



Staff Brief

Student Achievement Guarantee in Education (SAGE) Programs



July 11, 2014

SB-2014-04

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INTRODUCTION

This Staff Brief provides an overview of the Student Achievement Guarantee in Education (SAGE) program as follows.

- *Part I* describes eligibility and contractual requirements for participation in the SAGE program under state law.
- *Part II* describes the history and development of the SAGE program.
- *Part III* describes flexibility allowed for schools in meeting requirements of the SAGE program under current law.
- *Part IV* describes statistics relating to funding of and participation in the SAGE program.

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PART I–STATUTORY REQUIREMENTS

The SAGE program is a categorical state aid program that provides funding to schools for low-income students in primary grades (K-3) if certain statutory requirements are met. Before a school is eligible for SAGE funding, the school board of the district must enter into a contract with the Department of Public Instruction (DPI). A school board enters into a SAGE contract, referred to in the statutes as an “achievement guarantee contract,” on behalf of individual schools in the district that qualify for participation. SAGE contracts are for a period of five years and may be renewed for additional five-year terms.

The Legislature has authorized several rounds of SAGE contracts since the program was initially created and has revised the requirements and criteria for participation over time. A school may only enter the SAGE program when the Legislature authorizes a new round of contracts, though the statutes permit schools that were previously participating may continue to renew their SAGE contracts. The most recent, large-scale authorization of new SAGE contracts was for the 2010-11 school year. This Part describes the eligibility requirements for the round of SAGE contracts beginning in the 2010-11 school year. It also details the contractual requirements that apply to contracts beginning in 2010-11 and to contracts renewed after this time.

INITIAL DISTRICT ELIGIBILITY REQUIREMENTS

The Legislature authorized the school board of an eligible school district to enter into a SAGE contract beginning in the 2010-11 school year if certain criteria were met. Specifically, the school district could enter into a contract on behalf of one or more schools if each of the following applied: (a) each school met a minimum threshold of low-income pupil enrollment; (b) the school board was not receiving a grant for a pre-existing class-size reduction program for any of the schools; and (c) none of the schools had a SAGE contract.

Minimum Low-Income Enrollment

Each school in a school district entering into a SAGE contract in 2010-11 was required to have an enrollment that was at least 30% low income in the prior school year. [s. 118.43 (2) (bt) 1., Stats.] State law defines “low income” to mean the measure of low income that is used by the school district under federal law to determine eligibility for free or reduced-price lunch. [s. 118.43 (1) (b), Stats.]

Not Receiving a Grant for P-5 Program (Subsequently Revised)

The statutes prohibited a school district from entering into a SAGE contract in 2010-11 if any participating school was receiving a grant under a pre-existing class-size reduction program. Specifically, a school board was ineligible to enter SAGE if it was receiving a grant under the “Preschool to Grade 5 Grant Program” (P-5 Program) on behalf of any of the schools under then-existing s. 115.45, 2009 Stats. [s. 118.43 (2) (bt) 2., Stats.]

The P-5 program was an earlier and smaller class-size reduction program created in the 1986-87 school year and eliminated in the 2011-12 biennium. When the P-5 program was repealed, the Legislature made schools that had been receiving these grants eligible to join SAGE beginning in the 2011-12 school year. [s. 118.43 (2) (bv), Stats.]

No Existing SAGE Contract

The statutes prohibited a school district from entering into a SAGE contract in 2010-11 if any of the schools subject to the intended contract was already a beneficiary of a SAGE contract. [s. 118.43 (2) (bt) 3., Stats.]

CONTRACTUAL REQUIREMENTS OF SAGE

A school district eligible to enter into a SAGE contract in 2010-11 was also required to meet contractual requirements before its schools could participate in the program. These contractual requirements also apply to any SAGE contracts renewed after 2010-11.

Participating schools must meet the contractual requirements in order to receive state categorical aid for each low-income student in the covered grade levels. The requirements relate to maintaining limited class sizes, collaborating with local communities, establishing rigorous curriculum, and implementing staff professional development and evaluation practices.

Requirements for Limited Class Sizes

The primary requirement for each school participating in the SAGE program is that it limit its class sizes. For contracts that began in the 2010-11 school year, class sizes were required to be reduced to 18 students for one classroom teacher or 30 students for two classroom teachers. Initially there was a phase-in period which permitted schools to add one grade per year. [s. 118.43 (3) (at) and (3m) (a), Stats.] However, by the upcoming 2014-15 school year, schools that began their contracts in 2010-11 and schools renewing their SAGE contracts must achieve this ratio in all participating grades.

Current law requires a school to achieve the 18:1 or 30:2 ratio in a particular grade level on the third Friday of September. A school that fails to meet the ratio on that date will not receive any SAGE aid for the school year. This means that a school which fails to meet the ratio in one classroom at a particular grade level will lose its SAGE aid for all students at that grade level.

Requirements for Education and Human Services

A SAGE contract must require that each school participating in the SAGE program offer before and after school hours and community services. The statutes specify that participating schools must be kept open every day from early in the morning until late in the day, as provided in the contract. The statutes further specify that each participating school must collaborate with community organizations to make educational and recreational opportunities, community services, and social services available in the school to all school district residents. [s. 118.43 (3) (b), Stats.] Schools have complied with the requirement by offering services such as health clinics, adult classes, and tutoring.

Requirements for Curriculum

A SAGE contract must require that each school participating in the SAGE program take steps to review its curriculum and make changes to ensure rigor. The statutes provide that participating schools must review current curriculum, in consultation with DPI and the school's teachers, administrators, and school district residents, to determine how well the curriculum promotes pupil academic achievement. The statutes further provide that participating schools must outline any changes necessary to improve pupil academic achievement. Finally, the statutes require participating schools to provide a rigorous academic curriculum designed to improve pupil academic achievement. [s. 118.43 (3) (c), Stats.]

Requirements for Staff Development and Accountability

A SAGE contract must require that each school participating in the SAGE program meet staff development and accountability criteria. Participating schools must develop a one-year program for all newly hired employees that helps them transition from their previous employment or school to their current employment. Next, the schools must provide time for employees to collaborate and plan. Each school must also require teachers and administrators to submit a professional development plan to the school board that focuses on how the individual will help improve pupil academic achievement. The plan must include a method by which the individual will receive evaluations on the success of his or her efforts from a variety of sources.

The statutes further require participating schools to regularly review staff development plans to determine if they are effective in helping to improve pupil academic achievement. Finally, each participating school must establish an evaluation process for professional staff members that does all of the following:

- Identifies individual strengths and weaknesses.
- Clearly describes areas in need of improvement.
- Includes a support plan that provides opportunities to learn and improve.
- Systematically documents performance in accordance with the plan.
- Allows professional staff members to comment on and contribute to revisions in the evaluation process.
- Provides for the dismissal of professional staff members whose failure to learn and improve has been documented over a two-year period.

[s. 118.43 (3) (d), Stats.]

OTHER CONTRACTUAL PROVISIONS

The statutes require all SAGE contracts to include implementation provisions. Specifically, the statutes require contracts to describe how the school will implement each of the contractual requirements, including any alternative class configurations for specific educational activities used to meet the class size ratio. The statutes further require a description of the method the school

district will use to evaluate the academic achievement of the pupils enrolled in the school. [s. 118.43 (4) (a) and (b), Stats.]

SAGE contracts must also include a description of the school's performance objectives for the academic achievement of the pupils and the means that will be used to evaluate success in attaining those objectives. The SAGE school's objectives must include: (a) improvement in scores on the state third grade reading test, where applicable; (b) attainment of any educational goals adopted by the school board; (c) professional development with the objective of improving pupil academic achievement; and (d) methods by which the school involves pupils, parents or guardians of pupils and other school district residents in decisions affecting the school. Finally, all SAGE contracts must include a description of the means by which DPI will monitor compliance with the terms of the contract. [s. 118.43 (4) (c) to (e), Stats.]

PART II-HISTORY OF SAGE

The SAGE program was signed into law in the executive budget act of the 1995 Legislature, and established in the 1996-97 school year. The program was designed to improve student achievement through the implementation of the four school-improvement strategies described in Part I. During the 1995-96 school year, any school district in the state with at least one school serving 50% or more children living in poverty, as defined by U.S.C. s. 2723, in the previous school year was eligible to apply for participation in SAGE.

FIRST ROUND OF SAGE CONTRACTS

Initially, each eligible district was permitted to enter into a five-year contract with DPI on behalf of one school with an enrollment of at least 30% or more children living in poverty. In Milwaukee Public Schools (MPS), up to 10 schools could participate. If other districts had more than one eligible school, they were required to contract for the school with the largest number of low-income students in kindergarten and first grade. Each participating district that met specific contract requirements with DPI received \$2,000 per low-income K-2 student.

In September 1996, the SAGE program was implemented in 30 schools in 21 school districts throughout Wisconsin. Implementation was phased-in over three years: K-1 in 1996-97; K-2 in 1997-98; and K-3 in 1998-99. This meant the original SAGE contracts covered kindergarten and first grade in 1996-97, with the addition of grade two in 1997-98, and grade three in 1998-99. These contracts expired on June 30, 2001.

SECOND ROUND OF SAGE CONTRACTS

A second round of SAGE contracts was authorized under 1997 Wisconsin Act 27 (the budget of the 1997 Legislature) for additional school districts to cover school years 1998-99 through 2002-03. These contracts began with kindergarten and first grade in 1998-99, with the addition of grade two in 1999-2000, and grade three in 2000-01. MPS was permitted to enter into contracts on behalf of up to an additional 10 schools under the second round. These contracts expired on June 30, 2003. In the 1999-2000 school year, SAGE served kindergarten through third grade students in 78 schools in 46 school districts.

THIRD ROUND OF SAGE CONTRACTS

A third round of SAGE contracts, authorized under 1999 Wisconsin Act 9 (the budget of the 1999 Legislature), allowed all school districts to participate in the program. This third round of contracts applied to school years 2000-01 through 2004-05, and allowed schools to participate on a three school-year phase-in basis similar to the prior contracts (K-1 the first year, K-2 the second year, and K-3 the third year).

Third round schools were required to meet the following conditions: (a) the school board was not receiving a P-5 program grant on behalf of that school; (b) if eligible in the 1996-97 and 1998-99 school years, the school board participated during either year; and (c) the school was not already a beneficiary of a SAGE contract. In the 2000-01 school year, the state provided an additional \$37 million to allow approximately 500 more schools to join SAGE.

FOURTH ROUND OF SAGE CONTRACTS

Under prior law, DPI could not enter into SAGE contracts after June 30, 2001, and could only enter five-year renewal contracts with currently participating schools. However, an additional round of five-year contracts was authorized under 2009 Wisconsin Act 301, beginning with the 2010-11 school year. Under this round, a district could enter into a SAGE contract on behalf of one or more schools if all of the following applied: (a) in the previous school year, each school had an enrollment that was at least 30% low income; (b) the school board was not receiving a grant under P-5 on behalf of any of the schools; and (c) the school was not already a beneficiary of a SAGE contract. Under these contracts, schools were required to reduce each class size in at least kindergarten and grade one in 2010-11, in at least kindergarten to two in 2011-12, and in at least kindergarten to grade three in 2012-13 to 2014-15. Wisconsin now has approximately 425 SAGE schools receiving state aid up to \$2,250 for each eligible low-income K-3 child.

LEGISLATION MODIFYING CONTRACT REQUIREMENTS

The 2009 legislation authorizing a fourth round of SAGE contracts also modified the contract requirements for all SAGE schools. Beginning in the 2010-11 school year, schools may satisfy the class size limitation by reducing each class covered by the contract to no more than 18 pupils, or to no more than 30 pupils if two classroom teachers are assigned to the class. Previously, the maximum class size in all SAGE schools was 15 pupils to one teacher.

Two 2011 acts also affected the SAGE program. 2011 Wisconsin Act 105 modified the program requirements to allow a participating school district to choose not to comply with the requirement to reduce class size in grades two, three, or both, in one or more SAGE schools in the district. The district may choose this option for one or more years covered by their current SAGE contract, although if class size is not reduced, then that grade is not eligible for aid under the program.

2011 Wisconsin Act 32 eliminated the former P-5 program described in Part I. Instead, schools that participated in P-5 in 2010-11 were permitted to join the SAGE program in 2011-12. The former P-5 schools were required to reduce class sizes to 18 in grades kindergarten and one in 2011-12, kindergarten to grade two in 2012-13, and kindergarten to grade three in 2013-14 through 2015-16. Contracts may be renewed after five years, as is the case for all SAGE schools. No additional funding was provided.

REQUIRED EVALUATIONS

When SAGE was created, it was established as a five-year pilot program with a required annual evaluation of participating school districts by the Center for Urban Initiatives and Research and by the University of Wisconsin-Milwaukee (UW-M) School of Education. Evaluation of SAGE's first three years showed that SAGE school students scored significantly higher in reading, language arts, and mathematics than students in the contrast schools. SAGE was evaluated over numerous years at different grade levels from first through fourth grades. Overall, findings suggested that SAGE participants performed significantly better than comparison children on the majority of reading, language arts, and mathematics achievement tests at all grade levels than students in the contrast schools.¹ There was also evidence of a cumulative beneficial effect of the intervention over multiple years.

The first required evaluation was done on the 30 schools which implemented SAGE in the fall of 1996, seven of which were in Milwaukee.² Over the course of the year, the study involved 3,614 students and 220 teachers. The primary method of evaluation to determine the impact of class-size reduction was the annual administration of the Comprehensive Test of Basic Skills (CTBS) to both the SAGE and comparison schools.

Overall, analyses of test results at the classroom level suggested that students in smaller classrooms tended to score significantly higher in language arts, mathematics, and reading, as well as the total CTBS score after adjusting for individual pretest results, socioeconomic status, and attendance. In other words, classrooms with fewer students were more likely to have higher class average achievement scores and were more likely to contribute to closing the achievement gap between African American and white students than were classrooms with a higher number of students.

A further study of SAGE conducted in 2004 assessed program effects on state assessments of students in grades three and four, by reanalyzing the data collected by the UW-M research team. The original 30 SAGE schools (approximately 4,900 students) and 10 to 17 comparison schools in each grade (approximately 7,800 students) took part in the study. Data used in the analysis included the CTBS scores in reading, language arts, and mathematics collected by UW-M researchers, the grade three Wisconsin Reading Comprehension Test (WRCT), and the grade four Wisconsin Knowledge and Concepts Examination (WKCE).

This 2004 study replicated the findings that the SAGE program had a significant cumulative effect from the beginning of first grade through third grade in all three CTBS content areas (reading, language arts, and mathematics). This indicated that a measurable benefit to students, particularly in mathematics, resulted from being in SAGE classrooms over multiple years. However, these effects were not sustained into fourth grade on the WKCE in reading, language arts, or mathematics tests, as SAGE students scored statistically equivalent to comparison students. Similarly, no

¹ Maier, Molnar, Percy, Smith, & Zahorik, 1997; Molnar, Smith, & Zahorik, 1999, 2000, 2001; Smith, Molnar, & Zahorik, 2003; Zahorik, Molnar, Ehrle, & Halbach, 2000.

² Information about SAGE evaluations is taken from DPI data found on the Promising Practices website, available at <http://www.promisingpractices.net/program.asp?programid=117>.

cumulative effect for the SAGE program was found for the grade three WRCT. The results on the grade three WRCT and the grade three CTBS reading test produced conflicting results for the effectiveness of SAGE; WRCT results indicated no significant effect; whereas, the CTBS results indicated significant cumulative effects.

PART III–FLEXIBILITY IN SAGE PROGRAM

Current law does not allow a school to maintain its SAGE funding if it fails to comply with SAGE requirements. Statutory flexibility exists for meeting the required classroom ratio in grades two and three, but funding is not available for any grade level that fails to meet the required ratio. DPI is also prohibited by state law from waiving requirements of the SAGE program to allow a noncompliant school to maintain its SAGE funding.

FLEXIBILITY FOR PARTICIPATION IN GRADES TWO AND THREE

Current law allows schools flexibility to decide whether grades two and three will participate in the SAGE program from year to year. State law provides that a school district subject to a SAGE contract may, in one or more years covered by the contract, choose not to comply with the requirement to reduce class size in grades two or three, or both, in any school in the district. [s. 118.43 (3r), Stats.]

This flexibility means that participating schools must maintain class size ratios of 18:1 or 30:2 in kindergarten and grade one, but may choose whether to maintain those ratios in grades two and three. Schools that decide not to maintain the limited class sizes in grades two or three do not lose their SAGE contracts. However, schools that fail to meet the required 18:1 or 30:2 ratios do not receive any funding for students in those grade levels. [s. 118.43 (3r), Stats.]

WAIVERS PROHIBITED FOR SAGE REQUIREMENTS

State law authorizes DPI to waive most statutory requirements applicable to school districts, but explicitly **prohibits** DPI from waiving SAGE requirements. The statutes create a waiver process under which a school district may submit a request to DPI to grant a waiver of up to four years from statutory or administrative code requirements, provided that the waiver does not impede the district's progress towards achieving educational goals. Prior to submitting such a request to DPI, the school district must hold a public hearing in the district on its proposed request. [s. 118.38, Stats.]

State law was changed in 2010 to prohibit DPI from granting waivers from SAGE requirements. The Legislature specifically identified SAGE requirements as a type of statute that a school district cannot request DPI to waive. [s. 118.38 (1) (a) 9., Stats.] Prior to 2010, school districts could ask DPI to waive SAGE requirements to allow participation in SAGE without strictly adhering to all conditions of the SAGE program. This ability to request a waiver was eliminated by enactment of 2009 Wisconsin Act 301.

PART IV—FUNDING AND PARTICIPATION STATISTICS

The state provided a prorated amount of funding to participating school districts in the 2013-14 school year and a specified amount of funding for evaluation of the program. Slightly less than half of all school districts in the state participated in the SAGE program and received funding.

STATE FUNDING FOR SAGE PROGRAM

Funding to School Districts for Eligible Pupils³

Schools participating in the SAGE program receive funding for each low-income pupil enrolled in a grade level meeting the class size requirements. The amount that each school district will receive per pupil depends, in part, upon the total number of qualifying low-income pupils participating in SAGE across the state.

The statutes provide that participating schools may receive \$2,250 multiplied by the number of low-income pupils enrolled in a grade eligible for funding and in a class in which the class size meets the 18:1 or 30:2 ratio. [s. 118.43 (6) (b) 10., Stats.] However, this number represents the maximum amount a school district may receive for each low-income pupil participating in SAGE. When the amount needed to pay all schools for their low-income SAGE pupils is more than the amount budgeted for the SAGE program by the state, then the aid is prorated equally between low-income SAGE pupils. [s. PI 24.03 (1) (a) 2., Wis. Adm. Code.] Thus, the more eligible low-income pupils participate in the SAGE program across the state, the smaller the amount of aid that a school district will receive for each individual pupil.

The state appropriated approximately \$109 million for SAGE contracts in fiscal year 2013-14 and the same amount in fiscal year 2014-15. [s. 20.255 (2) (cu), Stats.] The number of low-income students in the SAGE program in recent years has exceeded the amount allocated to fund the program and DPI has prorated the SAGE funds. In the 2013-14 school year, school districts received approximately \$2,027 per low-income pupil participating in the SAGE program.

The SAGE funding received by individual school districts varies widely because it is based upon the number of eligible, low-income pupils. For example, in the 2013-14 school year, MPS had an enrollment count of 12,844 low-income SAGE pupils and received approximately \$26 million in total payment, while the Phelps School District had an enrollment count of 22 low-income SAGE pupils and received approximately \$44,600 in total payment.⁴ The two districts received vastly different amounts in total payment, but each received an identical amount per pupil.

³ State law also provides for SAGE debt service aid to school districts. This type of SAGE aid is not discussed because it applies to a limited number of school districts that qualified prior to 2001. Under the debt service aid program, a school district (other than MPS) that passed a referendum and obtained DPI approval prior to June 30, 2001, was eligible for state aid equal to 20% of debt service cost on bonds issued for SAGE-related building costs. [s. 118.43 (8) (a), Stats.]

⁴ The cited figures are taken from DPI's *2013-14 District SAGE Allocation* document found at: http://sage.dpi.wi.gov/files/sage/pdf/2013-14_SAGE_allocation_by_district.pdf.

Funding for State Evaluation of SAGE

A specified amount of SAGE funds must be used to evaluate the SAGE program. The statutes specify that DPI must allocate \$250,000 of the state appropriation for SAGE each year for the purpose of evaluation. [s. 118.43 (7), Stats.] Any state funds above \$250,000 are then prorated and distributed among school districts participating in SAGE based upon the number of eligible low-income pupils in each district.

PARTICIPATION IN THE SAGE PROGRAM

State law does not cap the number of students who may participate in the SAGE program statewide. If the Legislature has authorized SAGE contracts, then any school district that meets the eligibility and contractual requirements may enter into a contract with DPI and receive funding for eligible low-income pupils.

Nearly half of the school districts in Wisconsin participate in the SAGE program. In the 2013-14 school year, the SAGE program included 205 school districts covering 425 individual schools. The total number of low-income pupils participating in the SAGE program was 53,735. However, this number only represents pupils for whom the school district receives SAGE funding. Many SAGE classrooms also include students who do not qualify as low-income, and for whom the school district does not receive SAGE funding. The total number of students enrolled in grades K-3 in SAGE schools was 83,001.