

The Public School Forum's Friday Report

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'Tis the Season . . .



If you, like many, tend to make end-of-the-year donations to charitable organizations of your choice, we hope you will consider making a tax-deductible contribution to the Public School Forum. Your contribution will help offset the cost of producing the weekly *Friday Report* as well as enabling the Forum to send thousands of readers the *Forum Report*, our quarterly newspaper, and special reports on topical issues. From all of us at the Forum, happy holidays and we wish you the best in the New Year!

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***Happy Holidays From the Staff
at the Public School Forum***



The *Friday Report* will resume publication on January 8, 2010. The Forum offices will close December 23 at 12:00 pm and reopen on January 4th at 8:30 am.

Have a safe holiday season and a Happy New Year!

The Forum's Ten to Watch 2010

Over a decade ago the Public School Forum began issuing its "Ten to Watch" series predicting the issues that would have the most impact on schools across North Carolina in the coming year. This year is no exception as we once again gaze into our crystal ball and look out at what 2010 holds for education.

For better or worse, predicting what issues will have the most impact in 2010 is somewhat easier than it has been in previous years. The old political adage "it's the economy, stupid" could serve as our headline for looking toward the New Year. With tax revenues running behind, unemployment numbers continuing to rise and federal stimulus dollars scheduled to come to an end in 2011, dollars, or the lack of them, top our list for the coming year.

Another fairly safe prediction is that in 2010 decisions made in Washington DC may prove to be more important to schools than those made in Raleigh. Never in recent memory have upcoming debates and decisions in Washington DC meant more to the future of schools in North Carolina. From the future shape of the No Child Left Behind legislation to questions surrounding the end or continuation of federal stimulus money, decisions made in Washington will drive North Carolina education in the coming year. Subsequently, the first four of this year's "Ten to Watch" all center on national issues.

ISSUE ONE:

Reauthorization of No Child Left Behind

Since its passage in Congress, No Child Left Behind (NCLB) legislation has been the major driver of schools in North Carolina and across the nation. When passed, NCLB was scheduled for a reauthorization vote in five years. That timing, however, coincided with last year's General Elections and Congress opted to extend the bill rather than tackle a controversial reauthorization debate in an election year. Presuming the health care debate will come to an end in the not-too-distant future, NCLB's reauthorization debate should begin in earnest in early 2010.

ISSUE TWO:

National Standards Movement May Prevail

Closely tied to the debate around No Child Left Behind (NCLB) is a movement to create voluntary national educational standards and tests. This concept would have been practically unthinkable prior to NCLB, but the provision in the law enabling states to determine their own accountability standards resulted in a patchwork of accountability standards – ranging from rigorous to laughable.

Two organizations are now teaming up to lead a forty-eight state effort to arrive at a consensus on standards and tests that states could voluntarily choose to use. Leading the effort are the National Governors Association and the Chief State School Officers Organization. At the moment the national standards movement enjoys support from Republican and Democratic governors, national business organizations and numerous national educational groups. For North Carolina, adoption of national standards and tests could end today's debate over the North Carolina accountability system. Some state groups have been calling for North Carolina to use national tests. Others contend that the state tests lack rigor and assess only student's ability to memorize material, not their ability to apply information to problem solving. What would have been considered unthinkable not too many years ago may happen in the coming year with a consensus emerging around standards that could be voluntarily adopted by states across the nation.

ISSUE THREE:

Debate over Continuing Federal Stimulus Support to States

With large and small states facing mounting budget deficits as revenues continue to decline and unemployment continues to grow, there will almost certainly be a prolonged Congressional debate centered around ending the American Recovery and Reinvestment Act (ARRA) stimulus subsidies to states as scheduled in 2011. For states with budget deficits like North Carolina the stimulus money provided a two-year buffer against steep revenue declines that otherwise would have required draconian budget cuts or tax increases. North Carolina's current budget, as an example, was balanced through the use of \$1.4 billion of ARRA stimulus funds. The funds will continue for one more year. The question is whether stimulus dollars to states will be extended beyond 2011.

While there will be real pressure on Congress to extend stimulus dollars to the states, there will be equal pressure in opposition to more federal spending. Much of the ARRA funding was earmarked for education. Without continued stimulus dollars states, including North Carolina, will either be forced to make deep cuts in public school budgets or increase taxes to offset the loss of federal dollars.

ISSUE FOUR:

Race to the Top Grant Competition Determined

Included in the American Recovery and Reinvestment Act (ARRA) was a provision creating the largest amount of competitive federal dollars ever offered to schools. The Act set aside \$4.5 billion for what are called "Race to the Top" (RTTT) grants which are to be competitively awarded to states proposing the most innovative approaches to pressing challenges like increasing the quality of educators, successfully turning around low performing schools and using data to drive school improvement. The grant funds can be used over a four-year period of time. Grants are due to the U.S. Department of Education on January 19. North Carolina is one of a number of states that have received Gates Foundation support in the form of consultants who are helping in the preparation of the grant. The effort is being coordinated by Dr. Glenn Kleiman, the Director of NC State University's Friday Institute. The grant must be submitted by the Governor's Office and other entities including the State Superintendent of Instruction, the Association of School Administrators and the North Carolina Association of Educators must give support to the final proposal.

A potential barrier to North Carolina's hopes of winning a RTTT grant is its cap on the number of charter schools that can be in operation. Since passage of charter legislation, the state has maintained a 100 charter school limit. That limitation could cost the state as RTTT guidelines strongly encourage the use of charter schools as a school turnaround strategy.

ISSUE FIVE:

Continued Budget Woes in North Carolina

Last year's General Assembly was confronted with a budget deficit of over \$4 billion that resulted in deep program cuts to virtually every area of state government, including education. Unlike Congress, North Carolina lawmakers are constitutionally obligated to balance the state budget; subsequently, a patchwork of funding strategies was used to make up the deficit. Key among them were temporary taxes totaling \$1 billion that are set to expire at the end of the 2010-11 budget year and federal government subsidy dollars totaling \$1.4 billion – funding also set to expire at the end of the 2010-11 fiscal year. To make up the gap that will be created when, or if, the temporary taxes and federal subsidy dollars come to an end, state tax collections would have to increase 27% before July 1 of 2011. Even the rosier economic projections find such an increase highly improbable. Job losses, while slowing, continue to mount. State revenue collections, especially income and sales tax revenues, continue running behind projections. Thanks to the General Assembly and steps taken by the Perdue Administration, the state should be able to balance the coming year's budget this spring, but budget woes will continue for the foreseeable future and the 2011 General Assembly could be confronted with a \$2 billion-plus deficit.

ISSUE SIX:

Tax Reform Will Become a Major Focus

The prospect of the state budget falling off a proverbial cliff at the end of fiscal year 2010-11 will make the debate over tax reform more intense in this year's Short Session of the General Assembly and into the Long Session of 2011. In recent years there have been three studies of North Carolina's tax system, most recently one conducted by the Emerging Issues Forum. All have reached the same conclusion. North Carolina's tax system is broken and desperately needs "fixing."

By making fundamental changes to the tax systems all of the studies agreed that if existing tax loopholes were closed and the state's taxing base were expanded it would be possible to lower income and/or sales tax rates while generating sufficient funds to meet the state's needs. Studies aside, to date efforts to reform the state's tax system have yielded few results. The old adage "necessity is the mother of invention" may prevail in the 2010 or 2011 Sessions of the General Assembly. Given the severity of the state's budget woes, tax reform may well be the only way to keep essential state services intact.

ISSUE SEVEN:

Community College Issues Bubble to the Top

Two issues may put the Community College system in the spotlight during the coming year. The first of them is a direct outgrowth of the nation's slumping economy. Thousands of unemployed or under-employed adults are returning to Community Colleges in an attempt to gain new skills that may result in gainful employment. Ironically, many of them are college graduates who are finding their degrees insufficient in today's job market.

Expect intense pressure to provide community colleges relief. Also expect to see a deep well of support for finding solutions. In this economy lawmakers can be expected to have enormous sympathy for taking steps to create jobs. The other issue that can be predicted is increasing debate around admitting undocumented residents (frequently labeled "illegal aliens") into the community college system. Currently, an undocumented resident who has graduated from a North Carolina high school can attend a community college if he/she pays out-of-state tuition. This is an emotional issue that, in an election year, will likely be exploited for political gain.

ISSUE EIGHT:

Jobs & the Economy Become Major Education Issues

Thanks largely to Gates Foundation funding that has made experimentation in high school restructuring possible, North Carolina has become a national leader in creating high schools focused on preparing young people for jobs of the future. High schools focused on health/science career preparation, technology and STEM-related themes have opened across the state. Early college high school programs are showing positive results and giving young people an edge in earning two or four-year college degrees.

Expect this movement to grow. The newly created Jobs Commission, led by Lt. Governor Walter Dalton, is expected to call for expansion of high school programs focused on rebuilding North Carolina's economy. The Lt. Governor is already working to take the movement to another level with schools such as one under discussion in Cumberland County that would be focused on foreign language, understanding world cultures and diplomacy. Members of the General Assembly have studied economic development and education in countries such as China and Singapore and, as more of North Carolina's policymakers see how other countries are integrating economic development and educational planning, expect to see lawmakers calling for North Carolina to move toward integrated long-range planning.

ISSUE NINE:

Judge Manning Still in the Wings

In at least four of the previous "Ten to Watch" predictions, Judge Manning "still in the wings" has made the top ten list. And he is still there. And he still deserves to be on the list. Two years ago Judge Manning, presiding over the Leandro Case which found North Carolina failing to meet its constitutional obligation to provide all young people a sound, basic education, condemned Charlotte for having low-performing schools that were performing what Judge Manning called "educational genocide." Last spring the performance results of Charlotte's schools increased substantially, in no small part due to the county investing heavily in new approaches to its lowest performing schools. Last year, the Judge ordered the state to intervene in Halifax County, one of the state's poorest performing rural school systems. The state has responded in kind and is now working to provide heavy support and direction to Halifax and other struggling rural districts.

What will the Judge's focus be in the coming year? That is a prediction beyond the scope of the Forum Report, but recent hearings called by the Judge Manning may provide some insight. He recently called on the state to justify that budget cuts were keeping the state "Leandro compliant" (i.e., continuing to make a good faith effort to meet its constitutional obligation to provide all young people a sound, basic education). One thing is certain, the Judge is still presiding and is increasingly growing impatient to see tangible progress.

ISSUE TEN:

The Future of Wake County Schools Will Be Watched By People Around the Nation

A single-county issue is making the 2010 list for the first time in the history of the Forum's "Ten to Watch" list. After a very divisive and contentious local election, voters in Wake County elected a slate of candidates opposed to continuing a student assignment diversity plan that has garnered Wake County positive press around the country. When a U.S. Supreme Court decision ruled that schools could not use race as a criteria to determine student assignment, the Wake County School Board opted to use parental income instead and avoided returning to neighborhood school assignment patterns that tend to cluster low-income, minority students in what usually become low-income schools in urban centers. Instead, Wake used bussing and an extensive magnet school program in an effort to prevent schools from having more than 40% of their students comprised of low-income, often labeled "disadvantaged," young people. That policy created rifts in the county as inner-city young people were bussed into suburban neighborhoods and suburban youngsters were bussed into inner-city schools.

The proverbial straw that broke the camel's back however has been the phenomenal growth of Wake County over the last decade. The schools have been adding 5-7,000 students a year, a pace that by itself would have created changes in school boundaries as new schools opened each year. Student reassignments resulting from the combination of growth and Wake's diversity goals resulted in a backlash that has now created a new majority on the school board. The question for 2010 is whether Wake's magnet program, considered one of the best in the nation, will be dismantled in favor of a return to neighborhood schools. With that is whether the Wake system will do what was done when Charlotte returned to neighborhood schools and created inner-city schools that Judge Manning (see Issue Nine) charged were creating "educational genocide." Wake is now North Carolina's largest school system with nearly 140,000 students. It is the 18th largest system in the nation. What happens in 2010 and beyond will be watched by observers around the country.

For more on the Forum's "Ten to Watch in 2010" as well as other Forum News, check out the December 2009 issue of the Forum Report by [clicking here](#).

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 .