as compared to those attending vocational high schools. There must be an equitable balance and allowance for “academies” and other non-academic experiences in public high schools as having the similar funding needs as traditional shops at regional vocational high schools. Better outfitting of high schools is needed to generate higher enrollment for those not truly seeking a trade-based education.

This would have the added benefit of focusing the applications to vocational high schools on those students whose primary purpose is learning a skilled trade instead of simply avoiding a traditional high school with limited resources. Over time, this has led to the regional vocational schools having what seems to be an unfair advantage in funding and selecting a student population that is competing for seats. Competition of this kind is not good for the Commonwealth, the cities, or the students who would benefit most from a vocational education. Supporting reform that offers more opportunity for students, regardless of attending a traditional high school or a vocational school, must be a priority for the New Bedford Public School System.

### **Chapter 70 Reform**

Urban school districts serve above-average populations of English Language Learners (ELL) and other special needs students in the Commonwealth. These students require services that are not adequately accounted for in Chapter 70 funding and needed changes must be made. Our local delegation, and the delegation members of the other gateway cities, should also be fully supported in their efforts to amend the Chapter 70 formula to increase foundation budgets to ensure that the requirements for local reimbursement of charter school assessments—perhaps the most crippling hit to local budgets—is fully funded.

### **Provide Municipal Flexibility in Managing Mandated Expenses**

We should fully support all efforts for comprehensive statewide reforms to the funding of pension liabilities and health care costs for local communities. Such reforms will give cities like New Bedford with sound financial management practices in place greater control and flexibility to manage expenses and control tax increases. This is not only good for schools, but for all areas of municipal service.

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*This paper would not have been possible without the cooperation and research conducted by the UMass Dartmouth Public Policy Center. Local financial data was also provided by the New Bedford Public Schools leadership team and the City's Chief Financial Officer.*

The NBEDC is a nonprofit organization comprised of 250 successful leaders in business, education and government led by a nine-member Board of Directors. In conjunction with the Mayor's Office, the Council sets the agenda for the city's key strategic economic development areas. The Executive Director of the NBEDC, with a team of five, is responsible for the coordination and implementation of the organization's programs and initiatives.