

# Cities on a Hill

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### New Study Finds “Teaching to the Test” Does Not Undermine High Stakes Testing

This February, CCI released an important new analysis of the reliability of “high stakes” tests in measuring student academic proficiency. *Testing High Stakes Tests: Can We Believe the Results of Accountability Tests?*, by the Manhattan Institute’s Senior Fellow Dr. Jay P. Greene, Senior Research Associate Dr. Greg Forster, and Research Associate Marcus A. Winters, demonstrated that students’ performance on well-designed high stakes tests are a



fair indicator of their overall achievement. This strongly contradicts the argument made by critics of high stakes testing that schools would merely “teach to the test,” improving the results without increasing real learning.

Studying two states and seven city school districts, the authors compared the results of high stakes tests, standardized tests that are used to reward or sanction schools for their academic performance, with their results on other standardized tests that are not used for accountability purposes, and thus are “low stakes” tests which create no incentives for score manipulation. They discovered that there was generally a high correlation between the results of high and low stakes, strongly suggesting that the scores being obtained were an accurate measure of student learning. They also, however, found more mixed results when comparing year-to-year score improvements on high stakes and low stakes tests, suggesting that some testing programs are less reliable than others.

Of all the programs reviewed by the authors, Florida, which has the nation’s most aggressive high stakes testing program, had by far the strongest correlation between high and low stakes test results on both score levels and year-to-year score gains. This finding clearly showed that a properly designed high stakes accountability program can provide schools with an incentive to improve real learning rather than artificially improving test scores.

As a central part of President Bush’s No Child Left Behind Act, high stakes testing is increasingly a major topic of debate among policymakers, educators, and parents around the country. This study represents a major contribution to that debate, helping to debunk one of the most popular, and apparently unwarranted, criticisms of the policy.

Access this report at: [www.manhattan-institute.org/html/cr\\_33.htm](http://www.manhattan-institute.org/html/cr_33.htm)

### Welfare Reform Lifts Families Out of Poverty, Study Finds

In *Gaining Ground, Moving Up: The Change in the Economic Status of Single Mothers Under Welfare Reform*, a groundbreaking new study released by CCI in April, June O’Neill, former Director of the Congressional Budget Office, and M. Anne Hill evaluate the impact of the 1996 federal welfare reform legislation on single mothers’ economic circumstances. Building on a 2001 study done for CCI showing that the dramatic increase in work participation by single mothers was primarily due to the impact of welfare reform, the authors have analyzed in detail the long-term economic results for those mothers.

*continued on page 2*





The study's central findings are tremendously encouraging to reformers, and damaging to the critics of the reform law. While welfare critics have argued that removing single mothers from welfare would simply push them into poverty, the authors find that the poverty rate for single mothers dropped by 20% in the years after welfare reform, reaching an all-time low in 2000.

The study also found that mothers' incomes rose significantly, by 21% between 1995 and 2000, even after averaging in those with zero cash income. Moreover, only 4% of working single mothers earned the minimum wage or less. In another significant blow to welfare reform critics, O'Neill and Hill confirmed the long-held suspicion that single mothers' earnings increase over time as they stay in the workforce, shattering the notion that they leave welfare only to get stuck in dead-end jobs.

In a forum in Washington, D.C. on April 14 co-sponsored by CCI and the Brookings Institution's Welfare Reform and Beyond initiative, Dr. O'Neill presented her findings to a group of leading policymakers, academics and journalists. O'Neill was joined by Professor Lindsay Chase-Lansdale of Northwestern University, whose recent research shows that the children of single mothers who leave welfare for work experience exhibit no ill effects in terms of health or development. Combined, O'Neill and Chase-Lansdale made an impressive case for disregarding the standard arguments against welfare reform. Dr. Wade Horn, Assistant Secretary for Children and Families at the U.S. Department of Health and Human Services, and the Bush Administration official most directly responsible for welfare reform, was strongly supportive of their work as one of the respondents.



Congress is currently debating reauthorization of the welfare reform law, and many of its critics have seized the opportunity to try and weaken its provisions, making it easier to stay on welfare or to use ineffective training programs instead of finding a job. O'Neill and Hill have made clear with this study that moving single mothers off the welfare rolls and into the workforce is the best possible way to improve their condition.

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Clockwise from top: CCI Director Henry Olsen introduces June O'Neill; HHS Assistant Secretary Wade Horn reacts to Dr. O'Neill's paper; Stephanie Robinson explains her thoughts; Leading journalists, policymakers and activists listen to Dr. O'Neill's presentation; WRB Co-Director Ron Haskins begins the forum.



## Study Finds Rent Regulation in New York City Rarely Benefits Residents

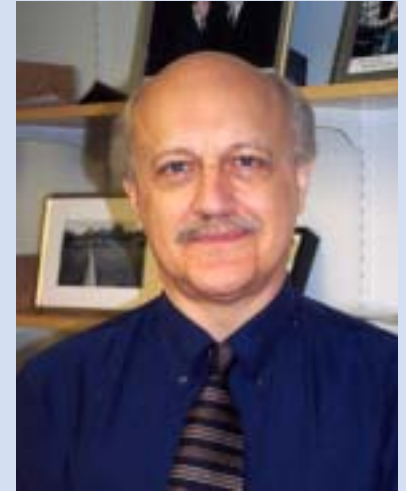
In a new, in-depth analysis, MIT housing economist Dr. Henry O. Pollakowski investigated the effects of New York City's longstanding rent regulation system. His findings, in *Who Really Benefits from New York City's Rent Regulation System*, released by CCI in March, seriously undercut the accepted rationale for maintaining the rent regulation law, which expires this June.

Working from official housing data, Dr. Pollakowski determined the rent that rent stabilized apartments would command in a unregulated market based on size, quality and location, and compared that to the current stabilized rents paid by residents. Contrary to the conventional wisdom that low- and middle-income families receive a significant subsidy from regulation, the study shows that once the above factors are taken into account, stabilized units do not rent for significantly less than unregulated units in almost all areas of the city except affluent Lower and Mid-Manhattan.

The author found that there is no meaningful subsidy at all in Brooklyn, Queens, Staten Island, Upper Manhattan and the Lower East Side and Chinatown. And while rent-stabilized units in the Bronx rent for about 10% less than do unregulated units, Dr. Pollakowski found that it is only in the wealthiest neighborhoods of Manhattan that stabilized units rent for significantly less than unregulated units of similar size, quality and location.

Dr. Pollakowski also discovered that rent regulation does not appear to protect most City residents from rising rents even now, as the median monthly rent of stabilized housing increased by a greater percentage than that of unregulated housing between 1993 and 1999. In another argument for deregulation, the study shows that due to the downward pressure on unregulated rents that would result from the increase in the size of the unregulated market, rent increases would be even lower than the current subsidies suggest, especially in Lower and Mid-Manhattan, where the unregulated market would more than triple in size. As the State Legislature turns to rent regulation renewal, the study will be crucial support to the forces of reform.

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Study author  
Dr. Henry Pollakowski

## CCI Sponsors New York City Charter School Conference

On Thursday, February 27, CCI and the Foundation for Education Reform and Accountability (FERA) hosted a group of charter school leaders, business executives, and government officials in New York City to discuss the role charter schools can play in helping New York meet the newly stringent federal requirements to provide children in underperforming schools with sufficient educational options. With last year's passage of the No Child Left Behind Act making compliance with those requirements absolutely non-negotiable, this discussion came at a critical moment for the City's education establishment.

Entitled "Should 280,000 New York City Children Be Left Behind? How Charter Schools Can Help," the conference both made the case for the way charter schools could help the City and its students, and looked at the concrete steps the City could take to realize the potential of that assistance.



Undersecretary of Education  
Eugene Hickok

Eugene Hickok, Undersecretary of the United States Department of Education, delivered the keynote address. Secretary Hickok, who is responsible for school choice initiatives within the Education Department, praised the work of charter school leaders, teachers, and staff in general. He also laid out the necessity for improvements in America's schools in stark terms, invoking the vision of students trapped in classrooms where they are not being taught the most basic academic concepts.

Secretary Hickok was preceded by two panel discussions and an introductory address by FERA president Thomas Carroll. The first panel, on model charter schools and moderated by New York City Council Education Chairwoman Eva Moskowitz, included the founders and principals of a number of leading charter schools. The second, on the challenges that need to be overcome to fully reap the benefits of charter schools and moderated by CCI Executive Director Henry Olsen, included both charter school leaders and community and business supporters.

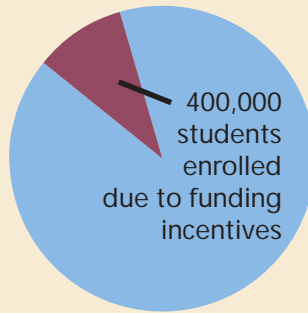
# Study Links Increase in Special Education Enrollment to Flawed Funding Incentives

Answering the question as to why special education enrollments have increased about 25% in the last decade, CCI's Dr. Jay P. Greene and Dr. Greg Forster find that state systems for funding special education are a major cause. *Effects of Funding Incentives on Special Education Enrollment* shows that this increase is largely the result of the financial incentives that states with "bounty" funding systems create by paying schools more for each additional student in special education.

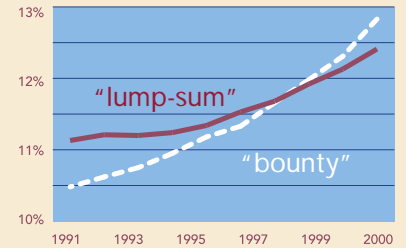
Drs. Greene and Forster compared the rates of growth in special education enrollment in these states to the rates of

growth in states where a "lump-sum" funding system does not provide any such incentives. They found that more than 60% of the increase in enrollment in special education in "bounty" states is due to the financial incentives they provide. That figure represents almost 400,000 additional children who, in "lump-sum" states, would have remained in the regular school system, resulting in more than \$2 billion a year in additional spending.

Special Education Students in States with "Bounty" Funding



Average Special Education Enrollment in States with "Lump-Sum" vs. "Bounty" Funding



Given that during the Congressional debate to reauthorize the Individuals with Disabilities Education Act many have called for increased federal subsidies for special ed to meet the increasing enrollment, this study makes clear a critical point: the way subsidies are dispersed may be far more important than their size. Indeed, its findings indicate that eliminating these financial incentives for increased enrollment would go a long way to reducing the need for any increase in federal subsidies.

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