

The Public School Forum's Friday Report

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The NC Budget – A Week in Review

Tuesday began with the House Finance Committee considering a \$940 million revenue package that would provide an extra \$352 million in 2009-10 for education for partially restoring state budget cuts outlined for classroom teachers, at-risk and low wealth funding, instructional support personnel, and school building administrators. The package would provide \$397.9 million in 2010-11 to help offset cuts in the same line items for education. A revised revenue package (\$783.6 million) gained the Finance Committee's approval late Tuesday on a 16-13 party-line vote and moved on to the Appropriations Committee.

Wednesday saw the approval of Senate Bill 202 (budget bill), House Committee Substitute by the House Appropriations Committee. Arriving Thursday on the chamber floor, the budget bill passed first reading after a long and tense debate.

The House will convene at 8:00 tonight to vote on the budget bill for its second reading and will then reconvene at 12:01 am Saturday to vote on third reading. The House budget package as it stands restores \$783 million of the projected revenue shortfall of \$4.6 billion. The revenue package includes such items as a ¼ cent tax increase, increased income taxes on those earning more than \$200,000, taxes on warranties, installations, and repairs, and closing corporate tax loopholes.

Some of the restorations to K-12 education that were made possible this week by the additional revenue:

- Restores 2,590 K-3 teacher jobs and keeps K-3 class sizes at their current level - \$139M
- Restores approximately 350 school counselor and social work jobs - \$19.4M
- Restores approximately 350 principal and assistant principal jobs - \$17.6M
- Restores At-Risk Student Funding - \$70M
- Restores full funding for Low Wealth counties - \$4.8M

The budget bill would still eliminate 200 literacy coaches in middle schools and raise class sizes on average by two students beginning in fourth grade. Once passing third reading, the Senate will then receive the House budget.

Charter School Cap Could Weaken State's Chances for More Stimulus Money

Arne Duncan, the U.S. Secretary of Education, issued a warning to states that those that bar charter schools or which have caps on the growth of charters will be jeopardizing their chances of receiving "Race to the Top" funds, \$4.35 billion of federal stimulus money that will be awarded through a competitive grant process run by the U.S. Department of Education.

In a statement this week, Duncan said, "States that do not have public charter laws or put artificial caps on the growth of charter schools will jeopardize their applications . . . "

While North Carolina is one of 40 states that has enabling charter school legislation, it is one of 26 that has put a limit, or cap, on the number of charter schools that can be in operation. Since the inception of charter schools in North Carolina, there has been a limit of 100 charters. That limitation could prove to be problematic as the state prepares a Race to the Top grant application.

Legislation (HB 856) has won approval in the House of Representatives to increase North Carolina's 100 school limitation by 6 schools. Whether that proposal is approved by the North Carolina Senate and whether that increase would satisfy the U.S. Department of Education, however, remains unclear.

Wake County Teacher Heads to NYC for \$125,000-a-Year

Casey Ash, an eleventh year teacher at Wake County's Ballentine Elementary School in Fuquay Varina has been asked to join an eight-teacher "dream team". The team is being lured to an innovative charter school that will open in Washington Heights in September with salaries that would make most teachers drop their chalk. The \$125,000 a year salary is nearly twice as much as the average New York City public school teacher earns, and greater than two and a half times as much as the North Carolina state average for teacher salaries.

The school, called the Equity Project, is premised on the theory that excellent teachers- not technology, administration, or smaller class sizes- are the critical ingredient for success. The school's founder, Zeke M. Vanderhoek, 32, a Yale graduate who founded a test prep company, has been grappling with this theory. Over the past 15 months, Vanderhoek crisscrossed the county to observe the top 35 applicants in their natural habitats, finally deciding on the impressive eight member team. Other members include:

- Joe Carbone, a phys ed teacher, who has the worked as Kobe Bryant's personal trainer

Wake County Teacher (cont'd)

- Damion Frye, 32, who teaches English at Montclair High School in NJ and has his master's degree from Brown University and is pursuing his doctorate at Columbia's Teachers College
- Judith LeFevre, 54, self-described "explorer" from Arizona who spent three decades honing her craft at public, private, urban and rural schools

The Equity Project will open with 120 fifth graders chosen this spring in a lottery that gave preference to children from neighborhood and to low academic performers; most students are from low-income Hispanic families. The school will grow to grades 5 to 8, with 28 teachers.

53 North Carolina High Schools Receive Top Rankings

Newsweek and the *Washington Post* released their Challenge Index 2009 this week, ranking the top public high schools in the country. A total of 53 North Carolina public and public charter schools made the list. The Index, while highly controversial for its method of ranking, sums up the number of International Baccalaureate (IB), Cambridge, and Advanced Placement (AP) exams being taken at a school, and then divides the total by the number of graduating seniors at the school. Schools scoring higher than a ratio of 1.0 – that is, at least one advanced examination taken per graduating student – are included in the rankings. While the Index authors caution that the limited system should not be considered a measure of overall school quality, they say it can help to provide a measure of the level of academic challenge that each school offers to its students.

Number of Ranked NC Schools, by Rank Level

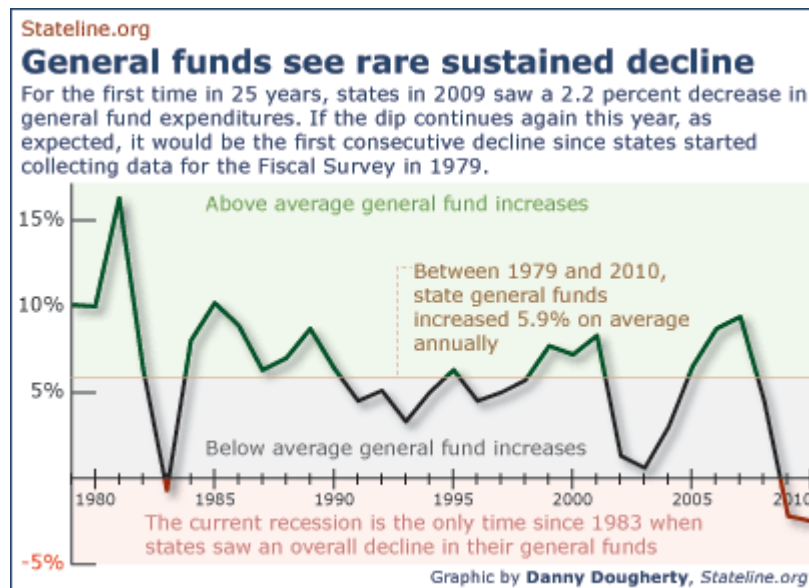
<i>Ranking numbers</i>	<i>Number of schools</i>
1-50	3
51-100	2
101-200	4
201-500	13
501-1000	16
1001-1400	15

To see the Challenge Index rankings for 2009 and prior years, go to:
<http://www.newsweek.com/id/201160> .

Misery Loves Company as Most States Experience Declining Revenues

As North Carolina is in the midst of budget negotiations, a two new reports show that with budget gaps topping \$230 billion nationally, state budgets will likely be in the red for the next two year. More than half the states are reporting that revenues from every major tax source through April, were below last year's collections, the National Conference of State Legislatures (NCSL) said in their June 3 report. The NCSL report found that collections were more than 40 percent below prior year's levels in Connecticut, Massachusetts and North Carolina, 43 percent in Michigan and 44 percent in Arizona.

NCSL estimates that states will be confronting deficits totaling \$236 billion from FY 2008 through 2010. Even with the billions of federal stimulus dollars flowing to the states, all but nine had budget gaps for FY 2009, and 37 are reporting shortfalls for the new budget that begins July 1. To balance their 2009 budgets, states have targeted certain programs: 26 states reduced funds for elementary schools, 31 cut higher education, 22 cut public assistance, 25 cut both Medicaid and corrections, 15 cut transportation and 25 cut personnel.



Source: The National Governors Association and National Association of State Budget Officers' "The Fiscal Survey of States," report June 2009

Diplomas Count Report Examines Transitions to College

Education Week and the Editorial Projects in Education (EPF) Research Center have released their *Diplomas Count 2009* report, analyzing state efforts to bridge the “graduation gap” between high school graduation and college completion. To provide context for high school graduation rates and reform efforts, *Diplomas Count 2009* examines state policies in three key areas: definitions of college and work readiness, high school completion credentials, and exit exams.

One of the key issues identified as a challenge in the report, is the breakdown of the educational pipeline that brings students through high school in the first place. While graduation rates have been on the rise over the past decade, a recent one-year downturn, the first significant annual decline in the past 10 years, has raised cause for concern. The report projects that 1.3 million students, or three out of every 10 students, will fail to graduate from high school this year, most of them minority and low-income students. This year’s report projects that 259 students each day drop out of high school in North Carolina.

Despite recent downturns, *Diplomas Count 2009* finds widespread long-term gains at the district level. From 1996 to 2006, the majority of the nation’s local school systems posted improvements in their levels of high school completion. In fact, graduation rates rose by 15 percentage points or more for roughly 1,500 districts across the country.

The EPE Research Center also conducted a special analysis to identify school systems that exceed expectations for current graduation rates or improvements over the past decade. The report finds remarkable performance in some of the nation’s most at-risk communities, recognizing 50 “over-achieving” big-city school systems from across the country. Two North Carolina counties made the list; namely Guilford and Cumberland counties. For the full report, go to <http://www.edweek.org/ew/toc/2009/06/11/index.html> .

SC Governor Applies for Stimulus Money

After losing a months-long battle, Governor Mark Sanford of South Carolina applied for his state’s share of stimulus funds on Monday. In all, South Carolina will receive \$2.8 billion in stimulus funds for government agencies out of the American Recovery and Reinvestment Act. The state’s share could grow to \$8 billion when tax breaks and grants are figured out.

The initial draw down of \$700 million in stimulus money, most of which will go toward public schools will be split between two years, including \$184 million that will be divided among the state’s 85 school districts in the coming school year. Colleges and universities will receive \$105 million this year. As a result, more teachers will have jobs and children will have better access to early childhood classes, after-school programs and effective literacy interventions.

Recommended Reading . . .

For those who would like a respite from news about budget cuts or personnel issues at NC State, two newly released books could provide welcome relief:

How the Mighty Fall*, by Jim Collins author of *Good to Great

Jim Collins has a deserved following among those who study leadership. Two of his previous books, *Good to Great* and *Built to Last*, remained on the best selling list for months and are now standard fare in business schools across the country.

Unlike those books, his new book, *How the Might Fall*, focuses on how companies that were once recognized as among the best in their fields begin to slide and ultimately fail. In light of this year's slide from greatness for companies like Wachovia Bank, Lehman Brothers and Bear Stearns, the book could not be more timely.

Collins focused on companies like A&P, once a leader in the grocery store business; Ames Department Store chain, once as strong and growing as Walmart, and; Bank of America, at one time the largest bank in the United States.

His research finds that successful companies that fail go through five distinct phases. The first is what he labels as the "hubris phase" where their success almost instills a belief in invincibility. The second is "undisciplined pursuit of more" marked by acquisitions, rapid expansion, introduction of new products that have little to do with the company's core mission and risky investments. The third is "denial" when companies hit a ceiling, profits begin to decline and finger pointing begins ("it's this terrible economy; it's unfair trade competition, etc."). That leads to the fourth stage which he terms "grasping for salvation," a stage often marked by reorganizations, hiring of leaders promising silver solution bullets and an abandonment of many of the management principles that led to a company's initial success. Finally, "capitulation or death," a stage where many are bought by stronger competitors or simply go out of business.

While written for and about corporate leadership, the book has direct applications to leadership in government, education and the non-profit world. It makes the Forum's "must read" list with a strong recommendation.

***Hope & Despair in the American City: Why There Are No Bad Schools in Raleigh*, By Gerald Grant, an educational researcher and faculty member at Syracuse University**

It is tragic that Wake County voters can't be required to read *Hope & Despair* before next fall's election – an election that will determine the majority of the Wake County School Board. Grant's research contrasts Syracuse and Raleigh not only in the area of education but in their economic development and vitality. His findings lead him to conclude that the failure of Syracuse and most other large schools in the northeast to move toward countywide school systems was a major factor, if not the major factor, in decline of vitality in center cities.

Recommended Reading (cont'd)

He cites insurance and home loan red-lining practices as further hastening the decline of Syracuse and other northern cities, and concludes the practice of compacting low-income minority students into intercity schools made a self-fulfilling prophecy of the middle class fleeing to the suburbs to find better schools.

Currently, over one-half of Wake County's population came from outside of the county, a large number from states like New York, Pennsylvania and New Jersey. Grant's conclusions should resonate with new Wake County residents who have seen school in cities like Newark, Pittsburgh, Buffalo and other major cities in those states decline over time.

Hope & Despair traces Raleigh's attitudes toward race, income and education back through the century and concludes that decisions made by the city's political leadership and supported by voters have resulted in one of the few success stories to be found in major American cities. This book is the latest in a long series of research papers and news stories that find Raleigh's policy of attempting to balance students by economic status to be a major ingredient in making it one of the higher performing urban school systems in the country.

Unfortunately, it is impossible to require Wake County voters to read a book before voting; however, the Friday Report strongly recommends *Hope & Despair* to its readers.

The *Friday Report* is published weekly by the Public School Forum of NC and is distributed to Forum Board members, legislators active in education policy, the press, and Forum subscribers. Archived editions can be found at www.ncforum.org/doc.