

with the lack of basic math instruction, creates another major instructional barrier to children in becoming proficient in elementary and middle school math.

***The gap in essential classroom instruction is the lack of the use of effective and diagnostic formative assessments by the classroom teacher [and by default – the failure of school leadership – the principal and assistant principal – to implement an effective formative assessment program in math and other courses – to measure the children's progress on a frequent basis.***

While excellent principals and teachers use effective formative assessments, there are far too many educators who, based on the Court's questions to groups of principals of low performing and priority high schools and middle schools, etc., who have minimal knowledge, if any, of the benefit of formative assessments or their availability at the switch of the computer.

Chancellor Oblinger at NSCU, in response to President Bowles' request about diagnostic math tests in the UNC system, wrote a memo on November 26, 2007, which stated in pertinent part:

In typical educational practice, there are two kinds of tests: 1) Summative or high-stakes testing, often end of year tests that document student mastery of standards, usually accompanied by consequences for students, teachers, schools and districts. Summative assessments are virtually never useful for diagnostic purposes because their focus is too broad. 2) ***Formative assessments, routinely done on an ongoing basis, measure progress along a curriculum at the classroom level, often in concert with the use of pacing guides for state standards. Most formative assessment systems aim to assess student thinking or activity, but lack rigorous psychometric qualities and/or means for rapid and easy data gathering, accumulation and reporting.***

Assessments must be coordinated with curricular progress or pacing guides, or the information they provide to teachers distracts from the curriculum and may lead to the teaching of skills and procedures at the expense of the concepts indicative of a true education.

The September 2007 report from the UNC System listed "promising ideas and practices" that should be considered. The first promising ideas and practices dealt with the subject of – Assessment, Evaluation and Research – Bullet point two on page 2 states:

**"Consider revising the state testing program to include frequent formative and diagnostic assessments so that the gaps in understanding can be identified before a student is completely lost in the educational system."**

1     RECROSS EXAMINATION BY MR. ZIKO:

2           Q.    Ms. Pellin, you have no data, you have no  
3   information about the success of these Bright  
4   Beginnings children after the initial kindergarten  
5   assessment, do you?

6           A.    We will have, yes.  We plan --

7           Q.    You misunderstood my question.  I was  
8   asking:  You have no information at this time, do you?

9           A.    I know of some preliminary documentation that  
10   has been done, but it is not an official report.  And  
11   no, I do not.

12           MR. ZIKO:  Those are all of the questions I  
13   have.

14    RECROSS EXAMINATION BY MR. TILLER:

15           Q.    Ms. Pellin, could you describe the  
16   preliminary documentation you just referred to?

17           A.    We know that --

18           MR. ZIKO:  Hearsay, Your Honor.

19           COURT:  Sustained.  I am sure down the road  
20   we will find out what the report shows, but not this  
21   afternoon, not until it becomes official.

22           MR. TILLER:  No further questions.

23           MS. ANDERSON:  No further questions, Your  
24   Honor.

25           COURT:  Thank you, ma'am.

1 STATE OF NORTH CAROLINA  
COUNTY OF WAKE  
2 IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
3 95 CVS 1158

4  
5 HOKE COUNTY BOARD OF EDUCATION, et al..  
6 Plaintiffs  
and  
7 ASHEVILLE CITY BOARD OF EDUCATION, et al.,  
Plaintiff-Intervenors,  
8

T R A N S C R I P T

9 v.

10 STATE OF NORTH CAROLINA, et al.,  
Defendants.  
11

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12  
13 The above-captioned case coming on for hearing at  
the October 22, 2009 Civil Session of the Superior  
14 Court of Wake County, Raleigh, North Carolina,  
before the Honorable Howard E. Manning, Jr. Judge  
15 presiding, the following proceedings were had, to  
wit:

A P P E A R A N C E S

17 For the Plaintiffs:  
Robert W. Spearman  
18 Melanie Black Dubis  
Laurence Armstrong  
19 Parker, Poe, Adams & Bernstein, L.L.P.

20 For the Plaintiff-Intervenors:  
Ann L. Majestic  
21 Tharrington, Smith, L.L.P.

22 For the Defendants:  
Thomas J. Ziko  
23 Laura E. Crumpler  
Assistant Attorneys General

24 Melvyn G. Levin  
25 Official Court Reporter

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1 whole truth, and nothing but the truth?

2 THE WITNESS: I do.

3 THE CLERK: Please have a seat.

4 MR. SPEARMAN: Your Honor, just as a  
5 preliminarily matter here.

6 I talked with Mr. Ziko. He agreed it would b  
7 fine to just go ahead, introduce that now, get it  
8 in, several items in. It, I believe, may be in  
9 evidence in some other form, plaintiffs' exhibit 1

10 THE COURT: For the hearing 10/22/09,  
11 admitted.

12 EXAMINATION

13 MR. SPEARMAN:

14 Q. Okay. Could you tell what your present job is?

15 A. I'm executive director of the North Carolina Schoc  
16 Superintendents Association.

17 Q. And just very briefly, what is that exactly?

18 A. That organization represents the 115 local school  
19 superintendents, 8 directors of the regional  
20 education services alliance. I work for those 12  
21 folks.

22 Q. THE COURT: James C-a-u-s-b-y.

23 THE WITNESS: Thank you, Your Honor.

24 MR. SPEARMAN:

25 Q. What duties do you have in that position?

1 A. I operate the association. I do part of their  
2 lobbying. I conduct all their training  
3 conferences, new superintendent orientation,  
4 mentoring of individual superintendents. Basicall  
5 whatever needs by that group.

6 Q. In the course of that work were you in touch with,  
7 either by oral or by written communication with al  
8 the superintendents in the state?

9 A. I communicate directly with them usually several  
10 times a week.

11 Q. Could you tell us very briefly your educational  
12 background?

13 A. I have two BS degrees: one in business  
14 administration, one in elementary education;  
15 master's degree in elementary; 6-year degree in  
16 school administration; doctorate degree from the  
17 University of North Carolina, Greensboro in  
18 educational administration.

19 Q. After you got your BS degrees did you go in the  
20 Teacher Corps?

21 A. Yes. When, after I graduated with a BS degree in  
22 business administration I spent two years in the  
23 National Teacher Corps, federal program, very  
24 similar to Teach for America today.

25 Through the program in Wayne County, North

1 Carolina I learned to teach. We got all the  
2 courses necessary for certification. Also got a  
3 master's degree through that program.

4 Q. Was your undergraduate degree in business as  
5 opposed to education?

6 A. Yes. My BS was in business.

7 Q. Was it teaching the core experience that steered  
8 you into direction of going into education full  
9 time for the rest of your career?

10 A. Yes, where I decided that's what I wanted to do.

11 Yes.

12 Q. Could you tell us quickly what different positions  
13 you have held in North Carolina and the education  
14 world?

15 In doing that you don't need to name every  
16 encounter from the first education job when you out  
17 of the Teacher Corps.

18 A. I've taught everything from kindergarten to 12th  
19 grade.

20 I've been an elementary principal, high school  
21 principal, middle, at three different school  
22 systems. Followed that as executive director of  
23 the School Administrators Association. Now my  
24 current position is middle school principal as  
25 well.

1 Q. And were you at some point involved with the entit:  
2 called the Low Wealth Consortium?

3 A. Yes. I served as chair of that consortium from  
4 1995 to 2003, for 8 years.

5 Q. What was it then, as what is now, the general  
6 purpose of the Low Wealth Consortium?

7 A. General purpose to is represent those school  
8 systems across the state who, because of the lack  
9 of local wealth or spending local funds below stat  
10 levels lobby for funds to help offset that to  
11 provide same educational opportunity for children  
12 in those school systems that are enjoyed by  
13 counties who had greater wealth.

14 Q. And in your capacity as head of the Low Wealth  
15 Consortium was that organization, has it been a  
16 supporter of the Leandro litigation?

17 A. The Consortium itself was not a direct plaintiff.  
18 We did support those efforts a great deal  
19 financially to the tune of 178 during that period  
20 of time.

21 Also during that period of time waived  
22 Consortium dues for school systems that were  
23 involved so they could better afford to, to fund  
24 their attorneys.

25 Q. Were you selected various times as North Carolina

1 Superintendent of the Year?

2 A. Yeah. Competition was pretty slim. Three times, :  
3 selected three times. Yes, sir.

4 Q. Who selects that, by the way?

5 A. One time there were actually two different  
6 organizations that gave awards.

7 The North Carolina Association of School  
8 Administrators give that award for a long time.  
9 The North Carolina School Board Association also  
10 gave a Superintendent of the Year. School Board  
11 once and supervisor twice. They jointly give one  
12 each year. Winner proceeded to national  
13 competition with the American Association of School  
14 Administrators.

15 Q. Were you involved at some point, I think in the  
16 1990s, in a project that was called the Intensive  
17 Plan to Improve Education in North Carolina?

18 A. Yes. That was approximately 1990, '91. I served  
19 as chair of that.

20 It was an effort that superintendents across  
21 the state to develop a comprehensive plan to move  
22 North Carolina public education, what followed  
23 needed to get that.

24 I don't remember the number of  
25 superintendents. More than now because of

1 consolidation of superintendents.

2 I involved in one of 10 committees that  
3 worked. My job was to coordinate, chair that  
4 overall effort.

5 Out of that a document was developed that was  
6 we thought that was pretty innovative and pretty  
7 forward looking. Even suggested a state  
8 curriculum, state accountability programs. Even  
9 mentioned assessments back in the 1990s. A lot of  
10 things, a precursor in the ABCs program.

11 Q. Have you also been involved in your various  
12 positions from time-to-time in the work of the  
13 Public School Forum?

14 A. Yes. I served on that board of directors for a  
15 number of years. I don't know the total. I have  
16 served for a number of years as a member of the  
17 executive committee of the public school board.

18 Q. Were you involved in the public school forum  
19 responding to the Leandro ruling?

20 A. Yes. I think that was around 2005, March 2005 wh  
21 that was received.

22 Q. That's one in the notebook that you have up there  
23 with you.

24 A. Yes. It is.

25 Q. Dr. Causby--

1 A. Yes. I found it. Is the last tab. I co-chaired  
2 one of the three committees that did that study.

3 Yes, sir.

4 Q. Did you co-chair one of the committees that was  
5 looking at funding issues, or financing issues?

6 A. Right. I think that's Getting It Right; Focusing  
7 On spending On What Works. The committee that I  
8 co-chaired: Getting It Right.

9 Q. I don't want to go through all of this with you,  
10 but I want to ask you what were the major  
11 recommendations it made in that area that I think  
12 they are in the executive summary.

13 A. They were actually from my committee. Actually  
14 three recommendations that came out at that time.

15 First one had a short term recommendation, a  
16 long term recommendation. Short term  
17 recommendation was full funding for low wealth.  
18 Long term was there should be a multi-year approach  
19 put in place.

20 Really target funds to districts based upon  
21 the needs of those school systems realizing some  
22 systems focus on needs, first recommendation.

23 Second is the State should assume full  
24 responsibility for ensuring young people were  
25 taught by qualified teachers.

1           And third one was to limit any additional  
2           spending that was earmarked to respond to the  
3           Leandro ruling based on educational programs and  
4           strategies to ensure money is being used wisely,  
5           being used in strategies that work, not just doing  
6           something because it sounded like a good idea.

7   Q.       That was in March of 2005, which I suppose was a  
8           little less than a year after the Supreme Court's  
9           second ruling in the case.

10  A.       In fact, the study was done as a response to that  
11           ruling.

12  Q.       Would you look over at page 19? I think there's  
13           some information there about so-called DSSF  
14           Disadvantaged Student Supplemental Funds.

15  A.       Yeah.

16  Q.       I think page 19 I believe the recommendation, one  
17           of the recommendations, recommendation 18.

18  A.       Recommendation 18.

19           THE COURT: I'm sure they did, assisting th  
20           in that.

21           MR. SPEARMAN: Right.

22           THE WITNESS: Yes. I found it.

23           MR. SPEARMAN:

24  Q.       What was your group recommendation about the DSSF

25  A.       Well, we talked a great deal about how much fundi



1 would be required for students to be able a move  
2 students to grade level.

3 We looked at a lot of national research to see  
4 the kind of numbers that we're talking about. All  
5 kinds of numbers. They tend to run from somewhere  
6 you know, 250 dollars per child to a thousand  
7 dollars per child. Those were the kinds of  
8 numbers.

9 When we put them together we're talking in the  
10 area of \$200,000.00 a year in DSSF funds at that  
11 time.

12 Q. There seems to be a consensus about a thousand  
13 dollars per student was needed to provide--

14 A. Yes.

15 Q. -- high quality programs for--

16 A. That's correct. That was based upon some of the  
17 research on what's been done across the nation.

18 Q. Let me just very quickly ask you a couple of things  
19 about your knowledge of this case, going into some  
20 of the finance numbers.

21 Have you read the Supreme Court opinions and  
22 Judge Manning's opinions?

23 A. Yes. Not completely, but I have read them. I  
24 didn't read them every night.

25 Q. Have you read the Notice of Hearing and Order for

1 this hearing?

2 A. Yes. Both of them.

3 Q. Now, in terms of the hearing the purpose today, on  
4 of the Court's desires is for focus on the budget.

5 Can you tell what it means in terms of Leandr  
6 compliance?

7 Do you have any, in your position as executiv  
8 director of the superintendents do you have any  
9 involvement in the development of recommendations  
10 for the development of the new budget for educatio  
11 for 2009-2010?

12 A. In our lobbying efforts of course we do. We also  
13 as an organization adopted things we felt were  
14 important. Critical one being, for example we're  
15 very opposed to discretionary cuts. We wanted the  
16 General Assembly to remedy.

17 We also conducted visitation day of  
18 superintendents to the General Assembly for the  
19 specific set of recommendations we developed for  
20 areas that funding that should not be in jeopardy  
21 We even made some specific revenue  
22 recommendations. Yes.

23 Q. Since the budget has been adopted have you had an  
24 opportunity review as to how it comes out in term  
25 of education increases or cuts?

1 A. Very much. We have reviewed it very thoroughly,  
2 have done some good bit of work with individual  
3 superintendents, school districts since then how  
4 we're going to redact looking at options.

5 Q. Now, on another background matter do you have in  
6 the notebook there a questionnaire that was  
7 recently sent out to the members of the Low Wealth  
8 Consortium you serve as chair?

9 A. Yes. I do.

10 Q. And did that seek out information about how the  
11 different low wealth districts were trying to cope  
12 with or react to the state budget cuts?

13 A. Yes. It appears it did.

14 Q. And have you generally reviewed those in terms of  
15 responses?

16 A. I reviewed every one of them.

17 Q. Okay. Now, back on the case from a big picture  
18 perspective, are you basically familiar with the  
19 requirements that Judge Manning has laid down?

20 A. Yes. They've been affirmed by the Supreme Court:  
21 certified, competent teachers; well-trained,  
22 competent principals; and adequacy of resource  
23 classrooms for children.

24 Q. An opportunity for a sound, basic education.

25 A. Yes.

1 Q. You have read that opinion as well as a hearing  
2 notice. From your perspective both with the Low  
3 Wealth Consortium and now in your present position  
4 do you feel like the Court's decisions in the case  
5 and the State's response have accomplished  
6 something in terms of the problems with which the  
7 case was concerned?

8 A. We do. I do believe the decisions the courts made  
9 were accurate. I think they really need to be mad  
10 in terms of what needs to be done in North  
11 Carolina. They made a lot of state efforts to  
12 react to that. We have heard a lot of testimony  
13 that the state is making a real effort.

14 Also full funding on the low funds. I think  
15 part redacted from that. There seems to be from m  
16 working with legislators much more willingness  
17 while the case was going on and afterward to  
18 respond with full funding of the current formula.  
19 Some of us don't agree, but if you agree with the  
20 formula, that's fully funded. Also DSSF funding.

21 Q. Let me just stop you if I might.

22 Would you just explain briefly? You were  
23 talking about a formula being changed in the low  
24 wealth funding formula. What was the intent  
25 originally?.

1 A. I don't remember when it happened. Sometime in the  
2 early '90s I believe the legislation was, I guess,  
3 promoted. The written formula was changed.  
4 Actually about half the amount of money that had  
5 been required to fully fund that formula  
6 originally.

7 The idea was, I believe, to bring in the  
8 school systems in the state that are expanding less  
9 than the state average in local dollars to give  
10 them additional money to bring them up to the state  
11 average.

12 That, that formula initially would have  
13 required about twice what the current formula  
14 requires.

15 Q. Even though we have full funding now it doesn't  
16 mean that it accomplished everything.

17 A. It is not consistent with what the initial expense  
18 was.

19 Q. Let me move on. You were about to speak on the  
20 consequences of the case being DSSF funded.

21 A. DSSF funding was a direct consequence I think from  
22 the ruling and of our division of realization by  
23 the General Assembly that there had to be  
24 additional funding for these students who were  
25 at-risk, because that's basically what we're

1 talking about.

2 These are kids who had not received a sound,  
3 basic education for whatever reason.

4 Q. And that annual funding is approximately 76  
5 million--

6 A. Correct.

7 Q. -- is that right?

8 And that's substantially less than, or  
9 substantially lower than what was recommended in  
10 your DSSF.

11 A. Talking about initially a range of 200 million.  
12 That's less than half of that. Yes.

13 Q. Apart from the DSSF, all the low funds, are there  
14 other items or developments that you would point t  
15 in terms of the results of the case including More  
16 at Four?

17 A. I certainly think there were a number of things.  
18 Take that More at Four and some of the Smart Start  
19 efforts the funds have been, efforts have been  
20 directed toward helping out kids. Kids are not at  
21 grade level.

22 All of these efforts have been, if not a  
23 direct effect of the Leandro decision, they have  
24 received an impetus or push.

25 Q. Did it have any impact in terms of lowering of

1 class size?

2 A. Yes. I think class size reduction is a part of  
3 that.

4 Q. Now, are you generally familiar with, I think that  
5 you already said, you said that you were with the  
6 budget cuts that have been made in the coming year  
7 we're, we're in now.

8 A. Yes.

9 Q. What approximately is that? Is that a little over  
10 400 million in terms of cuts?

11 A. Actually total cuts 700-some million, a good bit c  
12 that offset by the Stabilization Act. I think  
13 around 404 million, give or take.

14 Q. A little over 400 million net cuts when you can't  
15 refuse federal money.

16 A. Counting stabilization money, not counting on the  
17 IDEA money, the Title I money. That's roughly  
18 seeing about a 5 percent cut, about 5 reduction.

19 Q. K-12 public education budget.

20 A. Yes.

21 Q. Now, you indicated that you had up there with you  
22 in the notebook what we have supplied to Mr. Ziko  
23 and the Court the responses to the questionnaires  
24 that were sent out to the low wealth districts..

25 A. Yes.

1 Q. I wanted to just ask you some general things about  
2 budget cuts.

3 If it's helpful, you have answers, responses  
4 to any questions, if you want to look at or point  
5 us to any of those responses that were results of  
6 the budget cuts, some reduction in the number of  
7 the teachers, teaching in the North Carolina publi  
8 schools please tell us.

9 A. Yes. It is if you look at the questionnaires I  
10 think I only found one that did not show a  
11 reduction in number of teachers.

12 I don't remember specifically. I believe it  
13 was Greene County, I think that's correct, had not  
14 reduced any.

15 They explained they were able not to do that  
16 because they cut all teachers' assistants' pay by  
17 25 percent, used that funding to, to keep  
18 teachers. They were the only ones that did that.

19 Q. Is it correct as the legislation, budget  
20 legislation finally was worked out LEAs were not  
21 permitted to increase class size in the lower  
22 grades but were permitted to increase those, to  
23 increase class size in middle school and high  
24 school?

25 A. Correct. In grades 4 through 8 class side limits



1            basically was waived. K-3 could not waive the  
2            class side.

3    Q.    Right. What do you see is the impact of that in  
4            terms of the numbers of the teachers, number of  
5            teachers being reduced?

6    A.    Well, certainly from what, what superintendents  
7            have told me, I have seen from their work response  
8            to these questionnaires, class size is up, number  
9            of students per class is up in grades 4 through  
10          12. It varies from system-to-system. It varies.

11          I think there are probably a number of effect  
12          that may be seen from that. Some of them will be  
13          greater effects.

14    Q.    We're only about a month into it.

15    A.    That's correct.

16    Q.    How long does it take to have an increase in class  
17            size to have an effect on student achievement?

18    A.    I'm getting a lot of feedback from  
19            superintendents. They're especially concerned  
20            about at-risk kids.

21          These are students, children, who already ha  
22            come to school before our recession or economic  
23            downturn with lots of problems. Those problems a  
24            being exacerbated. Home life in many cases are  
25            much worse.

1           There are kids not in that situation now,  
2           aren't there, but are going to really see these  
3           problems begin to show themselves in the classroom

4           The resources they have to deal with those  
5           things are less now, so more need for those  
6           resources now than before, and now there's less  
7           resources available.

8   Q.   The questionnaire responses also show some  
9           reduction in number of teacher assistants.

10 A.   Every one of these responses show reduction in  
11           teacher assistants.

12 Q.   There have been various people through the year wh  
13           have testified in the case about the impact or lac  
14           of impact concerning teacher assistants.

15           What is your view? What differences will th  
16           reduction in teacher assistants be as a result of  
17           budget cuts?

18 A.   I think the main thing it does is put more  
19           responsibility back on the teacher. And I mean  
20           that in several ways:

21           It's important to have a second person in a  
22           classroom they render first aid. So, it's almost  
23           absolutely necessary for safety purposes if nothi  
24           else.

25           If we're at a first at grade level the teach

1 cannot leave the classroom with 20 kids and take  
2 one child that may be hurt to the principal's  
3 office. There's safety factor that involved.

4 So, most systems as they made reductions  
5 they've not reduced teacher assistants at that  
6 grade level. They have maintained. That's the  
7 feedback I'm getting from them.

8 Where they have made reductions are grade 2,  
9 grade 3 where when before they might want teacher  
10 assistants, now they're seeing the value of these  
11 in many cases are that these folks do a lot of the  
12 teachers are now having to make a lot of backup  
13 themselves, which I think distracts from what they  
14 should be really spending their time on, on the  
15 children.

16 Plus, many of the teacher assistants do a lot  
17 of tutoring and one-on-one work with students. I  
18 think that's also suffered.

19 Q. Is there some material in the presentation that  
20 Superintendent Atkinson made to the oversight  
21 committee about the impact of reduction of teacher  
22 assistants?

23 If you would take a look, it was State's  
24 exhibit 1. It is also in the notebook, Dr.  
25 Causby. I think it is on 5 or 6 pages under

1 "Examples" 79 per cent.

2 Well, the page that I was referring to is the  
3 one that starts out stating that their reduction of  
4 3.57 percent in the number of teachers and the  
5 reduction of about 8.75 in the number of teaching  
6 assistants.

7 A. Yes. 8.75 per cent reduction in teacher  
8 assistants.

9 Q. What do you see from that?

10 A. Well, again, I think the same things: services in  
11 the help for the teachers has been diminished.

12 Not only are teachers having to work with less  
13 reserves as far as money for supplies, materials,  
14 they're having to work with less help in these  
15 early grades.

16 Q. Specifically, what kind of impact if any does a  
17 reduction of teacher assistants have on special  
18 tutoring programs for at-risk kids?

19 A. Well, I know that many teachers use teachers  
20 assistants in the early grades. They use a lot of  
21 one-on-one.

22 Sometimes, sometimes the teacher assistant  
23 will do that one-on-one, sometimes large group  
24 activities while the teachers themselves divide  
25 their time between one-on-one and large groups.

1 One can do one, one the other.

2 So, a judgment would be those services will  
3 suffer because of this. If you have less  
4 resources, less people to listen to be able to do  
5 one-on-one work.

6 Q. Going back to teachers for a minute, it is also of  
7 course requires with the Leandro standard the  
8 quality of teachers.

9 Now, in your work on the budget and your  
10 subsequent review of the budget you reviewed the  
11 questionnaires.

12 What if anything do you see that's going to  
13 have an impact in terms of the quality of teachers  
14 we have teaching in the North Carolina public  
15 schools?

16 A. I don't think that it has any effect on quality.  
17 know that many superintendents in many districts  
18 manage this as an opportunity. But they do see a  
19 reduction as making them less effective in the  
20 classroom as they'd like for them to be. So, I  
21 don't know about quality per se is affected by  
22 this, about number.

23 Q. How about the professional development funding?  
24 Wasn't that reduced by something like about 12  
25 million?

1 A. That was totally cut. I've heard from  
2 superintendents that is a real problem because  
3 young teachers, beginning teachers do really need a  
4 lot of training. So, it doesn't exist to do that  
5 now. Many of them I know are really struggling  
6 with that problem.

7 Q. Do budget cuts eliminate monies that were normally  
8 an average of 90 million dollars that went for  
9 performance bonuses that were part of teacher  
10 compensation?

11 A. Yes. ABC, yes.

12 Q. And what impact if any do you either know about or  
13 foresee coming from that?

14 A. Well, I think there are several potential reaction  
15 that may happen to us because of that.

16 One I think is a morale issue for teachers  
17 whether they get that. People have got many  
18 expectations of it.

19 That funding has caused school staff to work  
20 together very hard to make things happen, better  
21 for students academically.

22 It's been successful because this was  
23 rewarding good accountability in the system. You  
24 have rewards, and then sanctions for stopping  
25 people. But you do reward folks for doing a good

1 job. I think there are some negative morale issues  
2 that would result.

3 Second issue, I think it may lessen somewhat  
4 the ability to recruit teachers possibly from out  
5 of state because our position in the national rank  
6 of teacher salaries will drop. If you take 90  
7 million dollars out of the pot it will drop.

8 I don't have any idea how much, but we'll  
9 certain drop on the chart from where we compare  
10 nationally in teacher salaries.

11 So, certainly on the morale piece, and we will  
12 have terrible recruiting as consequence of that.

13 Q. One of the other exhibits in the Leandro case that  
14 you mentioned before is the requirement about a  
15 well-qualified, competent principal.

16 I wanted to ask you a few things about that.  
17 First of all, just as a general matter, what kind  
18 of impact, based on your experience, does a  
19 principal usually have on a school?

20 A. Well, I think in the whole, whole school  
21 improvement effort the principal is the key in the  
22 day-to-day day life of the children, and the  
23 teacher is certainly the most important person.

24 But when it comes to talking about schools it  
25 takes a person in charge who is very talented, a

1 very well-trained person to be able to make that.  
2 happen, especially if it's a large high school.

3 These are very complicated communities. So  
4 much has to be dealt with. You have to have a  
5 knowledge basis how you do that. It is so  
6 important.

7 The principal is, in my opinion is the key to  
8 turnaround schools. I've never, never seen a good  
9 school that didn't have a good principal.

10 Q. Was one of the budget cuts that's relevant in the  
11 principal area a complete state funding eliminatio  
12 of state funding for the so-called principals'  
13 executive program?

14 A. Yes. And of all the things that I have heard abou  
15 in the cuts of superintendents that's probably the  
16 biggest one.

17 That has the biggest reaction negative  
18 reaction. They are very, very concerned about the  
19 loss.

20 Q. Are you talking about in terms of the questionnair  
21 responses or other reactions?

22 A. I'm talking about, about both.

23 But even when the possibility of the  
24 principals' executive program would be done away  
25 with, in some of our planning sessions



1       superintendents just insisted we continue our  
2       support for that program.

3       They found it just invaluable with the kind  
4       training it gave assistant principals and  
5       principals, just thinking they should not have to  
6       reproduce within their own system.

7       In the questionnaires we got the same kinds of  
8       responses. There was one from Edgecombe County I  
9       thought...

10    Q.    You've got that there. Go ahead, if it's not too  
11           long to read.

12    A.    One paragraph.

13    Q.    Richmond, Richmond County.

14    A.    The PEP program provided a rigorous professional  
15           development for principals, assistant principals,  
16           and superintendents as leaders.

17       The PEP program emphasized the importance of  
18       raising expectations for students, faculty, and  
19       parents how to increase school effectiveness and  
20       the needs to develop and implement long-range  
21       school goals with the heavy involvement of faculty  
22       staff and parents.

23       Currently there is no other leadership program  
24       that will provide leadership training for school  
25       leaders. There is no way that our LEA could

1 provide the type of training and resources that PE:  
2 provided.

3 Keep in mind that the state paid all of the  
4 costs, \$4500, per participant for lodging, books,  
5 materials, instruction, and meals. The district  
6 only paid travel expenses; what a deal.

7 The 25-day program provided 165 hours of clas  
8 over 7 months. Materials covered include 12 books  
9 more than 100 articles 20 case studies, and writte  
10 assignments for all 70 instructional sessions.

11 Without a doubt the PEP program was great  
12 opportunity for rigorous professional development  
13 for principals, assistant principals. That's when  
14 I felt better.

15 Q. Well, that was the view from that one county. Is  
16 that generally a view that you would agree with  
17 based on your experience?

18 A. Yes. I felt that's a big loss.

19 THE COURT: For the record, I've asked for  
20 that principal turnaround, turnaround principal  
21 program. I've asked for Erskine Boles and the  
22 legislature and the governor for that in writing,  
23 or tickle.

24 THE WITNESS: Right.

25 THE COURT: Well, it's PEP or something els

1 MR. SPEARMAN: Whatever you want to call it.

2 THE COURT: I don't think people in Chapel  
3 Hill are realistic the way PEP was operating before  
4 we started the turnaround, which we have in  
5 Kenan-Flagler.

6 They put it in writing to the legislature and  
7 to, to Mark Basnight, everybody else, everybody  
8 else. They've got to have that type of program in  
9 North Carolina. Now Wake County has got one,  
10 consortium for good principals. This is a great  
11 program.

12 The Gates crowd, somehow in Charlotte they  
13 have gone repaying salaries of 100 thousand.  
14 They've got the money, but the State people don't  
15 have anything. We don't have anything.

16 For the record we need. We've got to have  
17 it. I have asked for it personally for three  
18 years, and if we don't have one where we're going  
19 to find the principal and superintendent to come  
20 into these schools that are dead.

21 And we've got to have a John Maddox like a  
22 hundred times because he took West Charlotte from  
23 35.7. He took it. When he left it was 68.3.

24 That's a resegregated high school with 1200  
25 students. He took that. His leadership took that

1 school up over 30 points in four years, I mean 4  
2 years that he did it.

3 You don't have to say. For the record I've  
4 asked for it because the State, we have got to hav  
5 it.

6 Everybody agrees you didn't have the  
7 principals and the pipeline to go into this place.  
8 You're starting out dead because you're not going  
9 to get any improvement.

10 He's explained it well. I learned, Dr.  
11 Causby, and a lot of other people you have got to  
12 have the principal.

13 MR. SPEARMAN: It also seems very strange  
14 because relative amounts of dollars is honestly  
15 that situation. But the absence of it--

16 THE COURT: Separation of powers, separation  
17 of powers, a great thing. You can lead a horse to  
18 water but you can't make him drink, as you well  
19 know. We learned the hard way.

20 MR. SPEARMAN:

21 Q. Let me--

22 THE COURT: Get the money because of  
23 separation of powers.

24 MR. SPEARMAN:

25 Q. -- let me move on to another point or topic here,

1 Doctor Causby.

2 The third element that I think was mentioned  
3 about in Leandro is a requirement, is a requiremen  
4 of adequate resources to support these  
5 instructional programs so that kids, everyone woul  
6 have an equal opportunity to a sound, basic  
7 education.

8 Do you have a chart prepared to show what  
9 these, some of the principals' budget cuts are? I  
10 that in the notebook?

11 A. Yes. It is.

12 Q. Okay.

13 A. Second tab, I believe.

14 Q. That's the one that says Selected Public School  
15 Programs Reduced or Eliminated for 2009--

16 A. Correct.

17 Q. -- 2010.

18 A. Yes.

19 Q. Okay. Let me ask you about some specific ones in  
20 here, and if there are any others that you want to  
21 comment on other than these do so.

22 Is the largest cut appearing to be the  
23 discretionary or flexibility reduction to local  
24 school districts--

25 A. Yes.

1 Q. -- 225 million?

2 Can you say briefly about how that works, and  
3 the significance of it?

4 A. Well, it is basically just across the board cuts  
5 with local districts having some decision as where  
6 the cuts are made in their wisdom.

7 The General Assembly did ask the State Board  
8 to grant some additional flexibility to school  
9 systems to deal with this.

10 Mr. Price is very instrumental in developing  
11 that. It is very good. The State Board did give  
12 them flexibility, but it is still a cut.  
13 Superintendents were very opposed to it being  
14 discretionary.

15 Some years we had a 40 million dollar  
16 discretionary cut. Mr. Price will remember. The  
17 225 million dollars in discretionary cuts were up  
18 until the very end of each budget negotiations. We  
19 kept less discretionary cuts.

20 It was put in again in the end primarily to be  
21 able to say that there was no cut in teachers  
22 because teacher allocations were not cut because it  
23 was put in discretionary. The school system had no  
24 choice with personnel being such a big part in the  
25 budget to make cuts in personnel to be able to meet

1 that need.

2 Q. When looking over all the numbers, also the  
3 responses to questionnaires, does it appear to you  
4 that by having the so-called flexibility reduction  
5 instead of dealing with a class size level the  
6 result has been a stronger or more serious impact  
7 on a number of the programs that were particularly  
8 directed at at-risk children?

9 A. I think, I haven't studied it to the degree to know  
10 that's definitive, but a number indicates that to  
11 me when I look at, look at the cuts, many folks try  
12 to maintain classroom teachers.

13 They tried not to increase class size very  
14 much if they can help it, maybe one student or two  
15 students.

16 In doing that I think some of them cut some  
17 programs that might have been more directed toward  
18 the programs for at-risk kids in question.

19 Mr. Price talked about money that was revert  
20 from low wealth. I think this was a direct result  
21 of that effort not to cut from teacher allocation  
22 and positions. It wouldn't be so flexible that you  
23 can do that. That was their decision to make.

24 I think those programs would have been  
25 affected disproportionately because they tried to

1 recommend and maintain regular programs as much as  
2 possible for all kids.

3 Q. We're still on the discretionary cuts now on the  
4 chart. We have been talking about 225 million  
5 dollars in discretionary cuts for '09-'10.

6 A. Yes.

7 Q. There's a further, higher cut on that, isn't there  
8 for the next year?

9 A. Yes. I don't remember the exact, 200 million  
10 increase; tremendously, almost about 4 percent more  
11 the second year.

12 Q. That would be the second year of the  
13 biennium: '10-'11:

14 A. Not only where they have to react to these same  
15 cuts next year, they'll have to react to 4 percent  
16 more in that area. They'll have less of those to  
17 use in the second year as Cliff showed, state  
18 superintendents presentation stabilization funds  
19 for next year.

20 Q. Third year?

21 A. Third year, year after next.

22 Q. Now, it appears that another major cut for '09-'10,  
23 Dr. Causby, is student accountability funding,  
24 actually the first one on the chart: 38.3 million.

25 A. That's correct.



1 Q. What can you tell us is your conclusion about their  
2 likely impact?

3 A. Well, those, those funds were funds that were used  
4 to work with students through school level one,  
5 level two. And the test is to be directly  
6 intervening with those students, help them be  
7 successful in becoming proficient.

8 So, that money is gone. There's still some,  
9 some other things.

10 At-risk money, at-risk money is not directed,  
11 just toward level one. It is directed toward the  
12 kids at-risk. You're working at-risk and be at  
13 level three as well, so that is service to those  
14 students. They are gone.

15 If you look at the questionnaires, and there  
16 are several possibilities that folks could choose  
17 from as to things.

18 They had, had to make reductions in after  
19 school. When you look at the questionnaires almost  
20 all of them, of them that are shown they had done  
21 two, three, four of this after school teacher  
22 support teams in More at Four, Smart Start, use of  
23 the literacy coach program for the non-English  
24 speaking students. Some of them have been reduced  
25 because of loss of funds.

1 Q. While we're on that same topic does the item 16 on  
2 the chart that you've got there in front of you, is  
3 that a 2 million dollar cut in the limited English  
4 proficiency program?

5 A. Yes.

6 Q. But the same thing, that's the same picture that  
7 you were referring to there a moment ago.

8 A. That was one of this areas, yes, that was not part  
9 of the 38 million, that additional cut.

10 THE COURT: It is 10 minutes after 5:00.  
11 Court personnel, other people, have families and  
12 stuff. We're not going to be through with this  
13 cross examination in the next 10 minutes, I don't  
14 think. I don't want to limit you. I think we'll  
15 come back at 10:00 tomorrow morning.

16 MR. SPEARMAN: That would be fine. I don't  
17 think. Do you have any idea?

18 MR. ZIKO: At this moment I don't have any  
19 cross.

20 MR. SPEARMAN: I think I can finish certainly  
21 in a few minutes.

22 THE COURT: All right. Do you understand that  
23 courthouse is shut down, people? So I think what  
24 we'll do is come back at 10:00, finish in the  
25 morning.

1 MR. SPEARMAN: Okay.

2 MR. ZIKO: Fine.

3 THE COURT: Just leave your stuff. Nobody is  
4 going to bother with this courtroom. If they do  
5 they wouldn't understand what they were reading  
6 anyway.

7 We'll be in recess until 10:00 in the morning

8 THE DEPUTY: Superior Court stands in recess  
9 until 10:00 in the morning. God save the State and  
10 this Honorable Court.

11 (The court stands at recess.)

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1 STATE OF NORTH CAROLINA  
2 COUNTY OF WAKE  
3 IN THE GENERAL COURT OF JUSTICE  
4 SUPERIOR COURT DIVISION  
5 95 CVS 1158

6 HOKE COUNTY BOARD OF EDUCATION, et al.,  
7 Plaintiffs,

8 and

T R A N S C R I P T

9 ASHEVILLE CITY BOARD OF EDUCATION, et al.,  
10 Plaintiff-Intervenors,

11 vs.

12 STATE OF NORTH CAROLINA;  
13 STATE BOARD OF EDUCATION,  
14 Defendants.

15 The above-captioned case coming on for hearing at  
16 the October 23, 2009 Civil Session of the Superior  
17 Court of Wake County, Raleigh, North Carolina,  
18 before the Honorable Howard E. Manning, Jr., Judge  
19 presiding, the following proceedings were had, to  
20 wit:

A P P E A R A N C E S

21 For the Plaintiffs and Plaintiff-Intervenors:  
22 Robert W. Spearman  
23 Melanie Black Dubis  
24 Ann L. Majestic

25 For the Defendants:  
Thomas J. Ziko and Laura E. Crumpler  
Assistant Attorneys General

Melvyn G. Levin  
Official Court Reporter

## 1 P R O C E E D I N G S

2 (The following proceedings were held in open  
3 court.)

4 THE COURT: Let's have Dr. Causby.

5 (The witness, having been previously sworn,  
6 testified as follows.)

7 MR. SPEARMAN: Thank you.

8 Q. Do you still have your notebook up there with you?

9 A. Okay.

10 Q. I believe when we stopped I was asking you about  
11 the budget cuts shown on that chart and different  
12 items that were on that. Do you still have that in  
13 front of you?

14 A. Yes.

15 Q. Okay. Does this show anything about student  
16 accountability funding? I think that's where we  
17 were.

18 A. Reduction of 38.3 million total budget adjusted, so  
19 that was totally eliminated.

20 Q. What was that program?

21 A. That funding was designed for school systems to use  
22 with students who are level 1 and level 2 on the  
23 state tests to give them extra help and attention,  
24 help them become proficient.

25 Q. At least in terms of kids' economic positions those

1 would be students that are considered to be  
2 at-risk, that are not performing at proficiency  
3 level.

4 A. Correct.

5 In addition to the loss of the funding those  
6 numbers have in receiving significance with the  
7 reforming of the state's tests, even though there's  
8 been some improvement, those large, are still  
9 larger than they were when the fund was first  
10 created.

11 Q. With respect to the at-risk students, when you  
12 reviewed the questionnaires, the different low  
13 wealth districts submitted questionnaires, also  
14 there in your book.

15 Was there any further information from the  
16 various LEAs in the low wealth counties, what  
17 impact there was if any?

18 A. All of them indicated that the programs that would  
19 benefit these students had to be reduced or done  
20 away with.

21 There was one in particular, I believe it was  
22 Cleveland County. I'm not sure, that I thought that  
23 was a really good statement, that kind of  
24 summarized, if I can read that.

25 Q. Go ahead.

1 A. Okay. This was in response to the question number  
2 11, adverse consequences of the cuts. It says:

3 I think we have covered the major concerns.  
4 The only other thing that really comes to mind is  
5 the stress the current economic situation is having  
6 on our students.

7 Many of these kids are faced with unbelievable  
8 circumstances in the best of times. However, in  
9 these uncertain times these are the most severely  
10 impacted students by the poor economy.

11 At the time the need for additional services  
12 are highest the availability of resources are at  
13 the lowest levels we have experienced in most of  
14 our educational careers.

15 We will persevere, but the impact of this will  
16 not and cannot be measured next year. Many years  
17 from now we will still be looking back to this time  
18 to try and explain many of the problems we face as  
19 a society because we were unable to adequately meet  
20 the needs of all of our students and not just the  
21 at-risk students.

22 Q. Does the chart also show that there was a  
23 limitation of literacy coach positions?

24 A. Yes. 200 positions, 12 million dollars.

25 Q. These are positions, if memory serves me right,

1       they are middle school oriented to provide specific  
2       reading coaching services to students, those  
3       teachers who were teaching reading to students.

4               Those folks were folks who really used the  
5       expertise in teaching literacy, who would be able  
6       to help other teachers be able to do that with  
7       students.

8               THE COURT: We've been hearing witnesses,  
9       reading coaches testify two years ago.

10              MR. SPEARMAN:

11    Q.       And were there cuts, Dr. Causby, with respect to  
12              the limited English proficiency program for  
13              children whose English is not a primary language?

14    A.       2 million dollar reduction there in that program.

15              And that is a program need. As we look at  
16              demographics we know the number of students  
17              primarily as a number, not exclusively, that have a  
18              need for those schools.

19              So, we have the increase in numbers with the  
20              decrease in funding. That's certainly going to  
21              affect local systems' ability to meet their needs.

22    Q.       Now, one of the programs we touched on briefly  
23              yesterday was the DSSF for the disadvantaged  
24              students, supplemental funds.

25    A.       Yes.



1 Q. Did that remain at about the same level for '09-'10  
2 as it was at the prior year level?

3 A. Yes. In fact, there's a slight increase, but  
4 barely; basically the same funding.

5 Q. Let me just hand you--

6 THE COURT: On page 2 of this exhibit?

7 THE WITNESS: Yes

8 THE COURT: 76 million.

9 MR. SPEARMAN: A formula for all the LEAs.

10 THE COURT: Formula.

11 MR. SPEARMAN: I think we marked the notebook  
12 as an exhibit 1, Your Honor. We marked this as  
13 exhibit, plaintiffs' 2, just to keep track of it.

14 Let the record show I've handed the witness a  
15 document from DPI entitled "Low Wealth Supplemental  
16 Funding FY09-10 Initial Allotment." We'd like to  
17 have that marked as plaintiffs' exhibit 3.

18 THE COURT: 2 and 3 are admitted.

19 MR. SPEARMAN:

20 Q. Now, can you tell me on the DSSF, I think you  
21 testified yesterday that, you were testifying  
22 yesterday as to what level the DSSF funding subsidy  
23 had during the course of this case.

24 You also testified about what level you  
25 thought was necessary. Can you tell anything about

1           that?

2   A.    When we had studied it in 2005 we relied somewhat  
3           on involvement provided by the Department of Public  
4           Instruction.

5           The general amount that was being used per  
6           pupil was a thousand dollars per student. Again,  
7           that was looked at from national research.

8           From both programs we were able to, able to  
9           develope tentatively, I can't say what the exact  
10          amount was, but the amount that seemed to be agreed  
11          to by both folks.

12          The formula I think identified over \$300,000  
13          in new funds. We had thought a lot more.

14   Q.    The DSSF funding initially proposed in response in  
15           this litigation before the Supreme Court's  
16           decision, it had proposed aiming for DSSF about 225  
17           million.

18   A.    I think that's correct. Yes.

19   Q.    You have exhibit 3 up there, which is a low wealth  
20           one.

21   A.    Yes. I do.

22   Q.    Okay. And with respect to low wealth money, what  
23           change if any was there with respect to that in the  
24           new budget?

25   A.    Basically, the same as it was last year. There was

1       some initial effort to reduce by about 50%, but the  
2       final budget basically held the same level.

3   Q.   Now, one funding I think we have not reached, we  
4       talked, but I want to ask you about next is local  
5       funding.

6       What if anything can you tell you as to what  
7       change there has been in various LEAs in terms of  
8       local funding for the 09-10 year?

9   A.   In my working with superintendents and a number  
10       system, a manner done in working in almost, in most  
11       other cases, vast majority of cases, local funding  
12       has been decreased.

13       Many of them actually took money back during  
14       the previous fiscal year in that reduction. Then  
15       the next fiscal year low funding.

16       There were a few systems that have held about  
17       the same level. There were a few systems that  
18       actually made some gains. Those were mostly  
19       systems that had funding arrangements between the  
20       board and the county commissioners and...

21   Q.   And was the local funding increased at all in state  
22       superintendent oversight? It's in the notebook.

23   A.   I don't recall.

24   Q.   Well, look on the second page. There's an  
25       indication there. Reductions that took place but

- 1 did not include local funding cuts.
- 2 A. That's correct. All the numbers she gave. When  
3 you look at the number of teachers and teachers'  
4 assistants those things, they did not include,  
5 include locally.
- 6 Q. Now, going back to the chart for a minute, is there  
7 also a cut with respect to monies for funds, state  
8 funds for acquisition of textbooks?
- 9 A. Yes. If I may do so, I'm trying to find 48 million  
10 dollars, which actually I think that was the entire  
11 amount, and that item was totally deducted.
- 12 Q. And that textbook funding is what, item 15 on the  
13 chart?
- 14 A. That's correct.
- 15 Q. 15 million dollars. And the chart also reflects a  
16 transportation funding reduction?
- 17 A. Yes, 15 million dollars, item 15.
- 18 Q. What is transportation funding? What does that  
19 mean? What's that about?
- 20 A. It means school systems have 15 million dollars  
21 less to provide the necessary transportation that's  
22 needed for primarily the transportation by Yellow  
23 school bus to pick kids up, bring them to school,  
24 other kinds of things.
- 25 For example, you may have students that are

1       doing internships in vocational programs;  
2       Transportation for those students during the day,  
3       all of the transportation associated with  
4       instructional programs.

5   Q.   What kind of impact does that have if any upon  
6       after-school or Saturday tutorial programs for  
7       at-risk kids?

8   A.   The largest effects on the student accountability  
9       funding were they used some of those funds to cover  
10      transportation for students.

11               That means students who don't have their own  
12      transportation to get to weekend and after-school  
13      programs, they can't take advantage of them.

14   Q.   You also said the questionnaire responses reflected  
15      a number of postponements or reductions in programs  
16      for at-risk students.

17   A.   That's correct.

18   Q.   Is there anything else that you have not referenced  
19      that's on the chart that's in the notebook, Dr.  
20      Causby?

21               Let me just focus your attention on items  
22      12, 13, and 14 that are on the chart.

23               Can you tell us what those are and what kinds  
24      of consequences they have? Item 12, central office  
25      personnel reductions, 14.6 million.

1 A. Correct. That was about 12% of a reduction,  
2 somewhere in that range.

3 These are positions that are leadership  
4 positions in the school systems. They have been.  
5 Their positions have been extremely valuable in our  
6 efforts to improve instruction, classroom,  
7 turnaround schools.

8 These people many times have done a lot of  
9 work to put things in place in diagnostic testing,  
10 all of these kinds of issues. That certainly  
11 reduces the number of folks we have available to  
12 work with those kinds of programs.

13 Q. Item 13.

14 A. Item 13, funding for teacher mentoring reduced 2  
15 million dollars.

16 That, coupled with the cuts in staff  
17 development, in my opinion are some of the most  
18 critical cuts that have been made in the budget.

19 The monitoring program is a program where  
20 experienced teachers work with beginning teachers,  
21 help them be successful, help them learn how to  
22 teach, to deal with issues and any problems they  
23 might have. Taking that away is a real loss to  
24 those young teachers.

25 Very, very rarely do you have teachers come

1 directly out of college into schools that are  
2 really prepared and ready. They just cannot have  
3 the experience.

4 They need to have someone available they can  
5 rely on. They need someone on their team devoted  
6 to them. It's critical in developing young  
7 professionals to have someone who has that  
8 experience.

9 Q. Let me refer you to item 14. What is that?

10 A. That's a reduction in technology funding. The  
11 biggest result from that will be it will cut a hole  
12 in a number of school systems' efforts to, efforts  
13 to upgrade their technology. They'll have to rely  
14 on outdated technology laboratories and remediation  
15 efforts.

16 Some of the, even the online kinds of programs  
17 we're heard about yesterday: The virtual school  
18 program.

19 Q. Did that kind of funding reduction have any impact,  
20 as you understand it, on the virtual public school?

21 A. It could have an effect on the schools' ability to  
22 deliver that program either because they cannot  
23 replace equipment that no longer is working or  
24 outdated.

25 It's one of the biggest issues of funding for

1 local school systems. It is very difficult to  
2 maintain.

3 Every time the State improves their system and  
4 something new, local systems have to respond in  
5 some way to fund the necessary equipment and  
6 upgrades to maintain that capability. Most systems  
7 struggle to do that. Systems don't have an  
8 abundance of local technology to do that.

9 Q. I think the other one that you have not addressed,  
10 I believe, Dr. Causby, is number 18. Could you  
11 look in the chart, tell about what the staff and  
12 program reductions at the Department of Public  
13 Instruction: 6.6 million?

14 A. Those are directly about a 2% cut in the Department  
15 of Public Instruction.

16 If you look at the recent history, recent  
17 history of the last 10 or 12 years, the Department  
18 has taken tremendous reductions.

19 Because of the reduction because our efforts  
20 to comply with Leandro compliance a number of  
21 things, I think the general feeling among  
22 superintendents across the state is that State  
23 resources just are not adequate to be able to  
24 provide the help school systems need. These cuts  
25 just exacerbate that.



1           The job they're doing with what they have is  
2           admirable, about as well as you can use them, but  
3           they sorely need more contemporary technology.

4   Q.    I think, Dr. Causby, were there any points or  
5           issues in response to the questionnaires to the low  
6           wealth districts?

7   A.    I apologize, but they say it much better than I  
8           can.

9           Robeson County had one statement in there I  
10          wanted to, to share. It was also in response to  
11          question number 11: adverse consequences. It goes  
12          a little further than just the question about  
13          at-risk students. It says:

14          The State cuts have put a strain on federal  
15          programs to provide remediation, fund programs, and  
16          to provide teaching and learning instructional  
17          resources.

18          So many of our employees are worried about  
19          their jobs and how they will provide for their own  
20          children. It is also impossible to make any long  
21          range plans, not even a year in advance.

22          We operate from month-to-month not knowing if  
23          we will have to revert additional monies back to  
24          the state.

25          If this happens again, especially with the

1 previous cuts and the discretionary reduction, we  
2 will be forced to cut programs even deeper, as well  
3 as personnel.

4 So, I thought it was a fairly good summation  
5 of what some of them implied in their statements.

6 Q. Is there anything else in the questionnaires that  
7 you would like to address?

8 A. No. I, just, the fact, I think they are very  
9 consistent in their responses. All of them showed  
10 a serious concern about availability of resources  
11 to be able to meet the requirements of Leandro.

12 In my opinion, I think in the opinion of we  
13 were not being funded at a level that allowed  
14 school systems to meet their needs before the cuts,  
15 and the cuts exacerbated, made it more difficult.

16 Q. I think actually another one I want to ask you  
17 about, I apologize, I didn't ask you about, does it  
18 also show anything about the More at Four program  
19 which was started after this Court required pre-K  
20 or at-risk kids?

21 A. A reduction in Smart Start funding, 16 million.

22 Both of those programs operate within the  
23 school systems: sometimes by the school systems,  
24 sometimes by the partnership.

25 This is primarily Smart Start. Not primarily,

1 but primarily the program for, for preschool kids  
2 already at-risk who need additional help to be able  
3 to be prepared when they enter kindergarten. The  
4 reduction reduces the number of kids who  
5 participate in the program.

6 Q. How important are those programs, based on upon  
7 what you know about them being a superintendent?

8 A. All the research shows high-value and quality  
9 preschool programs, especially with at-risk kids  
10 that come from homes. In many cases they don't  
11 have the opportunity to get the exposure and  
12 experience of these kinds of programs we know  
13 students need.

14 So, it provides additional kinds of help for  
15 the students to help them have the experience so  
16 they are prepared and ready when they begin  
17 kindergarten.

18 And from working with kindergarten teachers  
19 and first grade teachers it's always been that one  
20 of the things they have expressed that the biggest  
21 need is to make sure children are ready when they  
22 come to kindergarten.

23 And as you know, also the age for kindergarten  
24 admission has changed this year. It has changed  
25 from October 16th back to, I think, August the

1 31st, or sometime in late August.

2 The premise is a good one. We agree with  
3 doing it, because you have such, at that time a  
4 year's difference in age is tremendously different  
5 in the development nature.

6 By making that cutoff date earlier it  
7 basically cuts out 25% of the youngest students  
8 that will be entering kindergarten.

9 Q. So, that group of students, at least at that  
10 moment, are not eligible to be in kindergarten.

11 A. So, you know, your students who are not as ready  
12 are no longer getting kindergarten services at the  
13 same time as the More at Four, Smart Start funds  
14 that would have helped some of those students.  
15 And, you know, teachers have actually lost two  
16 options.

17 Q. Has this had an adverse impact on service  
18 provision?

19 A. It certainly has had an adverse effect on those  
20 students in need of those services because they  
21 can't avail themselves of them.

22 Q. Let me refer you briefly now Dr. Causby to  
23 Superintendent Adkinson's presentation to the  
24 oversight committee again, which was in the  
25 notebook, and... Well, first of all, have you

1 reviewed that yourself?

2 A. Yes, I have.

3 Q. Are there any particular items or issues raised in  
4 there that you would like to address while you're  
5 up on the stand?

6 A. I think we have covered almost all of them.

7 One that Mr. Price did reference at the very  
8 last page of that presentation, that's a, about as  
9 good an illustration as I've seen of the  
10 circumstances.

11 That explains, of course, the funding needed,  
12 recovery of funding without Federal Recovery this  
13 year is significant.

14 And I fully believe this was a very  
15 significant impact on school systems' ability to  
16 meet Leandro requirements. It will be worse next  
17 year because there are additional cuts.

18 Q. One, the increases in reduction is in the so-called  
19 "discretionary" or "flexibility" reductions.

20 A. About 40% additional cuts, 30.0.

21 Q. 2010-2011--

22 A. Yes.

23 Q. --fiscal year.

24 A. All I'm hearing in talking to superintendents and  
25 the research, it will have the effect as the

1 presentation has suggested.

2 Q. It will be 2013 to 2014 if the recession recovers  
3 before State revenues will be back to where they  
4 were.

5 A. In the presentation, if you look at the year after  
6 that, 2012, if not a recovery in the state, funds  
7 are still not there, possibly even worse, and  
8 stimulation money is gone.

9 I haven't seen much discussion. In watching  
10 TV on Fox there's not much political will for a  
11 second recovery package.

12 I can't really say we know what will happen.  
13 If that does not happen and these funds are gone  
14 the year after next, literally this cliff will be  
15 much worse.

16 Cuts will be. Just, just not, I'm not sure.  
17 The word is, "terrible" is the best word that I can  
18 think, to summarize.

19 Q. You're referring not to regular federal programs  
20 but the Stabilization.

21 A. I'm referring to the Stabilization funds. This  
22 year the legislature didn't mandate, but basically  
23 said you use this money to offset cuts, state cuts.

24

25 The Federal Recovery and Stabilization funds

1 themselves came with restrictions. Those  
2 restrictions and the State cuts kind of came  
3 together to create that great storm we all dread.

4 MR. SPEARMAN: Thank you very much, Dr.  
5 Causby. I don't know if Mr. Ziko has anything  
6 more.

7 MR. ZIKO: I have nothing else at this point.

8 MS. MAJESTIC: I have a few questions.

9 THE COURT: Go right ahead.

10 EXAMINATION

11 MS. MAJESTIC:

12 Q. Dr. Causby, Mr. Spearman talked about kindergarten.

13 We're having fewer kindergarteners enrolled this  
14 year because of the change in the entry date--

15 A. That's correct.

16 Q. -- age date.

17 A. Right.

18 Q. So next year we'll have a bumper crop of  
19 kindergarteners.

20 A. That's correct.

21 Q. In the same year we're going to have a greater,  
22 much larger discretionary cut.

23 A. That's correct.

24 Q. And the discretionary cut doesn't recognize any  
25 increase that school systems across the state may

1 experience next year in enrollment; correct?

2 A. That's correct.

3 Q. In your contacts around the state being plugged  
4 into developments have you heard anything about any  
5 additional reversionary cuts this year?

6 A. I've heard that question asked several times. The  
7 response has been we don't see any immediate  
8 reversionary.

9 Perhaps with the presentation I saw coming and  
10 with the General Assembly committee it would not  
11 have to be any consideration probably into spring.  
12 We're looking at revenues for the first quarter.

13 So, right now, yes. There is a possibility,  
14 but not until spring. It will be with more time to  
15 adjust because you haven't spent already so much on  
16 your budget yet.

17 Q. Public schools have already experienced one  
18 reversionary cut.

19 A. In the past year they did.

20 Q. So this year is still recovering from last year's  
21 reversionary cuts.

22 A. Last year they used some local funding to help them  
23 get through state cuts, which depleted local funds.

24 A couple of them had county commissioners taking  
25 back money that was already allocated. It's been



1 taken away.

2 MS. MAJESTIC: Thank you.

3 THE COURT: Let's get back, make sure that  
4 I've got it.

5 Summer of '06, we're dealing with low wealth  
6 not fully funded, DSSF one way or the other, but  
7 the question of whether there was going to be  
8 anything going up on the 45 million in  
9 discretionary reductions. Franklin Freeman asked me  
10 to go to Mark Basnight's office in June about that  
11 problem.

12 What happened was somebody was telling the  
13 Governor that the money which was about the  
14 discretionary reductions was a superintendents'  
15 slush fund.

16 That's what the Governor had in his mind, that  
17 it was. They went to the public schools one  
18 afternoon before they had that great day at the  
19 legislature.

20 MR. SPEARMAN: Research.

21 THE COURT: Research. They wanted to know  
22 what was affected by the discretionary reductions.

23 Bottom line, it is ADF funding. It goes to  
24 fund teachers. That's because the State has to  
25 fund positions. You've got X number of ADF, X

1        number of teachers. The State is obligated to fund  
2        it.

3                So, DSSF funding is taking teachers out of the  
4        classrooms, or not allowing teachers in the  
5        classroom by making this discretionary reduction,  
6        or puts the onus on the school LEAs to do the cuts.  
7        We've got that straight, got that straight.

8                So, he backs off of that ill-informed view.  
9        And because it was so much money, 45 million versus  
10       10 more for... Tom Ziko remembers the day he came  
11       in, brought us 10 million dollars from the  
12       Governor. I'll never forget that.

13               MR. ZIKO: Heady days, Your Honor.

14               THE COURT: But at least it was something.

15               MS. MAJESTIC: Really big issue in the Board.

16               THE COURT: Where they gave Johnny Smith and  
17       the Smith-Shaver settlement. They wrote this check  
18       out, which I think he gave the check to Ed Speaks.  
19       But that's another case, another year.

20               But in my opinion at the time he was asking me  
21       what I thought. Discretionary reduction  
22       elimination was the most important thing after they  
23       fully funded low wealth. So, we spent 30 minutes  
24       talking about it.

25               And as a result of that, discretionary

1 reduction disappeared. They thought they had one  
2 way forever. And then thanks to Doug Young DSSF is  
3 there.

4 If there's any money we've got to have low  
5 wealth funding. We've got to have that. They  
6 funded low wealth fully and money for DSSF and the  
7 discretionary reduction in the summer of '06. So,  
8 we're talking about the same things.

9 Last year the Governor cut. We have to cover  
10 up money, our paychecks. And the legislature cut  
11 our salaries by a thousand dollars anyway,  
12 discretionary reduction.

13 So, that's what we're talking about now. So,  
14 they put it back it.

15 MR. ZIKO: Much larger.

16 THE COURT: But the money is coming out of  
17 salary. That's ADF, what they call salary money.

18 MR. ZIKO: That's correct. It can come from  
19 anywhere in the--

20 THE COURT: Money, the big money that comes  
21 from the State is salary money.

22 MR. ZIKO: That's correct: salary, benefits.

23 THE COURT: Because we're going back to  
24 yesterday to the 44 original high schools, 93 point  
25 something. We're still on those schools. Salary

1 and benefits, we're paying people who are not doing  
2 the job.

3 Got any other questions for Dr. Causby you  
4 want to talk to him about?

5 MS. MAJESTIC: I just have some from your  
6 questions.

7 Q. If we look at the nature of the reductions in the  
8 budget this year the legislature chose  
9 transportation and technology and professional  
10 development and textbooks, all these ostensibly  
11 non-personnel items, leaving school districts with  
12 either no resources for that, or to use their own  
13 resources for professional development, which in  
14 the courtroom has been related as essential for  
15 improving student achievement.

16 So, in your opinion what are school systems  
17 left to do while they have to cut when there are  
18 additional cuts?

19 A. It's personnel. That's the only place that you can  
20 cut. You can cut out transportation totally, but  
21 you've got to get your kids to school, or you can  
22 cut out school food services. I tell folks you've  
23 got to send them lunch.

24 When you get past those kinds of things it is  
25 personnel. It is nothing but personnel. Only big

1 item on the school level. You can cut central  
2 office personnel, you don't get anywhere near  
3 giving you that money.

4 Even if it's not a very small percentage, even  
5 though folks talk about it, the only place they  
6 have to go get it is in the school-level personnel.

7 THE COURT: Mr. Ziko, what exhibit has the  
8 middle school?

9 MR. ZIKO: 10 and 11.

10 THE COURT: 10 and 11. Let's go. Let's go  
11 to, everybody. I think...

12 MR. ZIKO: 11 and 12.

13 THE COURT: 11 and 12.

14 MR. ZIKO: 11 is high school and 12 middle  
15 schools.

16 THE COURT: Well, let's look at the first  
17 page. Let's go. First page says original 44. It  
18 shows on the, that's the gross. That's the gross  
19 expenditures.

20 Come back over here. You see where it is  
21 folded over that, the 5 years? That's my 5 year--

22 THE WITNESS: Yes.

23 THE COURT: -- data to get every one of those  
24 schools. Then you've got one that says category  
25 definitions.

1 THE WITNESS: Yes.

2 THE COURT: All right. Come over to that  
3 attachment A--

4 THE WITNESS: Yes.

5 THE COURT: -- which says expenditures by major  
6 cost category--

7 THE WITNESS: I'm with you.

8 THE COURT: --'08-'09. Everybody there?  
9 Starts out with, starts out these are your major,  
10 major expenses for those schools; right?

11 THE WITNESS: Yes, sir.

12 THE COURT: That's not mortar, bricks,  
13 electricity, or busses, playing fields, or anything  
14 else. This is what's going on in the field.

15 THE WITNESS: The state, it's a total.

16 THE COURT: I'm not talking about state  
17 dollars, what they spend. Everything comes from  
18 that pot.

19 The point that I'm making is the pot is all  
20 one with the exception of supplies and equipment,  
21 as you're all aware, and staff development.  
22 Everything else on there is salary.

23 And then when you look at benefits they are a  
24 whopping, about a third, 25% or 30%, all money to  
25 pay people. But the expense is incredible, but it

1 is all people.

2 This is all adult money, and adult money. And  
3 you're spending a fortune of salaries. Then you  
4 add benefits, media people and the other salaries.  
5 There are substitute teachers, other than salaries.

6 Basically, you've got basically 92%, 93%.

7 THE WITNESS: Over 90%.

8 THE COURT: More than 90% goes to people.  
9 That's the problem. It's when you come down to it.

10 If you look on the overall data on the page 5  
11 which I've seen, course-by-course, the math with  
12 the data broken out by, by race, total.

13 MR. SPEARMAN: What page?

14 THE COURT: It is not. It is in the evidence  
15 broken out for me was '08-'09, all courses by, by  
16 ethnicity.

17 I wanted to see what the spreadsheet was, but  
18 by and large before everybody last year the  
19 weighted averages statewide. Single course in the  
20 80s, statewide stuff. I look at individual  
21 schools. Your agency scores are high, are higher  
22 than that.

23 Look at the math. Hispanic scores come in,  
24 come in 3. English, reading, they're down,  
25 obviously, because of language.

1 But math, because it's not language. But math  
2 scores are up all the way through. And the black  
3 kids are, who are at the bottom of the barrel in  
4 passing.

5 These are, are, the percentages are amazing in  
6 terms of the, of the gap in statewide tests.

7 THE WITNESS: Correct.

8 THE COURT: I'm looking at. I was looking at  
9 a bunch of high schools, looked at English I,  
10 Biology, Algebra I.

11 Let's start with West Mecklenburg. They've  
12 done such a good job on their black kids. West  
13 Charlotte, 300 taking Algebra I. These are, are,  
14 were not the bank scores. I don't think three  
15 whites in the school. They were 65.3%. They're  
16 over 20 some points above average for blacks  
17 statewide.

18 MR. SPEARMAN: 65%, which is about 20 points  
19 above the average of all students.

20 THE WITNESS: Can I point out one other thing?

21 THE COURT: I'm going to make one more point,  
22 then let you respond.

23 There are blacks. There are blacks in that  
24 school, Charlotte. By assessing weekly testing,  
25 assessing, and at the gate people put the scanners



1 so teachers have the data, every algebra teacher on  
2 the data, on the benchmark the next morning.

3 They have exceeded because they worked so  
4 hard. This is what we have to have for these  
5 children to succeed. That might not matter what's  
6 happening anywhere else that's not going to work.

7 They acknowledge they have the money. They  
8 have the willpower. They've got the technology.  
9 They've got the backing. They're succeeding where  
10 others are not even trying.

11 And that's the thing that really keeps coming.  
12 They're not trying. The high schools, they're not  
13 trying. But it can be done with the kids.

14 You look at Broughton. Okay. In Broughton,  
15 Needham Broughton where my daughter. And Needham  
16 Broughton Algebra I, a total 173 black kids, and  
17 1448.5 proficiency.

18 That's because the graders that took these are  
19 ones who didn't take it and grade. So, there is a  
20 disparity.

21 Broughton, that is the same as the state,  
22 statewide disparity. Kids in Charlotte  
23 outperforming the blacks in Needham Broughton, in  
24 that high school by 20 points. It can be done.  
25 Sanderson has got 73% of blacks proficient, 91% of

1 the whites proficient.

2 MR. SPEARMAN: Your Honor, what did you say  
3 were the particular programs for effort? Whatever  
4 they are in the Charlotte-Mecklenburg schools they  
5 were relatively speaking a lot better than other  
6 places.

7 THE COURT: I have it up. I have it upstairs  
8 in my office, stuff you have given me, bullet  
9 points. I'll take it and make a copy of it. But  
10 basically a powerpoint presentation, stuff.

11 They showed smart things, that Charlotte  
12 schools. Really the thing is good for CMS. They  
13 predicted that next year success rate with Algebra  
14 I is going to be only 60%.

15 Then they have gone back and looked at what  
16 they're getting out of the middle schools. They're  
17 looking back two years to see what coming forward  
18 out of the middle schools.

19 Only 23, or some low percentage, are  
20 proficient in algebra, eighth grade math, which you  
21 know is a predictor that you're not going to be in  
22 Algebra I.

23 They're using data to look backward to see  
24 what kind of product they're getting out of the  
25 middle school. The product is not very good, so

1       they scaled back, thinking next year they've got to  
2       get, to get more in Algebra I because we're getting  
3       kids coming into the, the 9th grade.

4             You feel that stuff, it should be done. Every  
5       single school district in the state, they ought to  
6       be looking at the data and planning what's to come  
7       to get ready for it. They don't do that.

8             MR. SPEARMAN: I thought that you were also  
9       referring to technical programs or efforts.

10            THE COURT: The effort, the effort, the  
11       effort, Mr. Spearman. The effort, just hard work  
12       and professional learning. Teaching together,  
13       looking at data, using the data, using the  
14       assessments correctly.

15            Assessments, once you assess objectively all  
16       10 items, each scoring level, you're at level 2.9.

17            They can go back to Bob Spearman and say he's  
18       missing on this one and missing on this one,  
19       missing what they re-teach the, until you've got it  
20       through your thick head that you've got the  
21       concept. Then you can. Then they, they go on this  
22       same thing. They didn't even know what an  
23       assessment was.

24            Now I know what the project achieved, did this  
25       in detail, which was assessing little kids and

1 re-teaching them until they got it. That's why the  
2 whole class was together.

3 THE WITNESS: Can I comment on that?

4 THE COURT: Sure.

5 THE WITNESS: I've worked with individual  
6 school systems not only throughout North Carolina  
7 but all across the country doing this very same  
8 thing. It's very simple. I was quoted in the  
9 Atlanta newspapers: "It's simple but hard as hell."  
10 It's very, very difficult how it's very simple  
11 to put an outstanding principal in that school who  
12 can motivate, organize, set high expectations, that  
13 you put the best teachers that you can in there.  
14 Then you train those folks to do it in the way that  
15 you want them to do it.

16 When you work with kids they don't all learn  
17 the same way. They don't have the same experiences  
18 as my children do, or most of your children do.  
19 They haven't developed the same synapsis between  
20 the nerves and brain as other children have.

21 Because they have had experiences you have to  
22 teach these students a different way because they  
23 learned that way. They retain it.

24 You have to do diagnostic testing, that you  
25 have to see where they are. As soon as they're

1 taught you have to test and re-teach if they don't  
2 know.

3 Kids from poverty cannot wait weeks to be  
4 remediated. You have to do it immediately or they  
5 forget. If you do it immediately they do well.  
6 They learn it regardless of the racial background.

7 That works when you get a whole staff of  
8 people, the whole school working to do that. You  
9 need to find something that works fairly well, and  
10 you make it excellent so that they experience  
11 success, because if you just beat people's heads  
12 against the wall it just won't work.

13 We're looking for success. We can do this  
14 thing over a period of 3 or 4 years. You can  
15 follow expectations and learn.

16 Now, I wanted to comment on your comment  
17 about the difference in scores of black students  
18 and white students.

19 There are two ways of looking at those scores  
20 as to why historically we have made great progress  
21 in North Carolina with all levels of students even  
22 going back and raising students.

23 We still didn't make progress that's really  
24 good. But when we're comparing, again, we're  
25 looking at between black students and other

1 students, and again between those who are at grade  
2 level. And that's not the real gap, folks.

3 The real gap we don't want to talk, the real  
4 gap is where their scale scores are. That's where  
5 the level three scale.

6 White students aren't on the scale score. You  
7 know, maybe a certain percentage on level three.  
8 When you look at the scale, school scale score it  
9 is way up. When you look at black students they may  
10 just be getting closer to level three.

11 But the scale score difference is growing.  
12 Even though the, we're moving, black students scale  
13 scores is, difference is growing.

14 The implication is if we ever get the gap done  
15 away with, get the gap level, then we have got to  
16 tackle the real gap.

17 THE COURT: What he's saying is that the...

18 THE WITNESS: Scale score accountability.

19 THE COURT: I've got some of it in my office  
20 upstairs.

21 It shows you statewide success, averages on,  
22 on everyone's scores, but it breaks it down by  
23 ethnicity, by poverty, by parents.

24 THE WITNESS: Remember that's parents'  
25 educational level, all that data. That's four

1 pages for each in there. They have got the levels.  
2 They have got average scale score in Algebra I  
3 scale score for the break is, I think one. I'm not  
4 sure of the data that's come out my ears.

5 I think, for example, 154 in algebra, 160 is  
6 152, 160 level 3. It would show the average scale  
7 score for white, black, Mexican, Hispanic, black.  
8 If we use scale scores without the same subjects  
9 and make a couple between the level. But that  
10 tells you about the scale score, a difference.

11 But you can go. You can be 149 and then jump  
12 to 152, get to level 3, lowest level.

13 MR. SPEARMAN:

14 Q. Dr. Causby, it is saying, if I look at it in terms  
15 of scale score, in terms of what people,  
16 percentages have slipped into level 3, it is a more  
17 substantial program.

18 A. The real gap.

19 THE COURT: Real gap.

20 THE WITNESS: Real gap, not between the  
21 levels. Real gap in the scale score, that's the  
22 real gap. We don't want to talk.

23 THE COURT: I'll give you all the data after  
24 we leave, public records for the '08-'09, '07-'08,  
25 which is by ethnicity and by level.

1           They don't give the scale score level totally.  
2           It shows the number of kids that are, what the  
3           level 4, level 1, level 3, level.

4           Black kids are very few at level 4, and the  
5           bulk of them, too many of them level 1, not getting  
6           anything. Bulk of them are bunched into 2.

7           And then the whites bunched, whites are up  
8           there in the 4. There are blacks, which shows you  
9           bunched by level, not by scale scores.

10           THE WITNESS: It is critical to know the test  
11           was reformed. You've got that drop. Scale scores  
12           are just as good, but the number of kids at level 4  
13           was less because you increased where level 4 is.

14           We've seen a rebound effect. We've seen  
15           systems constrict and the scores begin to go back  
16           up, significantly back up over the last two years.

17           But it is important to understand the kids who  
18           were at level 3 before, they are low level 3. When  
19           the bar moved up and then below it these kids were  
20           to move. You give them attention. You move them  
21           to level 3 very quickly. So, we have moved back  
22           those kids to lower level 3.

23           They've dropped to 2. So, they're 2, back to  
24           2, because the students that are lower up to that.  
25           That is still down there. And to get them to 2 now



1 is going to become harder because it is a much  
2 bigger movement to 2 now than that was before.

3 THE COURT: November and February 8th grade  
4 reading tests before it was reformed, 90%. Eighth  
5 graders were deficient in reading, which you know  
6 is not the case.

7 MR. SPEARMAN: Before it was reformed.

8 THE COURT: Then straight average down from  
9 90% to 55%.

10 THE WITNESS: So, it was based upon what the  
11 standard was.

12 THE COURT: We know that was, the standards  
13 were too low.

14 THE WITNESS: Of course the way nationally is  
15 to compare standards from the same state. They're  
16 all different.

17 THE COURT: If I asked you what state has the  
18 toughest standards what would you say when you've  
19 got the national norm?

20 THE WITNESS: It is South Carolina. That  
21 was the highest standard in the nation percentage  
22 of kids, meaning it's very low by the highest  
23 standards.

24 And those standards levels in most cases  
25 across the nation were political decisions, not

1 educational decisions, where you put them.

2 THE COURT: Anything further?

3 MS. MAJESTIC: I do.

4 Q. EXAMINATION

5 Q. So, you said in reference to outstanding teachers  
6 you want to train them and why you want to train  
7 them. You want to connect those things; yet we're  
8 seeing a significant hit to the funding for public  
9 schools this year and we anticipate even more next  
10 year.

11 A. Yes.

12 Q. Well, I think that you used this case everybody in  
13 the courtroom has been concerned about: the  
14 progress of the students that are not performing  
15 well.

16 How do you believe the reduction in funding  
17 impacts school systems' ability to have outstanding  
18 principals and the best teachers they can get and  
19 train to address the needs of these struggling  
20 students?

21 A. Well, all those things that you talk about, you  
22 mention, are taking funding. And the reduction in  
23 that makes it a little difficult for them to be  
24 able to recruit teachers.

25 A lot of systems that could have had them now,

1       that was affected much this year because people  
2       losing jobs. You would hope that will change with  
3       the recession recovery.

4               But it's really critical, especially with the  
5       number of young teachers we have, young principals,  
6       that staff development piece is critical.

7               It may not show up in the first six months  
8       this year or even the first year, but it will long  
9       term show up the effect that we're seeing more and  
10      more students because of the transition into the  
11      at-risk category.

12   Q.    What--

13   A.    Category of at-risk. I think the number, because  
14       of the recession, they're going to go up. It  
15       doesn't mean just because they go to another level  
16       tomorrow, but lost jobs and income and expenses,  
17       things they're going to deal with in at-risk kids.

18               The resources to provide services to those  
19       kids are, are dwindling, so systems do have the  
20       ability to offer those services.

21               Now, as they did before, they have additional  
22       students that need it. And logically you would  
23       think those students now may be experienced in  
24       those programs, be easier ones to deal with. But  
25       if you let that languish over time without those

1 services it gets worse and worse.

2 Q. You were here for the testimony describing the  
3 resources being provided to the Halifax County to  
4 jumpstart or to push them forward in improving  
5 student achievement.

6 A. I did hear that, yes.

7 Q. Were they people?

8 A. Yes, they were people.

9 Q. There were additional layers of coaches.

10 A. Yes; coaches, instructional.

11 Q. With a heavy emphasis on professional development.

12 A. Yes.

13 Q. High level of observation and accountability which  
14 requires what, Dr. Causby, to be put in place at  
15 school systems.

16 A. It requires money.

17 MS. MAJESTIC: Thank you.

18 EXAMINATION

19 MR. ZIKO:

20 Q. Dr. Causby, did you also hear testimony that  
21 redoing standards at universities and colleges of  
22 education so it is not necessary to go out, if you  
23 will, and "re-teach" people? They're actually  
24 coming up with a schedule for graduates.

25 A. Yes. I heard that.

1 Q. You also heard the reason the State is still in  
2 Halifax County, at least for the kids, is that  
3 Halifax County has ignored its own obligation to  
4 teaching students.

5 A. I heard that. Yes.

6 Q. And that did you hear Miss Majestic saying there  
7 was a jumpstart?

8 A. I heard her use the term "jumpstart."

9 Q. The jumpstart is going to improvements in the  
10 system. It would be more effective in teaching the  
11 students.

12 A. It would help. That's the case.

13 Q. Bottom line is while this is a severe blow to  
14 education, budget reductions at this time, no one  
15 knows what the long term consequences will be.

16 A. I think you're right. It is not possible to  
17 predict. But I think it is pretty important to  
18 look at the history and have a good idea what's  
19 going to happen.

20 Q. But there were many changes ongoing in the delivery  
21 of education as well in how professional  
22 development was used.

23 When you look at ways of implementing that,  
24 one was the use of conferences; right?

25 A. Yes.

1 Q. People now receive lots of training over the web?

2 A. No question we're making progress. Just kind of a  
3 shame the mindset of people in that progress.

4 We're going backwards.

5 Q. What was that?

6 A. It's a shame, the mindset of people. The progress,  
7 we're now going backward.

8 That's no one's fault. I mean that place. I  
9 mean just the circumstances.

10 Q. The fact is that the impact on education is going  
11 to be, you know, more, more because the jobs that  
12 are lost in the economy or not coming back.

13 A. Absolutely. Yes.

14 THE COURT: Well, bottom line where I am right  
15 now, the State's new standards, stuff they're  
16 doing, IPE, despite the fact that people are doing  
17 the IPE to change, to go deep, not wide.

18 The standard course of study is woven into the  
19 necessary assessment, which apparently is  
20 overlooked, quite frankly, by our high schools to  
21 teach students, higher education teaching, training  
22 programs, quite frankly to do assessments, teach  
23 them.

24 Erskine Boles sent them a memo. They wrote  
25 back. Basically UNCG said we're not going to deal

1 with bluebird or classgate. It is a commercial  
2 device.

3 That's as idiotic as you can be. And now they  
4 all want to do it or they're not going to be  
5 satisfied. They're not going to be allowed to teach  
6 all these great things.

7 THE WITNESS: Wonderful.

8 THE COURT: Great stuff.

9 THE WITNESS: Wonderful.

10 THE COURT: If they're just simply allowed to  
11 do the hard work to implement it.

12 That's what irritates me to no end. They're  
13 talking about this stuff, about what they're doing  
14 in Charlotte, or working hard to implement these  
15 things.

16 They're teaching students coming out of our  
17 schools of education, walking into the room, and  
18 you can do classgate. If asked, they've got  
19 broadband. You don't have to give them  
20 professional development.

21 Going on and on and on. They don't have the  
22 money to give you and give. If you ordered money  
23 they haven't got it to give. So, it is just a  
24 mess.

25 But there's a good thing going on. I just

1 want to make that clear. DPI people that I've met  
2 are first class folks, are great, but you're not  
3 affecting Halifax County.

4 They've got a box on the shelf. They trained  
5 them. Came through 12 assessments. People in  
6 Halifax County put the box on the shelf. That's  
7 the kind of the way they looked at this. Tom Ziko  
8 knows.

9 West Hope Middle School two years ago, they  
10 looked. This isn't a miracle.

11 Assistant superintendent went down there and  
12 made an attempt to teach the standard course of  
13 study using the basic grade. It went up 19 points.

14 When she left I found she's in a turnaround  
15 program. She was in a turnaround program. But  
16 the next year West Hope Middle dropped 20 points.  
17 And the reason for that, Dr. Causby, is what?

18 THE WITNESS: They don't have someone making  
19 them.

20 THE COURT: Teachers went back to do what  
21 they've done: little.

22 THE WITNESS: They have to monitor.

23 THE COURT: That's why their team never got  
24 any listing results. As soon as they left they  
25 went back to do it the way that they did. That's



1 it.

2 MR. SPEARMAN: Other things to mention. We  
3 have several times asked for, suggested that the  
4 State be directed to present some kind of plan to  
5 deal with all of these issues. And in all candor I  
6 don't think we have ever really gotten that from  
7 the State.

8 And I understand your view about what you,  
9 what you can and cannot order in terms of money.

10 But it does seem to me at least and to the low  
11 wealth plaintiffs that, you know, it would be  
12 perfectly appropriate based on everything we have  
13 heard the last couple days for you to direct the  
14 State to explain just what it is they're going to  
15 do to try to deal with a number of these problems.

16 THE COURT: Well, the problems, Mr. Spearman,  
17 are related. We have identified them. We all know  
18 where they are every year when the districts are  
19 having a problem.

20 We also know, amazing enough, that we've got a  
21 lot of players who are, doing, doing fine. And  
22 there's no need to order the State to do anything  
23 more than what they're told they have to do.

24 That's clear as a bell.

25 Someone is saying what we do we need? What do

1 we need to do? How do we frame the goal?

2 The goal is have a competent, certified  
3 teacher in every single classroom teaching the  
4 standard course of study.

5 MR. SPEARMAN: That's what we agree what we  
6 ought to do.

7 THE COURT: What the law requires.

8 MR. SPEARMAN: What I'm saying, I think we  
9 need to put some, we need.

10 I think it would be very helpful to require  
11 the State to explain how they propose to make you  
12 order them what to do with respect to the Leandro  
13 standard, the same kinds of things that Dr. Causby  
14 has talked about a few minutes ago in terms of the,  
15 the goal of certified, competent teachers in every  
16 classroom and the requisite resources.

17 I don't think the State has ever come in with  
18 any kind of plan to show how.

19 I know they understand certainly, certainly  
20 as lawyers as to what the standard is. But I don't  
21 think the either DPI or the State Board has ever  
22 developed and proposed, presented to you or to the  
23 courts how they're going to fix, how they're going  
24 to get from A to B, what specifically they're going  
25 to do to, to comply with the, the 3-prongs of the

1       Leandro standard.

2               In fact, I mean for example in Miss Ashley's  
3       testimony, you know, there were many things where  
4       she had a, identified particular schools and  
5       particular groups of students.

6               As I understand her testimony she was saying  
7       that various kinds of programs in remediation were  
8       necessary, but they don't have the resources to do  
9       it.

10              What I'm suggesting, I think it would be  
11      helpful to have some kind of further supplementary  
12      order for the State to make a proposal to you as to  
13      how they're going to implement the Leandro  
14      standards.

15              You can then further assess. If you don't  
16      order some specific or some particular program you  
17      can indicate in, more simply in more detail whether  
18      that approach is satisfactory or not satisfactory.

19              I think that, in all candor I think whenever  
20      the Court speaks to these things that the General  
21      Assembly does pay attention to them.

22              I don't subscribe to the idea when some  
23      constitutional standard or program is laid out tha  
24      the General Assembly just avoids it.

25              I do think it would be very helpful to have

1 more specifics than we have now.

2 We have obviously no quarrel whatsoever with  
3 what the Leandro standards are, but I think more  
4 specificity how the State proposes to get there  
5 would be extremely helpful to everyone.

6 THE COURT: I think we've come a long way.  
7 I'm going to make this statement: I've been at this  
8 for as long as you have, but I've also acquired in  
9 the process, especially since 2004, a whole lot of  
10 knowledge.

11 I dragged you all in here for some of it.  
12 I've gotten stuff. I have access. I go down there  
13 anytime that I want to and ask questions. And I  
14 do.

15 And I think we need a piece of paper from the  
16 State saying this is what needs to be done. This  
17 is how we're going to do it, because I think they  
18 know what needs to be. We all need to be. We all  
19 know what needs to be done.

20 The question: Have they got any money to do  
21 these things? If we're not going to get the money  
22 out of them where are we going to get the money?

23 MR. SPEARMAN: Well, Your Honor--

24 THE COURT: To me it goes back. I look at it  
25 on an individual school basis and that school.

1           We need to get rid of the principals that are  
2 not performing, teachers that are not performing.  
3 Put people in there that can do the job. When you  
4 do that you have solved the problem.

5           Question is: Where you get the money to go, to  
6 go, go where it needs to be done in those  
7 individual schools? That, that's the problem.

8           Problem is, is happening in individual schools  
9 all over the state where you've got administrators  
10 who are not doing what they're supposed to do.  
11 They're not working hard and they're being paid.

12           Same thing as somebody working in Wake County  
13 that's got a classroom full of 95% performing kids,  
14 when what needs to be done, all I'm hearing from  
15 everybody, it is a question of money.

16           It is also a question of being willing to  
17 work. That's the point. This is what needs to be  
18 done.

19           You can have all the things. You can have all  
20 the professional development that you want to, but  
21 if they don't, horse doesn't want to get in the  
22 water, go back and put it in. What I've learned,  
23 it is a waste of money and a waste of time.

24           That's what needs to be done.

25           So, and yesterday Miss Ashley was testifying.

1 She had a reason and excuse for every single  
2 school. Do you remember that?

3 An excuse is that justification, the reason  
4 and explanation as to why. These are not excuses,  
5 unacceptable. Reason, these are reasons why,  
6 excuses.

7 West Hope Middle went back 20 points because  
8 they took leadership out of the school. That's not  
9 an excuse to allow that school to continue to go  
10 backward.

11 MR. SPEARMAN: In all candor, Your Honor, I  
12 don't think that the superintendent of the Hoke  
13 County Board of Education took leadership out of  
14 the school.

15 She checked. I checked on that. The woman  
16 decided she was going to take another job.

17 I mean that, that's not. I don't think that's  
18 to be the fault of the Board of Education or the  
19 superintendent.

20 THE COURT: It is not. But that's a reason  
21 why that school went backwards 20 points in one  
22 year. That's not an excuse for that school to go  
23 back.

24 This is the rubber meeting the road right now.  
25 When you come in here and tell me we failed because

1 we lost leadership, that's the reason why the  
2 school stays in the, at 42%, because we had a  
3 principal and she left, that reason, I know that  
4 that's the reason, that's the explanation for the  
5 failure.

6 But that's not an excuse for the failure,  
7 because the failure is still existing. It is not  
8 being taken care of.

9 This is what's going on: to move the principal  
10 around like, like a shell game.

11 We have to try during the trial, if they get a  
12 principal, to put somebody in there. They're  
13 safe. We now have a new principal.

14 But that the reason for the failure is that  
15 the teacher in that classroom and the principal in  
16 that school is not an instructional leader.

17 They're not following the standard course of  
18 study. They're not assessing their kids, letting  
19 them go to at the end of 9 weeks, and then they,  
20 they can't read. That's the reason why they're  
21 failing.

22 No amount of money on God's green earth is  
23 going to change that with that teacher unless  
24 they're retrained, retire, or just get the hell  
25 out.

1           Those teachers are not in these classrooms  
2           every day. They're not doing what the constitution  
3           of the state requires them to do.

4           That's not an excuse. That's a reason for the  
5           failure, failure of the classroom teacher and the  
6           principal and that superintendent to ride their  
7           fannies enough so that they do their jobs.

8           The lady said the second grade tests. I've  
9           talked. They didn't change. Nothing changed.  
10          Crime in the neighborhood didn't change. Only  
11          thing that changed them was the fact when the  
12          teacher was in that classroom.

13          In your public school the quality of the  
14          teacher is the key ingredient, most important  
15          ingredient to a child learning. It's the teacher.

16          When they get rid of everybody that was, that  
17          was what they call a "pocketbook" teacher. They  
18          replace them with Teach for America, and about  
19          three years we get a great system and a great  
20          principal.

21          But you can't get rid of them. There's nobody  
22          to replace. Our schools of education are not  
23          turning out people that are quality, or training  
24          teachers that we need in our classrooms. That's  
25          the solution in this case.



1           You can get can the legislature to double the  
2 money. We won't get any better results whatsoever  
3 unless you've got Jim Causby to ride herd on  
4 everybody and make, make people do what they're  
5 supposed to do.

6           If you don't know how to do assessments, get  
7 trained to do assessments then when you're training  
8 you do them.

9           That's the, what we're, that's why, I mean all  
10 this stuff about more paper, all this other stuff,  
11 more money, when the real problem is the fact we've  
12 got people in classrooms who are not doing their  
13 job, principals not seeing to that, doing their  
14 job.

15          You've got a failing school and schools where  
16 they are. We have good results. That's it.  
17 That's the bottom line to the problem in having the  
18 solution to the problem.

19          What was your question? It's work but it is  
20 hard as hell. Halifax County is not willing to  
21 have to put their nose to the grindstone in three  
22 decades.

23          We're having to start from the bottom.  
24 They're putting children in a line all, all right  
25 out of the same book. They didn't get an education

1 in spite of the teacher. That's why there was no  
2 plan seen from the State to do what I just said  
3 needs to be done is going to solve.

4 If you can convince me somehow, or some great  
5 plan is going to be implemented that's going to do  
6 what I just said needs to be done, that's one  
7 thing, but I don't think it can be.

8 As I said, quality teacher, nothing more and  
9 nothing less. They don't have the assessment.

10 MR. SPEARMAN: We don't have any disagreement  
11 about the standard for quality teachers. That's  
12 what in fact I think is, as I recall, what I argued  
13 to you before you issued your opinion in 2002.

14 The import of your question was, the bottom  
15 line was what's doing the most important thing in  
16 all of this. My response was the most important  
17 thing is quality teaching.

18 If I recall this, you, you thought about it  
19 for a moment and said that's the right answer. I  
20 came to that conclusion myself.

21 THE COURT: Everybody is coming to that  
22 conclusion. We all acknowledge critical pieces  
23 along with leadership. We're talking about the  
24 same. We're all on the same wavelength.

25 So, it is that the, that the State is

1       contending they don't know? They already know what  
2       has to be done. That's the point. I mean why?

3               MR. SPEARMAN: Your Honor, what I'm saying--

4               THE COURT: I can't order the schools of  
5       education under Erskine Boles. I can't order those  
6       tenured professors to turn their, don't want to do  
7       this, to turn their teaching around, teach  
8       something and turn out students who know what their  
9       doing. They know what they're doing.

10              MR. SPEARMAN: That they should. But what I'm  
11       saying is that although you have made these  
12       observations you have included a number of these  
13       things, various notices of hearing, so forth.

14              We think it would be very helpful for you to  
15       make a directive to the State that the State needs  
16       to come up, be much more specific about how they're  
17       going to accomplish the goal, which you have ruled  
18       is a constitutional standard, the Supreme Court has  
19       affirmed is a constitutional standard.

20              THE COURT: That's not.

21              MR. SPEARMAN: No debate about that. But  
22       we've never in my view, in our view we've never  
23       gotten the kind of specificity from the State as to  
24       how we're going to get from A to B.

25              For example, if part of the problem is what

1 they're doing or not doing in schools of education  
2 I would say that this is something that the State  
3 ought to include.

4 Whether you call it a plan, whether you call  
5 it something else, the State ought to be required  
6 to come in and tell you and also us, the public,  
7 what the standards are going to be, what steps they  
8 propose to take to ensure that the promise and  
9 mandate of Leandro is carried out. I don't. I  
10 don't think the State has ever done that.

11 Beyond that, the further thing we would urge  
12 is that if the State did that, you review such a  
13 plan or such a standard, whatever you want to call  
14 it, and rule that portions of it were appropriate  
15 and were constitutionally required. We submit that  
16 would also be a big help in getting there.

17 THE COURT: I hear you.

18 MR. SPEARMAN: Okay. Thank you.

19 (Proceedings were concluded.)  
20  
21  
22  
23  
24  
25

Selected NC Public School Programs Reduced or Eliminated for 2009-10		
	Programs Eliminated	Amount of Reduction
1	Student Accountability funding eliminated <sup>1</sup>	\$38.3 million*
2	Staff development funding eliminated	\$12.5 million*
3	Principals' Executive Program eliminated	\$1.3 million***
4	Funding for all 200 literacy coaches eliminated	\$12 million*
5	Math and science supplemental pilot eliminated (program aimed at attracting and keeping qualified math and science teachers)	\$0.5 million*
	Programs Reduced	Amount of Reduction
6	Non-instructional support personnel reduced (such as substitute teachers, clerical assistants, etc.) <sup>2</sup>	\$379.6 million*
7	Clerical / custodian reductions <sup>3</sup>	\$10 million*
8	"Discretionary" or "flexibility" reduction to local school districts	\$225 million*
9	Smart Start funding reduced	\$16 million**
10	More at Four preschool program reduced by 5.8%	\$5 million*
11	School-based child and family support teams funding reduced <sup>4</sup>	\$1.2 million*
12	Central Office personnel reductions	\$14.6 million*
13	Funding for teacher mentoring reduced	\$2 million*
14	Technology funding reduced	\$9.6 million*
15	Textbook funding reduced	\$48 million*
16	Limited English proficiency program reduced (program aimed at non-English speaking students)	\$2 million*
17	Transportation funding reduced	\$15 million*
18	Staff and program reductions at the Department of Instruction	\$6.6 million*
	Headcount Reductions	Amount of Reduction
19	Number of classroom teachers lost (3.57% reduction)	2,466 positions****
20	Estimated number of teacher assistants lost (est.8.75% reduction)	1,521 positions****
21	Estimated number of instructional support lost (counselors, social workers, etc.) (est. 1.46% reduction)	108 positions****

<sup>1</sup> Comparing the 2008-09 and the 2009-10 certified budget numbers \*\*, the Low Wealth Fund (LW) and the Disadvantaged Student Supplemental Fund (DSSF) remained stable with increases of \$9.8 million (due to ADM increase) and \$0.9 million, respectively. As a result, LEAs are not able to supplant the elimination of the Student Accountability funds with LW or DSSF monies.

<sup>2</sup> The \$379 million reduction in non-instructional support personnel was offset by the appropriation of the federal Education Stabilization Fund (ESF). The State directed that this ESF fund would be used to fund non-instructional support at the schools. An additional \$10 million reduction in non-instructional support (shown in the chart as a separate line item) was not offset by federal stimulus money or otherwise.

<sup>3</sup> Represents the \$10 million of additional reductions in non-instructional support not offset by the federal ESF.

<sup>4</sup> Other programs affecting students' opportunity for a sound basic education but which are not part of in the education budget were also reduced or eliminated (e.g., social services program funding, drug prevention programs, early intervention programs, etc.)

Sources

\* Obtained from *The Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, Senate Bill 202, N.C. Gen. Assembly 2009 Session (Aug. 3, 2009).

\*\* Obtained from *The 2009-2011 State Budget: Trifecta of spending cuts, tax increases and federal aid used to address historic shortfall*, NC Budget & Tax Center Report, NC Justice Center, Vol. 15 No. 8 (Sept. 2009); certified budget numbers obtained from North Carolina General Assembly's Fiscal Research Division.

According to the Fiscal Research Division of the NC General Assembly, certified budget numbers for the Low Wealth fund, the DSSF and the PEP for 08-09 and for 09-10 are as follows:

Low Wealth:

08-09 Budgeted:	\$197,681,587
09-10 Budgeted:	\$207,499,970

DSSF:

08-09 Budgeted:	\$75,481,056
09-10 Budgeted:	\$76,397,619

PEP:

08-09 Budgeted:	\$1,266,170
09-10 Budgeted:	\$0

\*\*\* Obtained from *State Budget Adopted; Conflicting Views on Teacher Layoffs*, The Public School Forum's Friday Report, Vol. 12 Issue 6 (Aug. 7, 2009).

\*\*\*\* Obtained from State Superintendent June Atkinson, Education Oversight Committee Presentation (Oct. 13, 2009), available at <http://www.ncleg.net/gascripts/DocumentSites/browseDocSite.asp?nID=19&sFolderName=\Committee%20Meetings\2009-2010%20Committee%20Meetings\October%2013-14,%202009>

## *The Public School Forum's Friday Report*

PDF versions can be found at [www.ncforum.org](http://www.ncforum.org)

Volume 12, Issue 6

August 7, 2009

### State Budget Adopted; Conflicting Views on Teacher Layoffs

Both the House and the Senate gave final approval to the proposed state budget on Wednesday and Governor Perdue has, with some reservations, signed the budget bill into law. However, conflicting claims about the impact of the budget on class size and possible teacher and teacher assistant layoffs are creating confusion in some quarters.

NCAE, even before the budget was signed into law, was claiming victory contending that its lobbying efforts had saved thousands of teacher and teacher assistant jobs and praising Governor Perdue for her efforts to protect the classroom.

The Governor, in a Raleigh news conference, made it clear that in her view there should not be cutbacks when she said, "We have had a pot, a very large pot of federal recovery dollars coming in to North Carolina and that money coming to counties and to school systems across the state is supposed, according to the federal legislation, to be used to prevent cuts to teachers in the school systems across North Carolina. I have asked the state board to require that a monthly report be sent to them from every LEA (i.e. school system) in the state. I absolutely am going to compare the cuts to the money that they have in this budget and that they have received from the federal recovery money. In my mind it's going to be really hard for somebody to explain to me why they've had to cut teaching positions."

However, before the ink had dried on the new state budget, local school administrators and school board members were publically saying that it would be impossible for schools to absorb the education cuts in the budget and find \$225 million more in mandatory, albeit flexible, reductions without increasing class sizes and laying off employees. On Wednesday a formal statement to that effect was issued by the NC Association of School Administrators.

Based on House and Senate proposals to increase class sizes, therefore reducing the number of teachers, school districts across the State have already laid off school employees and made classroom assignments for the new school year. With children already back in session in Western North Carolina and due to begin in the next two weeks elsewhere, it is highly unlikely those decisions will be reversed at this late date.

## Children and Education Have Taken Enormous Cuts

While it will be weeks before the impact on school employment numbers can be measured, this budget was not kind to education or to young people. Cuts not only in the education budget but in the Division of Health and Human Services and in Juvenile Justice have dramatically cut services to young people and to schools. Looking at some of the major impact areas effecting young people and their families include:

- The SOS and One-on-One Mentoring programs that provided afterschool programs for nearly 15,000 young people are eliminated.
- Smart Start, the program providing support services to pre-schoolers and their families is cut by \$16 million.
- More at Four, the early education program for four-year-olds is cut \$5 million
- Student Accountability funding designed to help low-performing students was eliminated altogether for a savings of \$38,339,798.
- Funding for school-based child and family support teams was cut \$1.2 million.

Cutbacks that directly impact education and educators include:

- \$379 million reduction in non-instructional support personnel.
- Performance bonuses for teachers in buildings with improving student scores are not being paid; they have averaged \$90 million plus per year.
- PEP, the Principals' Executive Program, lost all funding.
- \$14 million reduction in funding for central office personnel.
- \$9.6 million reduction in technology funding.
- \$47 million reduction in textbook funding.
- The Center for the Advancement of Teaching (NCCAT) was cut \$6.9 million.
- The Schools Attuned program was eliminated.
- Complete elimination of staff development funding for a savings of \$12.5 million.
- Elimination of 200 literacy coaches (including \$1.5 million in training provided by the Teacher Academy) in low performing schools for a \$12+ million saving.
- 15% reduction in Teacher Academy.
- Elimination of a program aimed at attracting and keeping qualified math and science teachers for a savings of \$1/2 million.
- \$2 million reduction in spending on non-English speaking students.
- \$2 million reduction in supplemental small school funding.
- \$15 million reduction in transportation funding.
- \$6.6 million in staff and program reductions at the Department of Instruction.

In the final week of budget negotiations plans to increase class sizes in grades 4-12 were taken out of the budget. In their place the final budget includes a "flexible adjustment" of \$225 million. In plain language, school funding will be reduced by a quarter of a billion dollars; however, with the exception of a prohibition on increasing class sizes in grades K-3, school officials can determine where the cuts will be made.



## Children and Education (cont'd)

The only bright spot in the budget comes from federal stimulus dollars, roughly \$600 million of which were earmarked to help offset some, if not all, of the reductions in education funding. Those funds will greatly soften the impact of education cuts in this fiscal year and next. However, when the stimulus dollars end in two years, the General Assembly will be faced with a very large funding gap.

### Retesting Plays Important Role in This Year's Test Results

This being the first year that the state board required elementary and middle schools to use retest result, North Carolina schools meeting AYP jumped from 31 percent from last year to nearly 71 percent. In addition, 78 percent of Title I schools met AYP, a better showing than the state as a whole.

Following the State Board meeting yesterday, Dr. Fabrizio, director of accountability policy and communications shared that this dramatic improvement in individual student and school results is probably a one-time deal and is not likely to be repeated next year.

Yesterday's report also includes information on the state's ABCs results and high school graduation rate. According to yesterday's results, 80.8 percent of schools showed student academic growth that was at the expected level or greater. In addition, the 2009 four-year cohort graduation rate increased to 71.7 percent. The rate has improved each year since 2006 when North Carolina reported its first measurement of a cohort graduation rate (68.3 percent), and is up from 2008 when it was 70.3 percent.

### Superintendent Reports on Physical Activity Standards

During her monthly report to the State Board of Education this week, Superintendent June Atkinson praised NC CAP and its partners for their work in developing physical activity standards for the state's afterschool programs. The *Move More North Carolina: Recommended Standards for After-School Physical Activity* provides guidelines for creating practices, policies and environments that support physical activity in afterschool programs.

North Carolina is the first state to release recommended standards for physical activity in afterschool programs. The voluntary guidelines offer ways for afterschool programs to incorporate more physical activity - a growing concern for the state that ranks fifth nationally in childhood obesity. The standards were released at NC CAP's statewide conference in May.

For a copy of the standards, visit:

[www.eatsmartmovemorenc.com/AfterSchoolStandards/AfterSchoolStandards.html](http://www.eatsmartmovemorenc.com/AfterSchoolStandards/AfterSchoolStandards.html)

## A Step in the Wrong Direction??

A last minute provision added to the budget enables the Wilkes County Schools to cut 18 days from its 180 day school year as a money saving measure. The result will be a 162 day school year. School officials contend that by adding 45 minutes to the 162 instructional days, no time will be lost. They further contend that they will save roughly \$900,000 as a result of savings in salaries, heating costs and gas for school buses. While the economics of the change will be positive it remains to be seen whether the impact on young people will be equally positive. North Carolina's 180 day school calendar is already the shortest in the industrial world. In other industrial countries students typically attend school more than 200 days per year.

## Recession's Impact Being Felt in Rural North Carolina

The NC Rural Economic Development Center's electronic newsletter, "Rural Partners Update," published a "State of the Economy" article containing sobering data about the impact of the recession on rural North Carolina. Among the highlights of their findings are:

- Nearly 260,000 rural workers are unemployed in North Carolina. This is more than double the rate of January 2008. Three rural counties have the highest unemployment rates in the state: Scotland at 17.2 percent, Edgecombe at 16.6 percent and McDowell at 16.1 percent.
- More than 27,000 North Carolinians exhausted the basic 26 week's worth of unemployment compensation in May. Though many workers are eligible for extended benefits, nearly 8,000 workers had exhausted all benefits in May and June and the number can be expected to climb.
- The recession is taking a higher toll on middle-aged North Carolinians than on any other age group. More than 43,000 rural workers between the ages of 40 and 49 filed unemployment claims between January and May.

Additional highlights can be found on the Rural Center's website which contains a wealth of data on rural North Carolina as well as a special section called "Economic Stimulus" which is tracking the impact of the American Recovery and Reinvestment Act.

## National News...

### Tax Receipts to Drop 18 Percent This Year

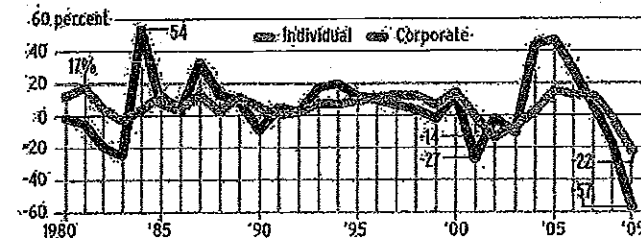
According to an Associated Press analysis, while the federal deficit balloons to a record \$1.8 trillion, tax receipts are on pace to drop 18 percent this year, the largest single-year decline since the Great Depression. For this report, the AP analyzed annual tax receipts dating back to the inception of the federal income tax in 1913; with tax receipts for the 2009 budget year available through June.

Compared to a year ago, individual income tax receipts are down 22 percent and corporate income taxes are down 57 percent. In addition, social security tax receipts are likely to drop for only the second time since 1940 and Medicare taxes are on pace to drop for only the third time in their history. The last time the government's revenues were this bleak, it was 1932, in the midst of the Depression.

#### FEDERAL TAX REVENUES TAKE MAJOR HIT

Tax receipts, driven by big drops in individual income and corporate taxes, are on pace to post their biggest single-year decline since the Great Depression.

Change in federal tax receipts, fiscal years:



NOTE: Data from 2009 are through June; the fiscal year ends in September.

Sources: Office of Management and Budget; Treasury Department

The Associated Press

## Did You Know...

### Home-schooling on the Rise in NC

All 100 North Carolina counties had home schoolers in the 2008-09 school year, with just over 77,000 children participating. That is up from nearly 71,600 the previous year. Wake County leads the state, with about 3,700 registered home schools teaching an estimated 7,500 students, with Mecklenburg following close behind with just under 3,000 schools and about 6,300 students.

*Forum News...*

## Call for EPFP Applications – Only a Few Spots Remain~

Applications are now being accepted for the Forum's Education Policy Fellowship Program (EPFP). The ten month seminar program meets weekly on Tuesday night from 5:30 to 8:30 pm from September 15, 2009, to May 11, 2010. The program addresses issues related to policy and leadership development.

Confirmed speakers/presenters for this fall's program include: Dr. Jim Johnson, Urban Investment Strategies Center, Kenan Flagler Business School; Rob Christensen, author of *The Paradox of Tar Heel Politics: The Personalities, Elections, and Events that Shaped North Carolina Politics*; and Wake County Superior Court Judge Howard Manning Jr.

The program seeks high energy individuals committed to enhancing their professional career through networking and exploring leadership and policy in the "real" world. An application may be obtained at the Forum's website. Go to [www.ncforum.org](http://www.ncforum.org) and click on EPFP. Apply today!

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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](http://www.ncforum.org/doc).



Public Schools of North Carolina

# Education Oversight Committee Presentation

State Superintendent June Atkinson

Oct. 13, 2009

# Recession's Impact on NC Public Schools, NCDPI

- NC Public Schools' FY 2009-10 State budget was reduced 9.5% (4.9% after federal stabilization funding is included).
- Reductions do not include the \$60 million in capital funds that were redirected.
- Reductions do not include local funding cuts.
- Major Line-Item Reductions:
  - FY 2009-10: \$759.2 million (actual net -\$787 million)
  - FY 2010-11: \$899.7 million (actual net -\$998 million)



# Reductions in Four Major Areas

- 1) Elimination of Programs
- Improving Student Accountability
  - Literacy Coaches
- | <u>FY 2009-10</u> | <u>FY 2010-11</u> |
|-------------------|-------------------|
| (\$50.4 million)  | (\$50.4 million)  |



Public Schools of North Carolina

## Reductions in Four Major Areas

### 2) Permanent Reductions to Programs

- Clerical/Custodians (\$10 million)
- Transportation (\$15 million)
- More @ Four (\$5 million)
- Limited English (\$2 million)
- Mentoring (\$2 million)

FY 2009-10

(\$34 million)

FY 2010-11

(\$34 million)



Public Schools of North Carolina



## Reductions in Four Major Areas

### 3) Non-Recurring Reductions to Programs

- Clerical/Custodians
- Technology
- Textbooks
- Staff Development

FY 2009-10  
(\$449.8 million)

FY 2010-11  
(\$510.3 million)



Public Schools of North Carolina

# Reductions in Four Major Areas

## 4) Recurring LEA Adjustment (negative reserve)

79 percent of this adjustment taken from  
classroom teachers, teacher assistants

FY 2009-10

(\$225 million)

FY 2010-11

(\$304.8 million)



Public Schools of North Carolina

# Local Consequences

After reductions, public schools have fewer State paid personnel and less State funding.



Public Schools of North Carolina

## Examples

<u>Funding category</u>	<u>Reduction</u>
Classroom teachers (2,466 fewer teachers)	-3.57%
Teacher assistants (est. 1,521.5 fewer assistants)	-8.75%
Instructional support (est. 108 fewer counselors, social workers, etc.)	-1.47%
Career Tech (CTE) (est. 142 fewer CTE teachers)	-2.74%



Public Schools of North Carolina

## Examples continued

<u>Funding category</u>	<u>Reduction</u>
Funding for at-risk students	-15.21%
Textbook funding	-46.93%
Central Office funding	-12.09%
Charter Schools (an average dollar per student reduction of \$435)	-7.90%



Public Schools of North Carolina

## District (LEA) Example 1 (50,000 ADM):

- Personnel reverted
  - 77 teacher positions (153 saved by ARRA)
  - 105 teacher assistants
  - 8 literacy coaches
  - 5 percent of custodial hours
- Other cuts
  - Textbooks: \$1.7 million
  - Staff development: \$321,000
  - Instructional technology: \$300,000



## District (LEA) Example 1 (50,000 ADM):

- Non-personnel cuts with most impact
  - Public school building capital fund: \$2.5 million
  - Improving student accountability: \$1.5 million
  - Transportation: approx. \$500-700,000
- Recovery Funds
  - Besides the 153 teachers, they were able to hire additional pre-k teachers and instructional coaches



## District (LEA) Example 2 (100,000 + ADM):

- Local Funding decreased \$34 million
- Personnel reverted
  - 181 teacher positions
  - 370 teacher assistants
  - Limited English (15 teachers & 15 assistants)
  - 36 CTE teaching positions and 19 CTE support positions





## District (LEA) Example 2 (100,000 + ADM):

- Personnel reverted (cont.)
  - 37.5 assistant principals
  - 16 counselors
  - 15 literacy coaches
  - 58 school-based security positions
- Other cuts
  - Eliminated merit-based supplemental pay
  - 31 family/school advocacy positions
  - \$383,000 for AVID



## District (LEA) Example 2 (100,000 + ADM):

- Other cuts
  - 54 custodians and 17 maintenance positions
  - \$4.3 million from transportation
- Recovery Funds
  - All stabilization (\$33.7 million) used for custodians and clerical
  - Pre-school teachers/transportation and additional Exceptional Children teachers
  - Very concerned about what happens when the \$47 million is gone



## NCDPI Budget Actions

Budget actions with heaviest impact FY 2009-10:

	<u>Amount</u>
Position cuts	(64.0)
	(\$4,625,856)

Support funding cuts

(\$2,087,638)

Additional 5% OSBM Hold-Back (\$2,943,957) \*

- The 5% OSBM Hold-Back is \$8.4 million:
  - \$2.9 DPI Operations (as included above)
  - \$4.0 More @ 4 (will require a reduction in slots . Current waiting list 1,900)
  - \$1.4 Non-Profits (Community in Schools, Teach for America, etc.)



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## NCDPI Budget Actions

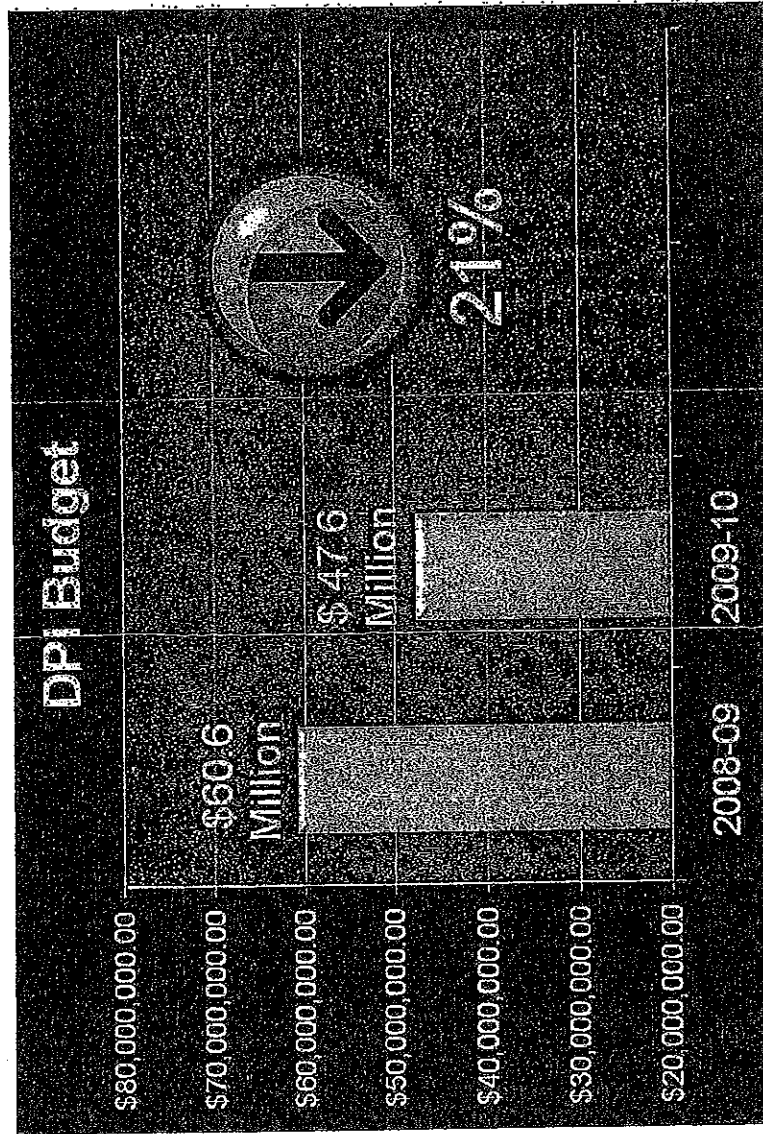
Budget actions with heaviest impact continued FY 2009-10:

	Positions	Amount
Transfer in of NCCAT	92.0	\$5.9 million
Expansion for District and School Transformation		\$2.5 million



Public Schools of North Carolina

# Change in NCDPI Budget



Public Schools of North Carolina

# NCDPI Budget Actions

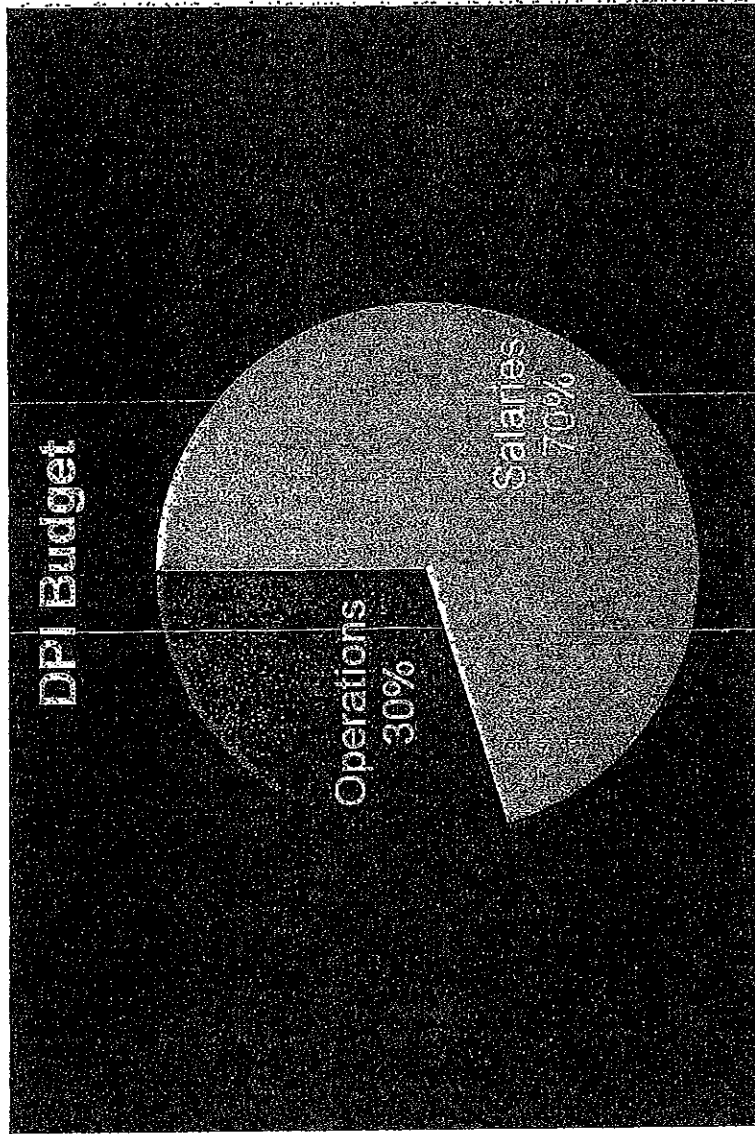
Budget actions with heaviest impact  
FY 2010-11:

	<u>Amount</u>
Position cuts (an additional 11)	(75.0)
Support funding (an additional \$800,000)	(\$2.9 million)



Public Schools of North Carolina

# NCDPI Budget



Travel has been reduced 20% and contracts 25%



Public Schools of North Carolina

## Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Fewer services available for schools
- Less flexibility to respond to needs
- Inability to deliver some services at all





## Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Specific examples
  - School transportation has lost ability to provide safety and maintenance training in LEAs.
  - Timeline to implement new accountability model aligned with new curriculum jeopardized.



## Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Specific examples continued
  - Professional development is limited to only the most essential needs, such as the new teacher evaluation tool.
  - DPI revenues supporting the agency's Web site are down 54 percent. The site is used by 3.2 million people annually.



## Change in NCDPI Budget -- How this Reduction has Impacted Public Schools

- Specific examples continued
  - No funding for IT solutions consolidation, resulting in old, outdated, hard-to-maintain applications.
  - IT Hardware maintenance costs are higher because hardware is not replaced on schedule.



## Federal Recovery Funds

Federal Recovery Funds are in 4 parts and available for 2 years (through 2010-11).

Limited administrative support funds for DPI are provided with Recovery dollars.



# Federal Recovery Funds

1. Categorical funding: \$600.4 million  
(One-time supplemental funding for continuing federal grants.  
IDEA, Title I Ed. Technology, and Homeless)
2. Stabilization: \$379.7 million  
(Distributed by the General Assembly to cover non-recurring  
reductions.)



Public Schools of North Carolina

## Federal Recovery Funds

3. Other: \$3.8 million
  - Child nutrition equipment: \$3.3 million
  - Clean diesel fund: \$0.5 million
4. Competitive: \$?? Million
  - Race to the Top
  - Teacher incentive



## Federal Recovery Funds - Restrictions

- Federal Recovery categorical funding must adhere to the grant rules that apply to the standard federal grant.
- If an activity is an allowable expenditure for a specific federal grant and State (or local) funding has been eliminated for that activity, it is not supplanting to use the federal grant money to cover that activity.



## Federal Recovery Funds - Restrictions

- Federal Recovery Stabilization Funds can be utilized by a local education agency or charter school for whatever purpose they identify (not to construct gyms or athletic facilities).





# Federal Recovery Funds - Key Points

While some federal recovery funds cover some of the state funding cuts, remember that:

- funding cannot be used to cover all state and local reductions
- funding is nonrecurring and will be gone in 2 years
- funding comes with significant monitoring and reporting requirements (no admin funding to support this requirement)



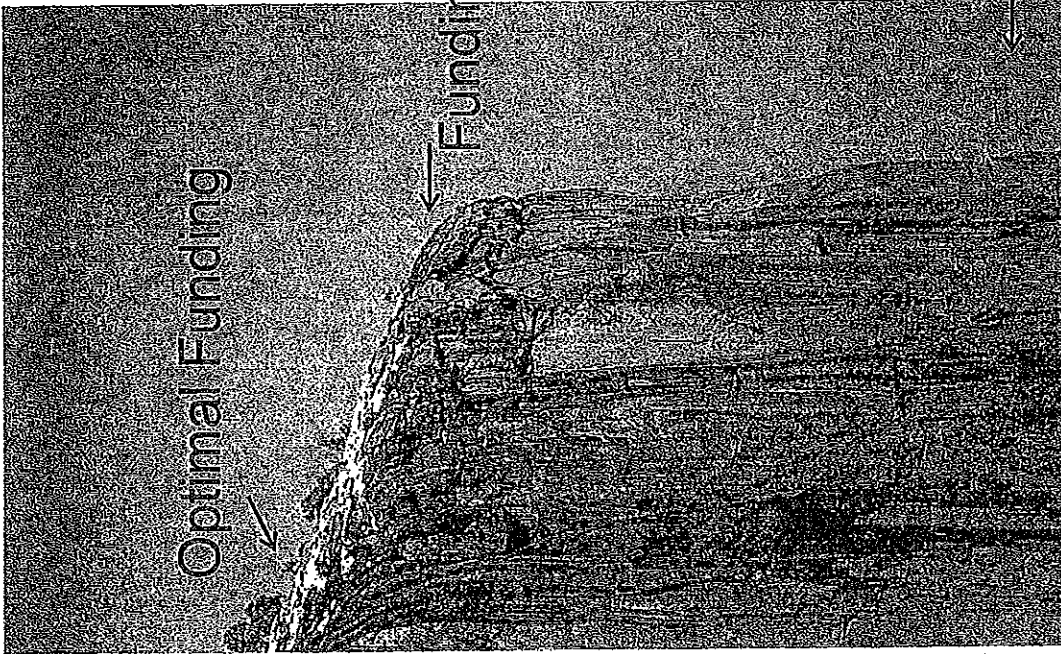
## Federal Recovery Funds - How Funds have Been Used

- Teachers: 2,859
- Teacher Assistants: 699
- Custodian Positions: 2,099
- Clerical: 1,209
- Other Non-Certified: 186
- Instructional Support and Other: 513



Public Schools of North Carolina

## Watch Out for the Cliff!



With all the reductions and the elimination of the federal recovery funding in FY 2011-12, there is a very real possibility of a major funding gap occurring.

Funding without Federal Recovery



Public Schools of North Carolina



NC Justice Center

*Opinion,  
and Perspective*

# BTC Reports

Vol 15 No 8 • September 2009

THE NEWSLETTER OF THE NC BUDGET & TAX CENTER

North Carolina  
Budget & Tax  
Center

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## THE 2009-2011 STATE BUDGET:

### Trifecta of spending cuts, tax increases and federal aid used to address historic shortfall

BY ELAINE MEJIA, PROJECT DIRECTOR AND MEG GRAY WIEHE, POLICY ANALYST  
WITH STEPHEN JACKSON, POLICY ANALYST

#### Executive Summary

- On Aug 7, 2009, the General Assembly passed the final state budget for fiscal years 2009-10 (FY09-10) and 2010-11 (FY10-11). The final General Fund budget provides for \$19,008,079,980 in appropriations in the first fiscal year, which is 11% less in state-funded spending than the originally adopted budget for the previous fiscal year. In the second year of the adopted budget, spending will increase by \$547 million or 2.9%, over FY09-10 (Figure 1).
- Facing a budget gap of \$4.6 billion between the anticipated state tax revenues and the cost of continuing state services at current levels for FY09-10, state lawmakers chose to close the gap with a balanced approach that relied primarily on spending reductions (net of \$1.7 billion), revenue increases (\$1 billion), and federal assistance from the American Recovery and Reinvestment Act (\$1.4 billion).
- The revenue plan includes two temporary tax increases: a one-cent increase in the state sales tax, bringing the state and local total rate to 7.75% (set to expire June 30, 2011) and an income tax surcharge on high-income households and corporations (for tax years 2009 and 2010). The plan also includes modest increases in taxes on tobacco and alcohol products and a small expansion of the sales tax to digital products.
- The FY09-10 General Fund budget includes \$2.7 billion in spending reductions, the largest of which are achieved through cuts to local school districts, management flexibility reductions, reductions in payments to Medicaid providers, and more than \$500 million in unspecified cuts to the Medicaid program.
- The FY09-10 General Fund budget also includes just over \$1 billion in expansion funding, the vast majority of which is to pay for the state employee health plan, enrollment growth in higher education and Medicaid, and the final step in the state's assumption of all county Medicaid costs (in turn, the state will assume ¼-cent in local sales tax revenue). However, most

of the expansion items are offset by large unspecified cuts to the continuation budget. After accounting for new spending, the net reduction to the budget is \$1.7 billion.

- Many of the spending reductions will have immediate effects on direct services, such as Community Alternative Placements for families with children with developmental disabilities. Other reductions could have more long-term implications. For example, reduced funding to public schools could result in increased class sizes in grades 4 through 12, and cuts to payments to medical providers who treat Medicaid clients could impact access to services over time.
- A few areas of the state budget received additional resources despite the shortfall. Examples include \$17 million to increase enrollment in the Children's Health Insurance Program and \$13 million for dropout prevention grants.
- The final budget also enacted several spending reductions by putting in place efficiencies, such as improving fraud detection and negotiating for lower prices in state-funded health care programs and closing seven inefficient rural prisons.

## Overview

The now year-and-a-half long recession has had a dramatic impact on state tax dollar collections across the country. Last year, North Carolina's state tax collections were \$3.2 billion short of what lawmakers had been counting on to pay for the state budget (North Carolina's 2008-09 fiscal year ended on June 30th). This forced the governor to take drastic measures to fill the budget void, which equaled nearly 15% of the total state budget. The

FIGURE 1

FY2009-2011 GENERAL FUND BUDGET OVERVIEW	
FY08-09 APPROPRIATIONS	\$21,355,967,434
FY08-09 ESTIMATED EXPENDITURES (W/FED STIMULUS USED TO ADDRESS MID-YEAR GAP)	\$19,650,972,334
<b>FINAL BUDGET OVERVIEW FY2009-2010</b>	
FY09-10 Adjusted Continuation Budget	\$22,075,470,791
Approved FY 09-10 Appropriations w/out Fed Stimulus	\$19,008,079,980
Change from previous year appropriations	-10.99%
Change from previous year estimated expenditures	-3.27%
Change from FY09-10 Continuation Budget	-13.89%
Approved FY 09-10 Appropriations w/ Fed Stimulus	\$20,405,943,837
Change from previous year appropriations	-4.45%
Change from previous year estimated expenditures	3.84%
Change from FY09-10 Continuation Budget	-7.56%
<b>FINAL BUDGET OVERVIEW FY2010-2011</b>	
FY10-11 Adjusted Continuation Budget	\$22,554,891,906
Approved FY 10-11 Appropriations w/out Fed Stimulus	\$19,555,540,945
Change from FY09-10 appropriations	2.9%
Change from FY10-11 Continuation Budget	-13.3%
Approved FY 09-10 Appropriations w/ Fed Stimulus	\$20,593,131,294
Change from FY09-10 appropriations w/fed stimulus	0.92%
Change from FY10-11 Continuation Budget	-8.70%

**FIGURE 5**

HOW FEDERAL RECOVERY FUNDS WERE USED TO CLOSE THE GENERAL FUND BUDGET GAP		
	FY 09-10	FY 10-11
FMAP (Medicaid) Assistance	\$857,352,497	\$502,565,621
Fiscal Stabilization- Education	\$517,484,296	\$517,484,296
<i>Reduction to Non Instructional Support</i>	\$379,668,352	\$373,281,648
<i>Reduction to allowable items in University budget</i>	\$137,815,944	\$144,202,648
Fiscal Stabilization-General- Allocated to JPS/Corrections	\$12,926,135	\$12,926,135
AARA Funds for Specific Purposes Used to Temporarily Reduce GF Allocation	\$10,100,929	\$4,614,297
<i>Early intervention/Early toddler program</i>	\$2,700,000	\$2,700,000
<i>Children's vaccines</i>	\$500,000	
<i>Foster Care and Adoption Assistance</i>	\$2,840,235	\$1,452,537
<i>Child support enforcement</i>	\$2,214,542	
<i>Older Blind Individuals Independent Living program</i>	\$260,590	\$260,590
<i>Independent Living/Vocational Rehabilitation</i>	\$201,170	\$201,170
<i>Home and Community Care Block Grants</i>	\$1,384,392	
<b>TOTAL</b>	<b>\$1,397,862,857</b>	<b>\$1,037,590,340</b>

**FIGURE 6**

DESCRIPTION OF EXPANSION SPENDING IN THE BUDGET	
State takeover of county Medicaid costs	\$252,566,010
Medicaid enrollment growth	\$154,748,266
Children's health insurance expansion	\$17,096,952
State health plan	\$132,214,752
Enrollment growth in community colleges, universities	\$129,536,101
UNC Need Based Aid	\$23,000,000
K-12 Dropout prevention grants	\$13,000,000
State retirement contributions	\$22,300,000
Severance Expenditures	\$47,957,108
Miscellaneous (mostly includes continuation review programs)	\$239,330,643
<b>Total New Spending</b>	<b>\$1,031,749,332</b>

account for the federal stimulus receipts) and \$1 billion in new spending for a net spending reduction of \$1.7 billion. The vast majority of the new spending is to pay for the state employee health plan, enrollment growth in higher education and Medicaid, and the final step in the state's assumption of all county Medicaid costs (in turn, the state will assume ¼-cent in local sales tax revenue) (Figure 6). However, most of the expansion items are offset by large unspecified cuts to the continuation budget.

Figure 7 compares spending in the FY09-10 budget (appropriations

plus federal stimulus receipts) to the previous year's appropriations, the previous year's actual spending, and the FY09-10 continuation budget for each major spending category. Every major spending category saw a cut from its continuation budget, with Health and Human Services being hit the hardest. An overview of budget decisions made in the areas of Education, Health and Human Services, and Justice and Public Safety follows.

#### Education

The FY09-10 budget, including federal stimulus money for fiscal relief, reduces overall education spending on public schools, community colleges and universities by \$664 million, or 5.4%, from the recommended continuation budget level. Figure 8 lists the most significant education budget changes.

**FIGURE 7**

<b>FY2009-2010 BUDGET COMPARISONS BY SPENDING CATEGORIES</b>	
<b>EDUCATION</b>	
Previous Yr. (FY08-09) General Fund (GF) Appropriations	\$11,418,586,853
Estimated FY08-09 Expenditures + Fed. Stimulus used for GF gap	11,638,672,644
FY 2009-2010 Recommended Continuation Budget	\$12,344,098,234
FY 2009-2010 Total Appropriations + Fed. Stimulus used for GF	\$11,680,412,893
Change from previous year appropriations	2.3%
Change from previous year estimated expenditures	0.4%
Change from recommended Continuation Budget	-5.4%
<b>HEALTH AND HUMAN SERVICES</b>	
Previous Yr. (FY08-09) General Fund (GF) Appropriations	\$4,914,916,942
Estimated FY08-09 Expenditures + Fed. Stimulus used for GF gap	4,353,279,435
FY 2009-2010 Recommended Continuation Budget	\$5,536,344,939
FY 2009-2010 Total Appropriations + Fed. Stimulus used for GF	\$4,770,803,031
Change from previous year appropriations	-2.9%
Change from previous year estimated expenditures	8.8%
Change from recommended Continuation Budget	-13.8%
<b>JUSTICE AND PUBLIC SAFETY</b>	
Previous Yr. (FY08-09) General Fund (GF) Appropriations	\$2,088,869,859
Estimated FY08-09 Expenditures + Fed. Stimulus used for GF gap	2,118,774,568
FY 2009-2010 Recommended Continuation Budget	\$2,333,292,436
FY 2009-2010 Total Appropriations + Fed. Stimulus used for GF	\$2,197,555,938
Change from previous year appropriations	5.2%
Change from previous year estimated expenditures	3.7%
Change from recommended Continuation Budget	-5.8%
<b>GENERAL GOVERNMENT</b>	
Previous Yr. (FY08-09) General Fund (GF) Appropriations	\$459,387,180
Estimated FY08-09 Expenditures + Fed. Stimulus used for GF gap	450,694,524
FY 2009-2010 Recommended Continuation Budget	\$467,462,120
FY 2009-2010 Total Appropriations + Fed. Stimulus used for GF	\$440,876,661
Change from previous year appropriations	-4.0%
Change from previous year estimated expenditures	-2.2%
Change from recommended Continuation Budget	-5.7%
<b>NATURAL AND ECONOMIC RESOURCES</b>	
Previous Yr. (FY08-09) General Fund (GF) Appropriations	\$2,088,869,859
Estimated FY08-09 Expenditures + Fed. Stimulus used for GF gap	2,118,774,568
FY 2009-2010 Recommended Continuation Budget	\$498,140,559
FY 2009-2010 Total Appropriations + Fed. Stimulus used for GF	\$436,957,236
Change from previous year appropriations	-23.8%
Change from previous year estimated expenditures	-16.2%
Change from recommended Continuation Budget	-12.3%

FIGURE 8

SIGNIFICANT SPENDING CHANGES IN EDUCATION	
<b>K-12</b>	
Adjust K-12 Budget to a level at or below FY 08-09 budget	\$(79,903,050)
Reduction of 7.5% to 14% to school district Central Administrations	\$(14,613,199)
Funding for all 200 Literacy Coaches eliminated	\$(12,034,400)
More at Four preschool program reduced by 5.8%	\$(5,000,000)
Cuts to local school districts (determined by local district; K-3 class size must remain at current levels)	\$(225,000,000)
Funding for Improving Student Accountability eliminated	\$(38,339,798)
Increased spending for drop-out prevention grants	\$13,000,000
<b>Community Colleges</b>	
Adjust Comm. College budget to a level at or below FY 08-09 budget	\$(67,749,918)
Management Flexibility Reduction (cannot impact activities involved in retraining displaced workers)	\$(14,000,000)
Funding for programs to teach life skills to disabled adults is eliminated	\$(1,229,760)
Tuition Increase of \$8 per credit hour	\$(30,522,884)
Fully Fund enrollment growth	\$58,068,720
<b>Universities</b>	
Adjust University Budget to a level at or below FY 08-09 budget	\$(171,869,601)
Management Flexibility Reduction applied to sr. and middle mgmt positions; centers and institutes, low enrollment programs, etc.	\$(72,866,184)
Reduce funding to UNC Centers and Institutes	\$(12,000,000)
Tuition increase of the lesser of \$200 or 8% at all UNC institutions - takes effect in 2010-2011. Saves \$35 m.	
Fully Fund enrollment growth	\$44,197,776

Public Schools  
(K-12)

Public school spending was reduced on net by \$409 million, or 5%, over the proposed continuation budget for FY09-10. Without the aid of the federal fiscal stabilization funds intended solely to mitigate cuts to education, overall public school spending would have dropped by another \$380 million.

The single largest cut to public schools is a flexibility cut to school districts of \$225 million in FY09-10 and \$305 million in FY10-11. The cut will be distributed pro-rated according to the average daily membership of each school district. School boards are instructed to reduce spending such that classroom services and services for at-risk and special-needs children are protected. Class sizes for kindergarten through grade 3 are to remain unchanged, but grade 4 through 12 class sizes may be increased to reach budget targets. School districts were asked to report the reductions to the Department of Public Instruction (DPI) by September 3, 2009. It is inevitable that this cut will result in fewer teachers, teacher's assistants, and classroom resources.

Funding for programs and allotments aimed at special needs and disadvantaged children were subject to major cuts this year. The Improving Student Accountability allotment for school districts to improve the performance of students scoring at Level I or II (considered below grade level) on certain state tests was eliminated (\$38 million both years). The rationale behind this cut is that the Disadvantaged Student Supplemental Fund and the At-Risk Fund support similar activities.



More at Four, the state's nationally lauded pre-kindergarten program aimed at four-year-old children from poor households, was cut by 5.8%, or \$5 million, both years. An Early Childhood Education and Care Task Force will consider administrative consolidation of More at Four with other early childhood programs (i.e. Smart Start, Head Start) in 2010. All 200 literacy coach positions were eliminated (\$12 million both years), while funding for the education of students with limited English proficiency was cut 2.5% (\$2 million both years).

The budget contains several cuts that reduce or eliminate expenditures designed to improve teacher quality. These total more than \$15 million in both years and include the elimination of staff development or professional development funds for both years (\$12.6 million per year), a 17.9% reduction in funds allotted to the new teacher mentoring program, and the elimination of the salary bonus pilot program to encourage higher-quality math and science teachers to work in Bertie, Columbus and Rockingham counties.

Teaching support, including materials and administration, received heavy cuts of more than \$92 million in FY09-10 and in excess of \$160 million in FY10-11, including a 2.5% cut in expenditures on non-instructional support personnel funding in both years; a 90% cut in the School Technology Fund, which assists school districts in the execution of technology upgrades; a delay in adoption of new mathematics textbooks in middle and high schools in the first year of the budget and a temporary moratorium on all new textbook adoption in the second year; reductions of 7.5%, 14% or 18% in funding for school districts' central office administration, depending on the enrollment of the school district; and the elimination of 64 state-supported DPI positions in the first year, an additional 11 in the second, and another 25 positions funded from other sources.

Finally, state spending on school transportation was reduced by 3.9% (\$15 million both years) and the schedule for school bus replacement was stretched in order to generate savings of \$6.3 million in FY09-2010 and \$10.3 million in FY10-11.

The major expansion to the education budget is the provision of \$13 million in recurring money to widen the dropout prevention grants program. These grants are given on a competitive basis to local schools, agencies and non-profit organizations.

#### Community Colleges

The community college system received a \$72.7 million net reduction in FY09-10 over the proposed continuation budget. The system did not receive any federal stimulus money intended for fiscal relief.

The largest cut to the community college budget was an unspecified reduction to the continuation budget of \$68 million, which more than offsets the \$58 million provided to "fully fund" enrollment growth. The recession has spurred enrollment growth, which is expected to increase by 7.6% to 216,884 students.

Community college tuition will increase by \$8 per credit hour starting in FY09-10 to free up another \$30.5 million in the budget. Tuition for residents will be \$50 per hour and \$241.30 for nonresidents. Tuition for full-time resident students will increase by a maximum of \$256 per year to \$1,600.

Administrators were tasked to cut another \$14 million at their discretion (management flexibility cuts), starting first with reducing expenditures on senior- and middle-management positions and on programs that have either low enrollment or low success rates. They were directed to minimize reductions to instruction, student services and retraining of dislocated workers.

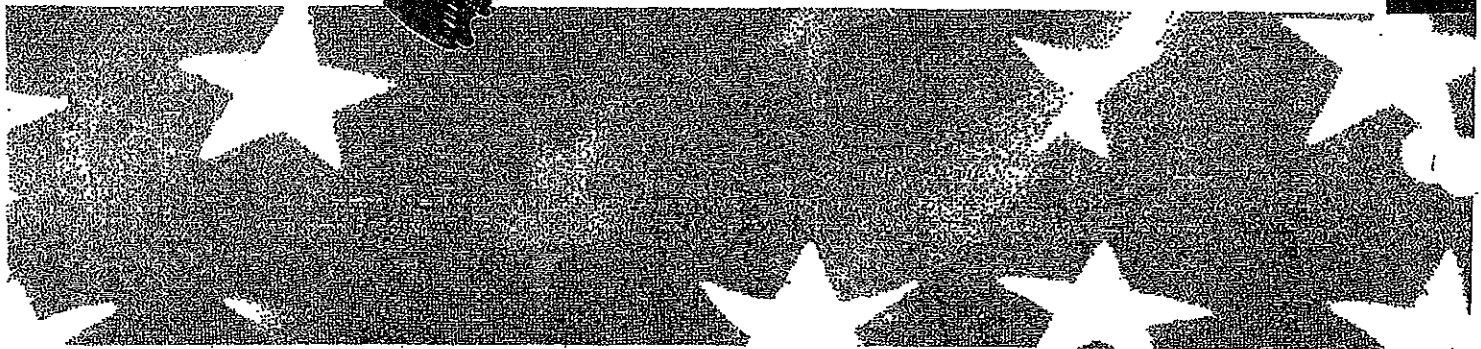
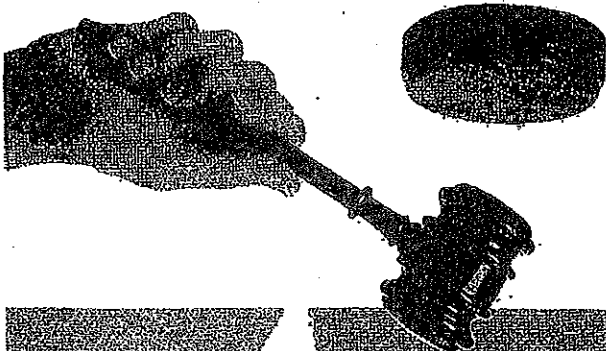
Supplemental funding of \$1.2 million for programs that provide assistance and teach life skills to developmentally disabled adult students was eliminated from the budget. Colleges will continue to receive funds on a per-student basis for these programs.

NORTH CAROLINA

The Public School Forum's Study Group XI

# *Responding to the* **LEANDRO RULING**

-RS 1349-



# PARTICIPANTS...

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## Executive Summary

The Supreme Court decision to uphold the Leandro case finding that the state is not meeting its constitutional obligation to provide all students with the opportunity for a sound basic education will potentially have a profound impact on schools in North Carolina. The Public School Forum spent over six months examining the steps it will take to bring the state into compliance with the State Constitution. The major recommendations that emerged follow.

### Primary Conclusion

In recent history the state has responded in piecemeal fashion to school improvement needs. What has been lacking is a comprehensive, research-based, master plan for improving schools and insuring all young people the opportunity for a sound basic education. To bring the state's educational program into compliance with the constitution, such a plan is needed, as is the will and the fortitude to stick with the plan overtime. The necessary elements of such a plan include:

#### Element #1

##### Strengthen the Capacity of the State to Respond to the Court Ruling

- Resolve the school governance issue through a constitutional amendment.
- Align and, where needed, transfer existing state resources and programs to the State Board of Education.

- Expand and strengthen the Education Cabinet.
- Create a Leandro Implementation Team that includes representation from the General Assembly

#### Element #2

##### Implement a Comprehensive Teacher Recruiting & Retention Plan

- Launch an ambitious marketing campaign to recruit teachers.
- Eliminate existing barriers to recruiting teachers from other states.
- Create a statewide campaign to improve teacher working conditions.
- Create incentives to attract teachers to hard-to-staff schools.
- Overhaul the current Teacher Salary Schedule.

#### Element #3

##### Overhaul School Funding Policies

- In the short term, complete funding of the Low Wealth supplemental fund; longer term, adopt a multi-year approach to providing targeted funding to the state's most challenged schools and school systems.
- The state should assume full responsibility for insuring all young people are taught by qualified teachers
- Limit additional spending earmarked to respond to the Leandro ruling to research-based educational programs and strategies.

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## FOREWORD

For the eleventh time in its twenty-year history the Public School Forum has convened a Study Group on an issue confronting education in North Carolina. When the Forum conducts a Study Group, its entire sixty-plus person Board of Directors and others invited to participate in the Study function much like members of a legislative study commission.

For the better part of a school year, Study Group members work in committees. The committees gather information related to the study, hear from expert witnesses from within and outside of the state, examine how other states are addressing the same issues and work to frame recommendations intended to strengthen schools in North Carolina.

Many of the recommendations that have emerged from previous Study Groups have subsequently formed the basis for legislation or policy changes. Others have had a major impact on educational policy discussions and direction setting.

As the Forum releases the results of its eleventh Study Group, it hopes that the thinking and recommendations that follow will make a contribution to the on-going effort to create a North Carolina system of schools that is second to none.

### Responding to the Leandro Decision

The focus of the Forum's eleventh Study Group report is assessing what it will take for the state to respond to the court's findings in the decade-old Leandro lawsuit, a suit that challenged the constitutionality of the state's current system of financing schools. The essence of the court's rulings is that:

- The state, as judged by its own system of holding schools accountable, is not meeting its constitutional obligation to insure that all young people have an opportunity for a sound basic education.

- Further, the state itself – not, as the state argued, local school officials – is solely accountable for insuring that all young people have the opportunity for a sound basic education.
- Also, it is the state's responsibility to insure that all young people are taught by qualified teachers and that all schools are led by qualified, capable principals.
- Finally, it is the state's responsibility to determine and provide the resources that are necessary to insure that all young people have the opportunity to have a sound basic education.

Those findings framed the work of the Forum's Study Group. To address the question of how could, or should, the state respond to the Leandro decision, the Study Group was organized in three working committees that addressed the following questions:

- Does the state currently have the capacity to fulfill its constitutional obligation? If not, what needs to be done to give the state the capacity to meet its obligations?
- Is the current state system of funding schools sufficient to insure that all young people have an opportunity for a sound basic education? If not, what could be done to strengthen the state's funding system?
- Finally, what steps must the state take to insure that all young people are taught by qualified, capable teachers?

Over the course of six months, each working committee met frequently. What follows is the result of their deliberations.

## An Examination of the State's Capacity to Respond to Leandro

Of necessity, any examination of the state's capacity to meet its constitutional obligations must begin with the State Department of Public Instruction (DPI) and with the State Board of Education. They are accountable for leading and supporting the state's public schools. However, even a cursory examination of the DPI's ability to meet the challenge of the Leandro decision finds a Department that is literally a mere shadow of what it once was.

If one looks at the functions expected of an education agency, the roles tend to fall into several broad categories:

- Monitoring/Regulation/Fiscal Management.
- Providing Technical Assistance/Service to Local Schools and Systems.
- Giving Leadership to the state's Schools.

A series of cutbacks over an extended period of twenty-plus years has left the department stripped of its capacity to adequately fulfill all of the functions above. A glance at a chart below tracking the staffing patterns of the DPI graphically illustrates what has happened as a result of a succession of cutbacks.

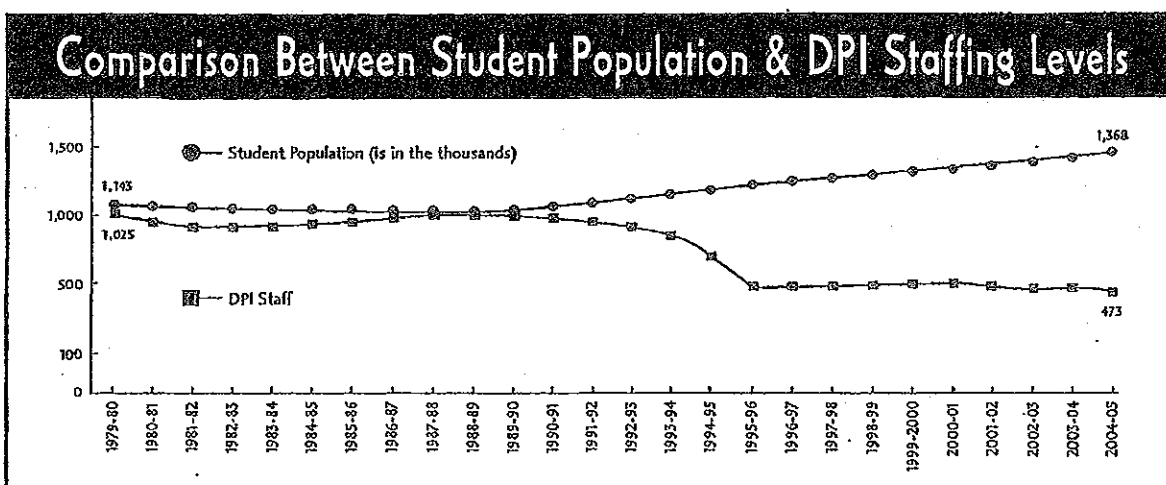
The reasons for the DPI staff's being reduced from 1,025 to 473 are varied, but the first, and largest, series of cuts impacting the department's ability to fulfill its obligations stemmed largely from perception and politics. In the early

eighties, the tenure of the then elected State Superintendent had spanned twenty years and the Department's staffing level was over twice what it is today.

The heart of the DPI's program at that time was a series of eight regional offices that were designed to provide technical assistance and staff development to schools throughout the state. The typical regional office was staffed with between 25-40 people and included specialists in subject areas like mathematics, reading and science. These specialists provided technical assistance in curriculum planning and offered an array of staff development programs, some geared to regional needs, others to specific local needs.

They also served as a communication conduit between the state and local school systems. Through the regional offices, the DPI received regular and frequent feedback; conversely, local school officials were kept abreast of new state initiatives and priorities.

Within the political community, however, many viewed the regional offices as little more than the political arm of an elected state official – the Superintendent of Public Instruction. When, after twenty years of service, the Superintendent announced his intention to step down from office, the offices were extremely vulnerable to budget cuts – and, in fact, over time most of the regional offices shrank drastically or, for all practical purposes, withered away.



Source: based upon data from DPI

At first the funding for regional offices was sent directly to local school districts that were given the choice to use their funding to sustain regional services; or they could choose to keep the funds and use them locally. Later those funds were also cut, and today only a handful of regions have sustained regional support centers from local funds.

Coinciding with this round of departmental cutbacks was the beginning of a protracted and public series of disputes between the appointed State Board of Education and the elected State Superintendent. At issue was the question of day-to-day control and accountability for the DPI. Did the authority rest with the Superintendent elected by the people, or did the authority reside with the State Board of Education?

The question finally ended up in court; and for those working in the DPI, it was an extremely trying period of time. Ambiguity and tension permeated the agency. Some staff soundly supported the State Superintendent and looked longingly back at the times when the Superintendent was, without question, the head of the agency. Others supported the State Board. Many simply stayed "out of the line of fire" and hoped for the issue to be resolved.

The issue ultimately was resolved by the General Assembly, which sided with a strong, popular Chairman of the State Board. The result was a piece of legislation that designated the State Board of Education, not the elected State Superintendent, to be in charge of the state agency.

When the issue of control and accountability was resolved, the State Board invested a Deputy State Superintendent, who reported directly to the State Board, with the day-to-day operational powers previously held by the State Superintendent. For the DPI that period of conflict extended through much of an eight-year period, beginning in the late 1980's through the mid-nineties. During that time, the size of the department continued to be reduced, the regional service centers withered and key functions, like the Office of Teacher Recruiting, were sacrificed to budget cuts.

In 1996 a new State Superintendent of Public Instruction was elected, and the relationship between the State Board of Education and the Superintendent improved to the point where most of the functions that had once resided in the

Superintendent's Office were returned to the new Superintendent. That authority, however, was "loaned," not returned on a permanent basis. When that Superintendent announced in 2004 that he would not run for re-election, the State Board voted to reclaim the powers they had loaned to the Superintendent. And that is where things stand today. When a victor is declared in the currently contested State Superintendent's race, the individual will come into office with little more than an office and the "bully pulpit" that comes with having run for, and won, a statewide position. In the early days of the 2005 Session, proposed legislation was introduced that would make the office of State Superintendent an appointed, not an elected, office, and the issue remains unresolved.

Through this long period, spanning nearly 16 years, much time and energy has been spent resolving governance and accountability issues. It is worthwhile to consider what has been lost within the state agency:

- The regional offices, as noted earlier, have withered over time. Most of the subject-area specialist's expertise that once existed has largely disappeared. Today, the largest regional support center has a staff of 10 compared to an average of 25-45 in the peak regional office years; several have only full- or part-time directors working alone or with the help of one clerical staff person.
- The Office of Teacher Recruitment, which once had paid teacher recruiters in each of the state's high schools and regional recruiters charged with coordinating recruitment efforts, is largely dismantled.
- The DPI no longer has a Research & Development arm (R&D).

In returning to the major three functions of the Department, as things now stand:

- Technical Assistance/Support. At the beginning of the eighties, North Carolina had one of the nation's largest and most comprehensive technical assistance programs. Through the roughly 250 employees in its 8 regional offices, the Department provided on-site technical assistance and training services to schools across the state. Today the DPI has largely ceded its technical support and staff development functions to other entities that have, as will soon be clear, come into existence in recent years.

- **Monitoring/Regulation/Fiscal Matters.** This is the function that remains the strongest in the state agency. In the area of fiscal control, the department is under a heavy burden with both the state and federal money to insure that funds are properly accounted for and the agency has kept this function fairly well staffed and supported.
- **Leadership.** With a handful of notable exceptions (i.e., proposing the Basic Education Program in the eighties and creating the ABCs accountability program in the nineties), the DPI and the State Board have largely been reactive to educational initiatives coming from elsewhere. In some cases (i.e., Senate Bill 2, new funding policies for low wealth and small schools), leadership came from the General Assembly and educational think tanks. In others, leadership came from Governors, with initiatives like More at Four, class size reduction, the Excellent School Act, SmartStart, and Learn and Earn. In still others, initiatives came from the federal government. The federal initiative No Child Left Behind, for instance, is the primary driver within education today. For the reduced DPI, most of these new initiatives brought with them new expectations and demands on the department. As for leadership, at the moment, the DPI is more reactive than proactive.

### Nature Abhors a Vacuum

As the state faces the obligation of meeting its constitutional obligation to provide all young people the opportunity for sound basic education, it has a state education system with much less capacity. However, the state is not without resources. A phenomenon that accompanied the decline of the DPI was the creation of other programs and entities, many of which were created to fill the vacuum left as DPI was reduced in size and capacity.

Several of the first of the new entities, not surprisingly, were focused on staff development. In 1984, for instance, the General Assembly created the Principals' Executive Program (PEP) to begin a focus on strengthening leadership at the school building level. At the same time, the state established the North Carolina Center for the Advancement of Teaching (NCCAT) with the goal of providing stimulating learning experiences for teachers and implanting motivation to continue in the teaching profession.

With the DPI under intense scrutiny, largely preoccupied with internal divisions over day-to-day control and not highly-regarded in the General Assembly, both programs were housed within the University of North Carolina system (UNC), beginning a pattern of locating new educational programs and initiatives outside of the DPI. That trend would accelerate over time.

Ultimately, there would be nine state-funded programs, all intended to provide staff development or program support for K-12 schools, housed throughout the University system and elsewhere. Some were attached to UNC colleges and universities; others fell under the UNC Office of the President (General Administration). In addition to PEP and NCCAT they included groups like:

- NC Model Teacher Education Consortium, established in an effort to improve teacher retention rates in hard-to-staff school systems in Eastern North Carolina.
- NC Teacher Academy, created to bolster teacher training.
- NC Mathematics and Science Education Network, a consortium of college campuses that augment teacher training in math and science.

In the nineties, members of the General Assembly began scrutinizing these programs to gauge how much they were contributing to the overall effort to improve schools in North Carolina. The discussion that followed led to the creation of a new UNC Center for School Leadership Development that was charged with bringing the nine programs under one umbrella and focusing their resources and work on accomplishing the priorities of the State Board of Education. While the concept behind the Center of School Leadership Development was sound, policymakers did not address the diverse governance structures of groups within the Center. Some, for example, continue to be governed by independent Boards of Directors that have the power to hire and fire the executive directors of the programs and to set budget and program priorities. Most are funded by General Assembly appropriations or federal grants that come directly to the entities under the Center, not to the Center itself.



It should be noted that since the Center was created, it has formed partnerships with other organizations that are also housed at the Center. They include groups like:

- NC Educational Research Council, established to give the Education Cabinet independent research capacity.
- LEARN NC, established to create a clearinghouse of educational resources easily accessible through technology; LEARN NC is housed at the Center for School Leadership but formally attached to the UNC Chapel Hill School of Education.
- James B. Hunt, Jr. Institute for Educational Leadership and Policy, created to be a resource to state governors and their education staff; the Institute now is funded by the state to provide issue conferences for members of the General Assembly.

Today the Center is a center more in name than in fact. There is not one Center budget that establishes priorities and directions. Hiring decisions for some key personnel do

not fall under the Center but are made elsewhere by autonomous boards. As for the Center itself, it does not have appropriated operational funds; instead, it is expected to be self-supporting.

### Programs and Leadership Placed Outside of Governmental Circles

The lack of centralized leadership and direction has been complicated even more by another phenomenon that began with the decline of the DPI. As the DPI's capacity to provide program leadership and support withered, new groups were established to fill the void. The result has been the creation of groups like:

- The North Carolina Partnership for Excellence established to bring total quality principles and operation to school systems across the state.

## UNC Center for School Leadership Development

### PROGRAMS

NC Center for Advancement of Teaching (NCCAT)  
NC Mathematics and Science Education Network (NC-MSEN)  
NC Model Teacher Education Consortium (NCMTEC)  
NC Principal Fellows Program (PFP)  
NC Restructuring Initiative in Special Education (NC RISE)  
NC State Improvement Project (NCSIP)  
NC Teacher Academy (NCTA)  
Principals' Executive Program (PEP)  
Teachers of Excellence for all Children (NC TEACH)

### PARTNERSHIPS

James B. Hunt, Jr. Institute for Educational Leadership and Policy  
NC Educational Research Council (NCERC)  
LEARN NC  
National Paideia Center

*Above is a complete list of the Programs and the Partnerships that are now part of the UNC Center for School Leadership Development.*

- The North Carolina Network, established after the passage of Senate Bill two in an effort to strengthen site based decision making and more effectively address school improvement.
- ExplorNet (now the Center for Quality Teaching and Learning), established originally to bring more technology into the schools, it now focuses on harnessing technology to quality instruction and provides staff development.
- Schools Attuned, established to give teachers training and tools to use in dealing with different learning styles of young people.

All of these groups receive state support. They, however, operate outside of government. Each is a nonprofit organization. Each is governed by its own Board. For the purpose of "full disclosure" it should be noted that the Public School Forum, receives state support to oversee the North Carolina Teaching Fellows Program.

Few of the groups receiving state support meet on a regular basis with the State Board of Education to share the results of their work, much less their goals and vision. Further, in most cases, the State Board has never formally embraced their approaches or their goals or attempted to incorporate their programs into a comprehensive improvement plan.

## Educational Nonprofits

ORGANIZATION	YEAR FORMED
NC Business Committee for Education	1983
Public School Forum of NC	1985
Teach for America	1988
Communities in Schools	1989
NC Partnership for Excellence	1993
Centers for Quality Teaching & Learning (formerly ExplorNet)	1996
NC Network	1996
Schools Attuned	1997
NC TEACH	2000

\*part of the Governor's 2005 proposed budget

## Looking Beyond DPI For Leadership of AfterSchool & Pre-School Programs

Beginning in the nineties, the state recognized the link between quality pre-school and after-school programs and long-term success – especially for at-risk young people. That led to the creation of new programs designed to support the state's drive to improve schools.

### AfterSchool Support Programs

- **Support our Students (SOS)** – In 1994, the state created the SOS program designed to create afterschool programs that would give at-risk young people afterschool alternatives. The goal of the program was to prevent crime prevention by taking young people off the streets during the hours when most juvenile crime happens. Since the idea for the program was the result of a blue ribbon commission studying ways to reduce crime, the program was housed in the Department of Juvenile Justice.
- **Communities in Schools (CIS)** – In 1989, the state began providing funds to CIS to provide technical support to afterschool programs providing tutoring services. CIS programs are heavily dependent on volunteers from within communities and focus largely on at-risk youngsters who need more support. CIS is a stand-alone nonprofit organization.

### Pre-school Programs

- **SmartStart** – In his second eight-year term, Governor Hunt made SmartStart a major priority. The goal of SmartStart was to give disadvantaged youth a head start and to arrive at schools healthy and ready to learn. Locally, SmartStart programs fall under nonprofit organizations. At the state level, the program is housed at the Division of Health and Human Services.
- **More at Four** – Following former Governor Hunt, Governor Easley continued the focus on pre-school education by making More at Four one of his top priorities. More at Four is focused on at-risk four-year olds and, like SmartStart, typically falls under a nonprofit organization at the local level. The statewide administration of the program is also housed at the Division of Health and Human Services.

## **A Wealth of Program Resources... A Dearth of Coordination**

When one examines all of the groups that have come into being to support school improvement in little more than twenty years, it quickly becomes evident that the state is rich in educational resources. It is, however, impoverished when it comes to insuring that all of these resources are working in tandem toward common goals. Each of the programs cited thus far have laudable goals. Each can make a legitimate claim to having contributed to North Carolina's educational progress to date. Each of these programs also came into existence because it was believed that they could make a positive contribution to the drive for school improvement. Many came into existence because policymakers doubted whether a diminished DPI could adequately fill program gaps.

The issue for the state is whether the sum of the parts can equal far more than the individual entities if these and other state-supported groups were to become part of a coordinated attempt to better use existing resources.

## **A Last Word on State Capacity**

Hindsight is frequently described as "twenty-twenty." It is easy to say that the state was shortsighted when it began downsizing the DPI — and especially so when it brought about the shrinkage of the department's regional offices. That may well be, but it is counter-productive to play Monday morning quarterback at this point in time.

It is equally easy to say that the array of new programs and organizations created over the last twenty-plus years were created thoughtlessly. That, in fact, is not the case. Each of the new programs came into being to fill a perceived vacuum or to inject new thinking and innovation into a system in need of improvement.

What was missing through the eighties and nineties remains missing today. New programs and initiatives were not launched systematically as part of a grand design. Rather, they came into being in an attempt to address problems in a

piecemeal, disconnected fashion. As DPI's capacity declined, so did confidence in the department. Subsequently, new initiatives were placed elsewhere, in the belief that they would not live up to their promise if housed at the department. Thus, confidence in the department ebbed even more.

While this history is instructive, it doesn't substitute for the lack of a grand design — a master plan to insure that all young people have their constitutional opportunity to receive a sound basic education.

At the root of this set of recommendations is the belief that the state has far more resources to marshal than those which exist within the DPI. It is a question of designing a plan that will maximize the potential of state-funded educational support entities, wherever they happen to be housed. That is an administrative challenge, a leadership challenge. And, the Study Group believes, it is a challenge that must be addressed comprehensively if the state is to meet its constitutional obligations.

How do the various programs addressing preschool education fit with the overall school improvement design? Is there a guarantee that young people who have had the benefit of early education will continue to receive additional services through afterschool programs once they enter schools? Can the state, relying on existing state-supported groups that provide staff development and training, create a systematic program of staff development that will enable new teachers to get off to a good start and give more seasoned teachers the tools they need to succeed with all learners? Can state-funded organizations that are already working in schools across the state shape their programs to help the state accomplish its educational goals? Can all of the various state agencies that house key educational programs work across agency lines and develop a seamless, comprehensive plan that better insures success for students from age four to twenty-four? The Study Group believes the answers to those questions are resoundingly in the positive — if the state can design a comprehensive plan and bring together the array of educational resources it has created.

# > RECOMMENDATIONS

## RECOMMENDATION #1

### **Develop a Plan Offering a Sound Basic Education to All**

The State Board of Education, working in tandem with the Governor's Office, the Education Cabinet and the General Assembly, should design a comprehensive plan for moving North Carolina's schools forward. At the moment the state has broad goals — bring all young people to grade level proficiency; reduce drop out rates, etc. It does not have a comprehensive plan with measurable benchmarks.

How will staff development fit into the plan? How much training will be required of what teachers? Who or what will be accountable for making the training easily accessible? What resources will it take to achieve the goals of the state? Which schools or systems will require additional funds? What will be done with the funds? How much will it cost? When should it be phased in? How can the state meet its constitutional obligation to guarantee that qualified teachers are in every classroom and that all schools are led by competent principals?

These are examples of the specificity that should be included in a master plan to make North Carolina's schools what they could, and should, be. Ideally, the plan should span at least five years. The process of designing the plan should bring not only educational stakeholders to the table, but policymakers as well.

## RECOMMENDATION #2

### **Resolve Once & For All the Governance of Public Schools**

Much of eight years was spent with school officials arguing over who or what had control of North Carolina's schools. At the root of the issue was the ongoing question of how to distribute authority and accountability between an elected State Superintendent and an appointed State Board of Education. The practice of electing State Superintendents of Public Instruction is a vestige of the

past that has been discarded by the overwhelming majority of states across the country. The state should place a constitutional amendment on the ballot calling for the appointment of the State Superintendent and clarify once and for all accountability for the management and leadership of the state's schools. Since the process of placing a constitutional proposition on the ballot is time consuming, in the interim the State Board of Education should publicly make clear how the DPI is organized, explain the role of the Board itself, and publicly delineate the roles of the Deputy Superintendent and the elected State Superintendent.

## RECOMMENDATION #3

### **Better Focus Resources for Staff Development**

It is becoming evident to more and more people that high quality staff development and training is key to North Carolina's successes or failures in the years ahead. That is especially true as larger numbers of new teachers are recruited from the private sector. These individuals are typically well schooled in subject matter but have not had the benefit of courses or internships giving them the skills needed to successfully manage classrooms and deal with different types of young people.

Rather than re-create staff development capacity by adding new staff within the DPI, the state should seek ways to better focus the resources of the UNC Center for School Leadership Development on the central training needs of the state. That could be done in the following way:

If the school governance changes recommended in the second recommendation (see above) are made, transfer key training resources to the DPI. PEP, the principals' training program, the Teacher Academy, the NC Center for the Advancement of Teaching, Learn NC, and the Model

# RECOMMENDATIONS

Teaching Consortium, which are each, in their own ways, providing vital services to the public schools. To insure that the state has a coordinated plan focusing both on the most important training needs of the state and on the school systems or buildings most in need of state support, these functions should be transferred to the State Board of Education, where they would be integrated into a comprehensive plan for school improvement.

Until school governance issues are resolved, the Center for School Leadership Development should remain intact and under the UNC Office of the President. However, regardless of where the Center and its functions are located, autonomous governing boards that currently oversee some of the programs within the Center should be eliminated. If the state is to have a coordinated direction and program focused on school improvement, there needs to be clarity around management and leadership. For the Center to truly be a Center, it should have the capacity to shift resources as needed, insure that different programs within the Center are working as a team, not in silos, and set a unified direction. Further, DPI and UNC need to create a mechanism that insures that the Center's resources are focused on the goals and priorities of the State Board of Education.

## RECOMMENDATION #4

### Experiment With Regional Support Centers in Eastern North Carolina

As noted throughout this report, the decision to eliminate the DPI's regional support centers effectively ended the state's ability to provide technical assistance and training. However, the functions of regional offices have been sustained in some parts of the state. In Western North Carolina, for instance, local school systems saw the value of regional support centers and have voluntarily maintained viable Regional Educational Support Alliances.

The region of the state that has largely allowed their regional centers to disappear is Eastern North Carolina, the

area of the state with the highest need, the most at-risk young people and the bulk of North Carolina's low-performing schools. The state should experiment with regional support centers in northeastern and southeastern North Carolina. Further, staffing support to the regional centers could be found by decentralizing existing programs within the Center for School Leadership Development and augmenting staff resources with DPI staff, to insure maximum use of existing resources.

## RECOMMENDATION #5

### Expand and Strengthen the Education Cabinet

The creation of the Education Cabinet was the result of General Assembly action calling for a coordination mechanism to bring the state's major educational entities more closely together. The Cabinet is chaired by the governor and includes the heads of the public school system, the community college system, the university system and the Association of Independent Colleges & Universities. It is intended to bring together the educational resources of the state in ways that will strengthen the school improvement effort.

Missing from the Cabinet, however, are other agencies that oversee key educational programs. The Division of Health and Human Services, which houses SmartStart and More at Four and is the funding backbone of other afterschool services across the state, is not represented on the Cabinet. Neither is the Juvenile Justice Department, which houses the SOS afterschool program and is responsible for education of incarcerated youth serving time in state institutions, represented on the Cabinet.

All state agencies that house state-funded educational programs should be included in Cabinet meetings in an effort to create a cohesive plan that begins with preschool programs and moves on to higher education. Additionally, the Education Cabinet should be institutionalized and given sufficient staffing support to enable it to fulfill its function. There

should be an Executive Director responsible to the Cabinet. That position should be supported by an R & D staff not caught up in the day-to-day issues of any of the individual governmental entities that make up the Cabinet, but rather focused on large, cross-cutting issues impacting the overall health of the state's total education system.

## **RECOMMENDATION #6**

### **Establish Closer Ties Between Education Nonprofits & State Board**

As noted earlier, there are a growing number of nonprofit groups that provide educational services and create networks of educators across the state. The State Board should create a vehicle that would allow those groups to work much more closely with the State Board of Education and, conversely, enable the State Board to maximize the potential contribution each could make to the overall school improvement efforts.

## **RECOMMENDATION #7**

### **The Governor Should Create A Leandro Implementation Team**

Missing thus far in these recommendations is any mention of the General Assembly and the central role it plays in any school improvement efforts in North Carolina. While a better functioning and expanded Education Cabinet can lead to a more cohesive and efficient plan for school improvement, any plan devised to improve schools, of necessity, will require a partnership with the General Assembly.

The Governor should invite leaders of the General Assembly to meet regularly either with the Education Cabinet or with a

smaller group tasked by the Governor to focus on meeting the educational constitutional obligations of the state. Such a group should meet regularly to insure that the General Assembly is a full partner in deliberations centered on strengthening the state's ability to provide a sound and basic education to all young people. The group should begin by familiarizing itself with the new legal requirements established by the Leandro case.

## **RECOMMENDATION #8**

### **Enable the DPI to Attract Top Educational Talent**

Over time not only has the DPI seen its staffing cut by over one-half, it has become less and less competitive when it comes to salaries. In recent years, there has been a steady stream of talented DPI employees who have departed for higher-paid, and in many cases, less demanding jobs at the local or federal levels of government or at colleges and universities. At the moment, DPI is barely competitive with the pay earned by school principals. It is not competitive with salaries paid to top local school officials working in the front offices of the state's leading schools systems.

As the final report issued by the state's recently departed State Auditor pointed out, this problem is not unique to DPI; it is a problem throughout state government. However, DPI is the only branch of government now working to bring its function, the public schools, into compliance with the State Constitution. The infrastructure of the Department will only be as strong as those who work within it.

The state should conduct a wage comparability study in order to assess what salary levels would enable the DPI to fairly compete with the state's leading educational institutions in the area of recruiting and retaining top quality staff. Such a study should not only look at comparability with the state's leading school systems but with the community college and UNC systems.

## Central Elements of a Comprehensive Plan

Thus far, this report has focused largely on better coordination and alignment of existing resources. Two other issues, however, will determine the success of any master plan for education in North Carolina. These issues go directly to the quality of education offered in schools and classrooms across the state.

As a result of the Leandro decision, one of the issues -- guaranteeing that all 1.3 million of the state's young people are taught by "competent, certified, well-trained" teachers and that all of the state's 2100-plus schools are led by competent principals -- is no longer a laudable goal, it is a constitutional obligation that North Carolina must meet.

The other issue is also spoken to in the Leandro decision, but in far less specific terms. That is the issue of adequate resources. The Leandro decision says only that "every school be provided, in the most cost effective manner, the resources necessary to support the effective instructional program within that school so that the educational needs of all children, including at-risk children, to have the equal opportunity to obtain a sound basic education, can be met."

The two Study Group committees that addressed these issues reached conclusions that could provide the state a road map as it looks at short and long term goals and benchmarks for a long-term approach to meeting its constitutional obligation.

### High Quality Teachers

North Carolina's ongoing problems in finding qualified teachers have been much discussed in recent years. The dimension of the problem can be summarized quite easily:

- Each year, the state must fill 9-11,000 teaching positions as a result of teachers moving to other schools, retiring or leaving teaching altogether.
- The state's teacher training institutions, both at public and private colleges and universities, produce only 3,500 teachers annually and, of those, only roughly 2,500 will enter the field.

- To fill the supply and demand gap, local schools are now recruiting in states across the country and, more and more, in other countries.
- Even though local school systems are now offering signing bonuses, higher pay and a variety of recruiting incentives, over 9,000 of today's 86,000-teacher work force are not fully qualified to teach.
- While the problem is widespread, it is especially acute in low wealth, rural counties and in many inner-city schools serving large numbers of young people living in poverty.

The dimension of the problem can be summarized quite easily; however, the solutions to the problem do not lend themselves to equally easy answers.

Regardless of the difficulty of meeting the challenge, the drive to guarantee that all children are taught by qualified teachers is now being driven by three factors. First, as noted earlier, is the Leandro decision. The ruling could not be clearer.

"North Carolina Constitution, as interpreted by Leandro, guarantees to each and every child the right to an equal opportunity to obtain a sound basic education requires that each child be afforded the opportunity to attend a public school which has the following educational resources, at a minimum: "First, that every classroom be staffed with a competent, certified, well-trained teacher who is teaching the standard course of study by implementing effective educational methods that provide differentiated, individualized instruction, assessment and remediation to the students in that classroom." (Manning, April 4, 2002).

The second factor lending urgency to the drive to guarantee high quality teachers in every classroom comes from the federal government's No Child Left Behind legislation. That legislation requires that all classrooms be staffed by "highly qualified" teachers, as defined by the states. Local schools not meeting this federal mandate could suffer economic consequences in the future.

The last factor is not legalistic -- rather it is the moral dimension. A growing body of research finds that the single



best predictor of student success or failure is found in the capability of the teachers students will encounter over time. Students exposed to high quality teachers will excel at high levels – regardless of parental income levels or other factors frequently cited as reasons for failure. Conversely, students exposed to mediocre or poor teachers can be educationally scarred for life.

It is not an exaggeration to say that in 2005 the students who most need the state's very best teachers are least likely to have them – a finding that did not go by unnoticed in the Leandro decision. What, then, is the answer to this problem? At the risk of overemphasizing the importance of having a comprehensive and constitutionally compliant plan and sticking with it, it may be no more complicated than that.

Ironically, in the late eighties the state was facing a similar teacher shortage and adopted a multi-faceted recruiting strategy. An Office of Teacher Recruiting was created. Each of the state's high schools had paid teacher recruiters, whose job it was to stimulate interest in teaching as a career. The state had funds to place advertisements promoting teaching as a career. All of these programs fell victim to successive rounds of cutbacks within the Department of Public Instruction.

It is not as if the state has been without answers on how to improve the situation. Instead, the state has not been willing to embrace a comprehensive plan and stay with it for the long haul. Subsequently, what was a problem in the eighties is now a matter of urgency. Both the Supreme Court and the federal government have mandated that the state address the recruiting and retention issue. The recommendations that follow are focused on those issues.



# > RECOMMENDATIONS

## In the Short Term...

### RECOMMENDATION #9

#### **Develop an Ambitious Marketing Campaign for Recruiting Teachers**

Just as advocates for mathematics and science run campaigns aimed at stimulating interest in these fields, so should North Carolina market, in the truest sense of the word, market teaching as a profession. Such marketing should begin in middle school. The state should reinstate recruiting officers in middle and high schools charged with putting new energy into groups like Teacher Cadets and Future Teachers. Major teacher organizations should mount campaigns urging members to be positive about the teaching profession and plant seeds that could translate into teaching career choices for their best students. The Governor's Learn and Earn program should establish high school career tracks leading to teaching as a career.

### RECOMMENDATION #10

#### **Eliminate Barriers to Attracting Quality Teachers from Other States**

The State Board of Education should immediately implement the Reciprocity report and recommendations passed unanimously by the Board in 2004 but never implemented. This would remove barriers confronting local school systems attempting to hire highly qualified teachers from other states.

### RECOMMENDATION #11

#### **Launch a Statewide Campaign to Improve Teacher Working Conditions**

The Governor's Office, in collaboration with BellSouth and the Southeast Center for Teaching Quality, has conducted two statewide surveys on teacher working conditions that underscore the importance of working conditions and teacher retention. The next step in responding to the findings of those surveys should be to provide training to the state's principals and assistant principals in strategies that could create teacher support programs and improve working conditions at the school building level.

## In the Long Term...

### RECOMMENDATION #12

#### **Partner with Higher Education to Increase Teacher Production**

Differences in requirements and course work demands make portability between colleges, community colleges and universities difficult. The teacher shortage facing the state is such that territorial issues and "turf" need to be set aside in an attempt to fill North Carolina's classes with qualified teachers.

- UNC is to be commended for setting an ambitious goal of increasing the number of students majoring in education; independent colleges and universities should be encouraged to embrace a similar approach for increasing their output of teacher graduates.

- The Teaching Fellows program should be expanded and a new two-year scholarship program should be designed to attract college juniors to teaching.
- Community Colleges should forge a strategic alliance with four-year colleges that would make it easier for teaching candidates to complete two years of work at a community college and transition into four year institutions for their junior and senior years.

## **RECOMMENDATION #13**

### **Create Teacher Incentives & Strengthen Teacher Coaching**

- Teachers earning National Board Certification should be able to work outside of the classroom in mentoring and support roles with new teachers.
- Financial incentives should be created to attract and keep qualified teachers in hard-to-staff schools.
- Substantial bonus pay should be given to teachers who will remain in the classroom for three additional years beyond the 30 years in the current salary schedule.
- Create a menu of choices that can be tailored to best meet the specific needs of districts and schools across the state. Fund this menu of choices so that school systems can tailor incentives to their needs. Choices could include:
  - Specialized scholarships for graduate work or securing certification in fields like math, science and exceptional children.
  - Retention bonuses paid in annual increments.
  - Pay for performance tied to ABC and AYP goals.
  - Relocation bonuses for moving to hard-to-staff schools.
  - Free tuition at UNC institutions for children of teachers.
  - Housing subsidies and low-interest loans for first-time teacher homebuyers.

## **RECOMMENDATION #14**

### **Overhaul Current State Salary Schedule**

- The starting salary for teachers must become more competitive with other fields.
- The current salary schedule must be compressed to enable teachers to advance more rapidly; additionally, financial incentives need to be created to attract retirement-eligible teachers to remain in the field.
- New teachers and their mentors should be given eleven or twelve month contracts to provide optimum time for mentoring and staff development.

## **RECOMMENDATION #15**

### **Improve Overall Staff Development**

A yearlong collaborative effort of the Education Cabinet and the Z. Smith Reynolds Foundation focused on how to improve the quality of staff development available to teachers, make staff development more accessible to all teachers, regardless of their location, and insure a high quality of staff development offerings. In light of the growing number of teachers entering the field from other walks of life and in need of training, the report focused on an area that is increasingly important if the state is to meet its constitutional obligation. Incorporate the recommendations from the recent report on professional development, "The Professional Development Initiative, Proposal for Action." into a comprehensive plan responding to the need to insure that all young people are taught by highly-qualified teachers. Those recommendations would greatly improve current staff development programs and give schools far more training tools to use when focusing on school improvement.

## Is the State's System of Funding Schools Sufficient?

The Study Group believes it is essential that policymakers come to grips with the fact that providing sufficient resources to insure all students an opportunity for a sound basic education is a matter of meeting a constitutional right for children and a constitutional obligation for the state.

That places the question of school finance in a very different category than funding other state functions. For the state to avoid a constant stream of additional litigation charging that the state is not meeting its constitutional obligation, it will be necessary to put in place funding policies that, in fact, guarantee that all of the state's young people have the opportunity promised them by the constitution.

As the Study Group began its examination of current funding practices and possible alternatives, it was confronted with a wealth, or glut, of studies and recommendations on how to improve school finance. Some of the recommendations came from groups within North Carolina that have studied the state's funding systems; others came from states across the country that, like North Carolina, have wrestled with school finance litigation and alternatives for years.

To sum up much of what the committee found when researching school funding alternatives, much of the current thinking about school finance can be reduced to these conclusions:

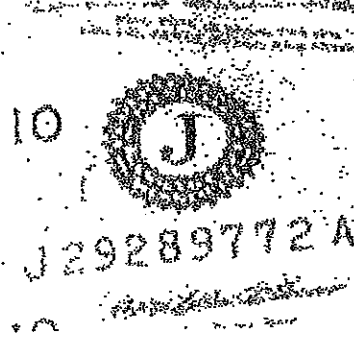
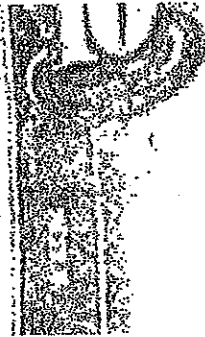
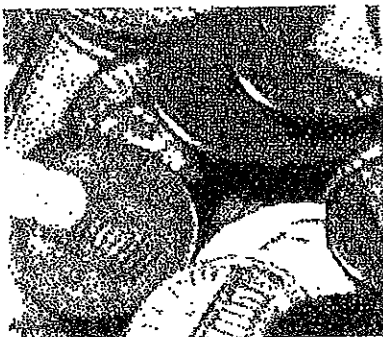
- Most state funding systems, including North Carolina's, are based largely on "one-size-fits-all" funding formulas that essentially provide the same amount of funding to pupils across the state, regardless of differences between students or communities.

- A more strategic way of funding schools would be to determine the needs/costs of dealing with differences between students as well as the differing fiscal capacities of communities and base funding on need, not on same-dollar-per-pupil formulas.

In the mid-nineties, North Carolina's General Assembly departed from its tradition of funding schools based on a "one size fits all" formula that allocated equal amounts of funding on a per pupil basis when it created supplemental funding for low wealth and small school systems. These funds were created in an effort to provide a more equal foundation for all school systems, regardless of the funding capacity of their counties or their size. While the General Assembly has increased these funds over time, it is important to point out that the funding currently provided is barely half of the original funding goal embraced by the General Assembly.

Since the Leandro decision, the DPI has worked to create a new school funding stream that would more strategically focus additional dollars on students and schools most in need. The product of that work is a proposal to create a Disadvantaged Student Supplemental Fund (DSSF). The DSSF is based on a formula that uses a variety of indicators, ranging from poverty to parental education, to identify students most at risk of academic failure.

The proposed formula would provide additional funding to school systems based on the number of at-risk youngsters they serve. Starting in the 2004-05 school year, the first version of the DSSF mechanism was used to provide funding to 16 pilot projects in school systems that, for the most part, are located in low wealth counties and serve a high number of at risk young people.



Yet to be resolved, however, are crucial questions. For instance, the pilot funding currently underway allocated school systems an additional \$250 for each enrolled student. The Forum's working committee examining this issue believes that is far too little to sufficiently provide the resources needed to bring the state into compliance with the constitution. Further it does not distinguish between children with differing educational needs.

A second problem with the proposed DSSF funds underscores the complexity of the school finance issue. Currently, in the sixteen pilot project systems the bulk of the DSSF funds are being used in an attempt to attract and retain qualified teachers. In fact, over 60% of the DSSF funds provided to the pilot systems is being spent on personnel -- bonuses to attract teachers, differentiated pay for teachers in hard-to-staff areas, longevity incentives, and the like.

The reasons for this are varied. First and foremost, however, local school systems are now confronted with the federal government's No Child Left Behind mandate that all young people must be taught by "highly qualified" teachers. In systems facing the most extreme educational and demographic challenges, this is a goal that is much more easily stated than accomplished. Systems that fail to meet this federal mandate (an unfunded mandate, it should be pointed out) run the risk of losing federal dollars. That said, the state, as part of the compact it made with localities when it assumed the bulk of the costs for education, assumed the responsibility of providing teachers to local school systems. The state, however, has not lived up to its end of the bargain.

By devising a "one-size-fits-all" salary schedule for teachers, the state inadvertently created a situation in which some communities could easily attract the best and brightest of the state's teaching workforce, while others could barely find "bodies" (qualified or not) to staff classrooms.

In some communities, the recruiting problems are deep-rooted. Poor, rural counties, especially in Eastern North Carolina simply do not have the amenities (i.e., shopping centers, housing alternatives, colleges with graduate degree programs, night life, etc.) to attract and keep teachers. Others are located in close proximity to wealthier communities that pay far more in local supplements than do their poorer neighbors. Those communities essentially have become "farm clubs" for wealthier school systems. After new teachers gain experience, they find that with a longer commute or a move they can earn substantially more and frequently leave for greener pastures.

The personnel issues make school funding a much more complicated matter. If the state presumes that additional dollars -- be they from low wealth funding or the newly created DSSF fund -- are providing extensive, new educational programs, it is making an incorrect assumption. Most of the funds are going to pay more competitive local salary supplements and to create incentives to attract and keep qualified teachers.

These issues led the working committee to recommend the following.

# RECOMMENDATIONS

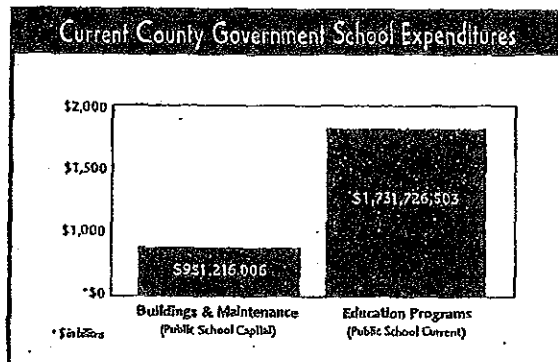
## RECOMMENDATION #16

### Create a Short-Term Solution and a Long-Term Comprehensive Plan

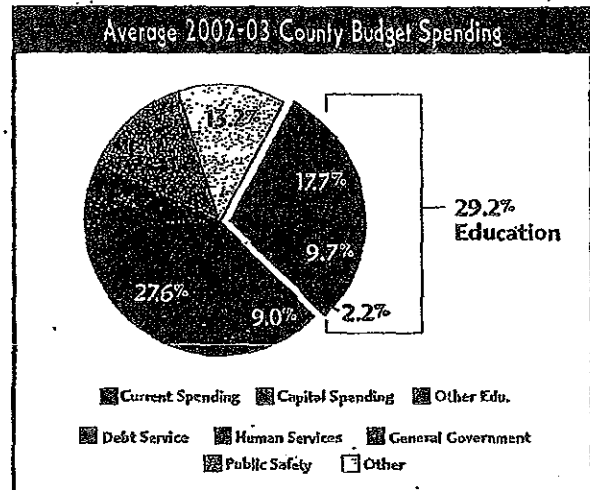
In the short-term, the state needs to inject additional resources to systems, especially those most in need. Longer term, however, the state needs to reach consensus on a comprehensive plan to overhaul of the state's school funding system. Today's funding system was largely framed in 1931. That system served the state well, especially in the depths of the Great Depression when, without a large infusion of state dollars, school doors would have closed across North Carolina.

The framework that was established in the thirties, however, has altered dramatically over time. Under the framework the state was to assume the program costs for schools – teachers, administrators, textbooks and supplies and the like. Counties were to assume the cost for building and maintaining schools. That compact is now blurred. The funds provided by the state are not sufficient to meet the needs of today's schools. Subsequently, county government, especially in counties with larger tax bases, is spending more and more local funds on teachers, technology, counselors, special education and other program costs originally envisioned as state responsibilities. Also, as noted earlier, more and more county dollars are providing salary supplements needed to attract and retain qualified teachers.

As a result of county government's assuming more and more of the educational program and personnel costs, education, for most counties, has become the largest single expenditure for county government.



Source: based upon the NC Treasurer's Annual Financial Information Report Costs in millions.



Source: based upon the NC Treasurer's Annual Financial Information Report.

At the same time, state funds have increasingly been appropriated to help county governments meet school building demands – especially in the twenty fastest growing counties of North Carolina. In the nineties, the state assumed the payback responsibility for \$1.7 billion in school construction funds; yet, the most recent estimate of construction backlogs finds that it would take \$6 billion to meet today's needs.

In addition to a blurring of state and local responsibilities, the demands of the federal government's No Child Left Behind legislation could not have been anticipated in the thirties. For the state's schools to meet the demanding standards of the federal government's program, it will require far more investment in education.

Last, but certainly not least, the state now must meet an unmet constitutional obligation. The Leandro decision has made the issue of school funding a priority, not simply a problem. A comprehensive overhaul of today's system is needed. The Study Group recommends that the 2005 Session of the General Session support the proposal to fully fund the Low Wealth Fund and that it should increase the funding level for the DSSF fund. At the same time, the General Assembly should direct that a comprehensive funding plan that will bring the state into constitutional compliance be developed in sufficient time for it to be considered by the 2006 Session of the General Assembly.

## RECOMMENDATION #17

### Revamp Education Salary Schedules

The funding issue cannot be solved until the personnel cost issue is resolved. With over 91% of state school expenditures going to salaries and fringe benefits, this issue is at the heart of school finance.

One could argue that today's one-size-fits-all salary schedule accounts for much of the personnel problems now facing educators. Fewer and fewer college graduates in high-demand areas like math and science choose teaching as a career because of salary potential in other areas. High performing teachers lack pay incentives. Starting pay is low and salary advancement is slower yet under today's pay schedules.

A revamped salary schedule would have to account for, at a minimum, the following issues:

- Differentiation for hard-to-staff subject areas (math, science, special ed, etc.)
- Incentives to attract and keep teachers in hard-to-staff school buildings and school systems.

Guiding the creation of a new approach to salary schedules for teachers should be the realization that the Leandro ruling has firmly come down on the side of all students having the constitutional right to qualified teachers. That means that the state, not local school systems, is obligated to fund a salary system sufficient to guarantee that all young people are taught by qualified teachers.

Toward that end, the state should revamp today's teacher salary schedule and create a system that will both attract and keep more people within the teaching profession and guarantee that today's hard-to-staff schools can attract the teachers they need.

## RECOMMENDATION #18

### The DSSF Should be Based on Research/Need

Currently, the State Board of Education's proposed funding for the DSSF program is \$250 per student. That number has no basis in research. It was chosen more on the basis of affordability than need.

As an example, nationwide there is a consensus among afterschool program providers that it takes, on average, at

least \$1,000 per student to provide a high-quality afterschool program that blends academic support, personal development and enrichment. However, afterschool programs are only one of many strategies that are needed for low-performing students. Non-English speaking students, for instance, have unique needs that require bi-lingual staff, special teaching materials and, often, technology and more time. Schools, especially those serving diverse student populations, need to use different strategies and support programs for different students.

At its current level, DSSF could not even guarantee the establishment of afterschool programs for at-risk youth, much less address other learning issues for limited English speakers, gifted students or students with disabilities.

There are ample precedents to draw on to establish what a sufficient amount of DSSF support would require. Drawing on high-quality programs from within and outside of North Carolina, the State Board should establish a prudent, but sufficient, amount of funding that would be required to guarantee all students an opportunity for a sound and basic education and advocate for that funding from a research base, not an affordability, standpoint.

## RECOMMENDATION #19

### Limit DSSF Spending for Program and Support

While guaranteeing that all young people are taught by qualified, competent teachers will, in theory, go a long way toward insuring all students an opportunity for a sound basic education, it is not, in itself, a "silver bullet" solution.

At-risk young people will still need programs, currently not available in many schools. Examples of such programs include afterschool programs providing academic support, smaller class sizes, additional summer programs and technology-infused learning options. Further, limited English speaking students will still need language immersion programs, technology geared to students learning English, and tutorial support. Advanced students deserve advanced math and science offerings and foreign language options now not available in all schools.

DSSF funds should be the funds that make those types of high quality educational programs possible. They should not be a surrogate for improving salary structures.

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## Meeting the Demands of Leandro... Begins with a Plan and Ends with Determination

The results of the Forum's Study Group XI, like the results of recent studies on teacher retention and staff development, contain a framework of ideas that could be the foundation for a comprehensive master plan that would enable the state to fulfill its constitutional responsibilities. Without such a plan, it is highly likely the state will remain in a reactive mode, responding piecemeal to its educational needs, with no comprehensive end goal in sight.

Unfortunately, the state's record of completing comprehensive plans is unimpressive. In the eighties, the state embraced the Basic Education Plan, an ambitious eight-year plan that was to establish a higher resource standard for schools across the state. The plan was only half completed when budget woes derailed the implementation schedule.

In the nineties, the state created the Low Wealth Supplemental Fund, with the goal of bringing all of the low wealth counties in North Carolina to at least the midpoint of available school resources. A decade later, the fund remains only partially funded.

There is, in recent history, only one example of the state's embracing and staying with a multi-year plan, and that example illustrates what is possible when policymakers are committed to a multi-year strategy. In the mid-eighties, the General Assembly embraced the Excellent Schools Act, an ambitious program that resulted in teacher salaries reaching the national average for the first time, financial incentives for teachers earning National Board Certification, a formalized

and financed teacher mentor program, additional days for training of new teachers, the ABCs accountability program and much more. The plan was not inexpensive. It required investing \$1.4 billion over a four-year period of time. However, the investment was made and the state has been the beneficiary ever since.

It is time for another multi-year plan. However, this plan needs to address the full scope of problems confronting the state, including:

- A revamped system of school funding that gets resources to the schools and communities that most need them.
- A comprehensive plan to attract and retain teachers.
- An ambitious effort to make high-quality staff development accessible to teachers across the state.
- An initiative aimed at better utilizing existing public and private resources that receive state money for support programs in the K-12 arena.
- A strategy to strengthen the DPI to the point that it has the capacity and resources needed to support and lead the school improvement drive.

This is a challenge no less daunting than that, which faced North Carolina lawmakers in the depths of the Great Depression. That generation of lawmakers did not shirk from assuming the responsibility for keeping the state's educational system intact and, in fact, stronger. Today's generation of lawmakers should do no less.



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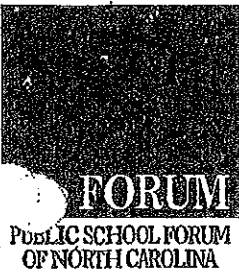
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March 2005



**For Immediate Release**

**March 29, 2005**

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### **The Public School Forum Calls on State To Meet Its Constitutional Obligation to Young People**

The Public School Forum announced a series of recommendations designed to have the State meet its constitutional obligation to provide all young people with a sound basic education. The recommendations emerged out of a Forum study that began last fall in response to the Supreme Court decision upholding a ruling that declared that the State is currently failing to meet its constitutional obligations.

"North Carolina is in the unique position of being under court order to live up to its responsibility to the 1.3 million students attending public schools," said Thomas Lambeth, the Chair of the Forum Board of Directors. "Specifically, the courts have said that the State needs to stop pointing fingers at local school officials and do whatever it takes to turn low performing schools around. The courts have also said that the State is responsible for insuring that every child is taught by a competent, qualified teacher and that schools get the resources they need to do the job."

After devoting the better part of the 2004-05 school year studying what the State should be doing the Forum's Study Group reached a number of conclusions. Chief among them were:

- \* The State needs a comprehensive, master plan for meeting its constitutional obligation. At the moment improvement initiatives are piecemeal and frequently unconnected.
- \* The Governor needs to establish a Leandro Implementation Task Force charged with overseeing the State's efforts to comply with the constitution.
- \* The State needs to coordinate the nearly twenty different governmental entities and non-profit organizations receiving state funding for K-12 programs to maximize the investment already being made in school improvement.

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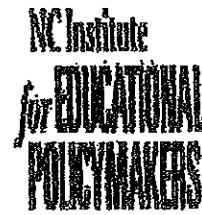
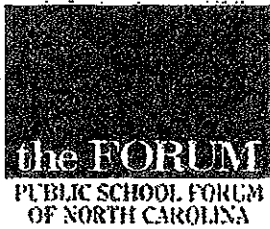
- \* The State needs to attack the teacher shortage in a comprehensive way through establishing competitive salaries, providing incentives to attract teachers to hard-to-staff schools, creating additional scholarships for young people willing to become teachers and focus intensely on improving the day-to-day working conditions of teachers.
- \* The State must make a major, targeted investment focused on the communities and schools serving the largest number of at-risk young people. Toward that end, the Study called for the establishment of a Commission charged with bringing a long-range, comprehensive plan back to the 2006 Session of the General Assembly for action.

While the Forum study did not recommend a specific dollar figure that would be needed to provide sufficient resources to schools, the Forum's Board Chairman pointed out that, "We're headed in the wrong direction," Lambeth said, "In the last four years we've fallen farther and farther behind other states in terms of how much we invest in our children. Currently we're spending \$1,384 per child less than is the average state. On an annual basis, that means we're spending \$1.88 billion less on our schools than is the average state. We've also fallen farther behind on beginning teacher salaries, compounding our difficulties in finding and keeping qualified teachers."

Lambeth concluded, "We know we're not going to spend our way to constitutional compliance, but we also know we're not going to meet our constitutional obligations on the cheap. It's going to take will, determination and investing to get our schools where they need to be."

The Forum Study Group recommendations now go to the Governor, the State Board of Education and to the General Assembly. Previous Forum Study Group recommendations have led to the creation of the Teaching Fellows Program, supplemental funding for low wealth schools and other major pieces of educational legislation.

# # #

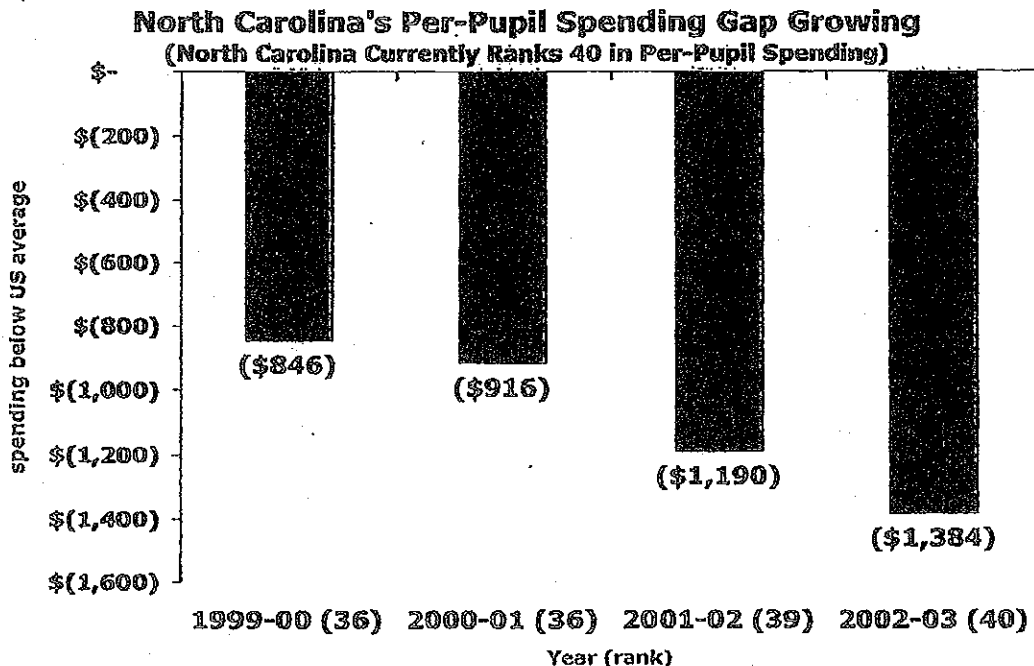


## ***Institute for Educational Policymakers Brief***

**March 2005**

### **North Carolina Continues to Slide in National Rankings: Ranks 40 in Public School Investments**

North Carolina has never been a high-spending state when it comes to public school funding, but it now ranks 40th in per-pupil spending and has fallen behind states like Louisiana and South Carolina. Beginning with the state's budget woes in 2001, the state has fallen from 36th place to 40<sup>th</sup> in the nation. As the chart below shows, the state's spending compared with the national average has fallen steadily. The state would have to increase its spending \$1.88 billion to reach the national average, based upon current enrollment figures.

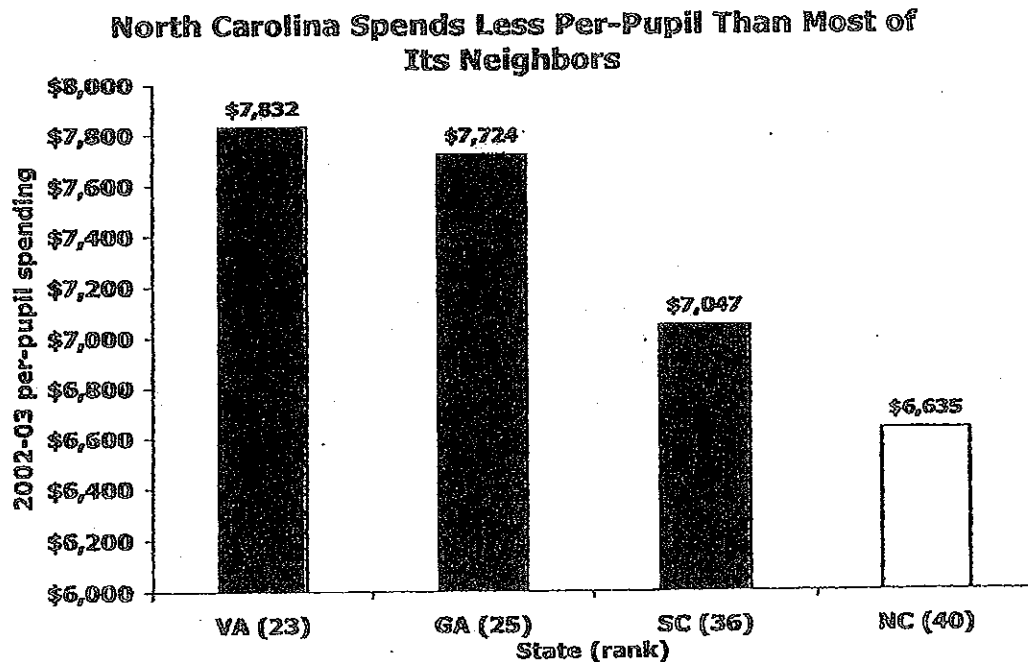


Source: Census Bureau, Annual Survey of Local Government Finances - School Systems

Translating the national rankings into dollar terms, the gap between what North Carolina invests in schools and what the average state invests in schools is now \$1,384 per child per year. The chart below shows what that spending gap means in dollar terms:

Per Pupil Gap	Spending Deficit for a 25-Student Class	Spending Deficit for a 600-Student Elementary School	Spending Deficit for a 2000-Student High School
\$1,384	\$34,600	\$830,400	\$2,768,000

Those numbers underscore the difference in average school investment at the school building level. Statewide, the degree to which North Carolina is falling behind other states is even starker: North Carolina spends less per pupil than most of its neighbors (see chart below).

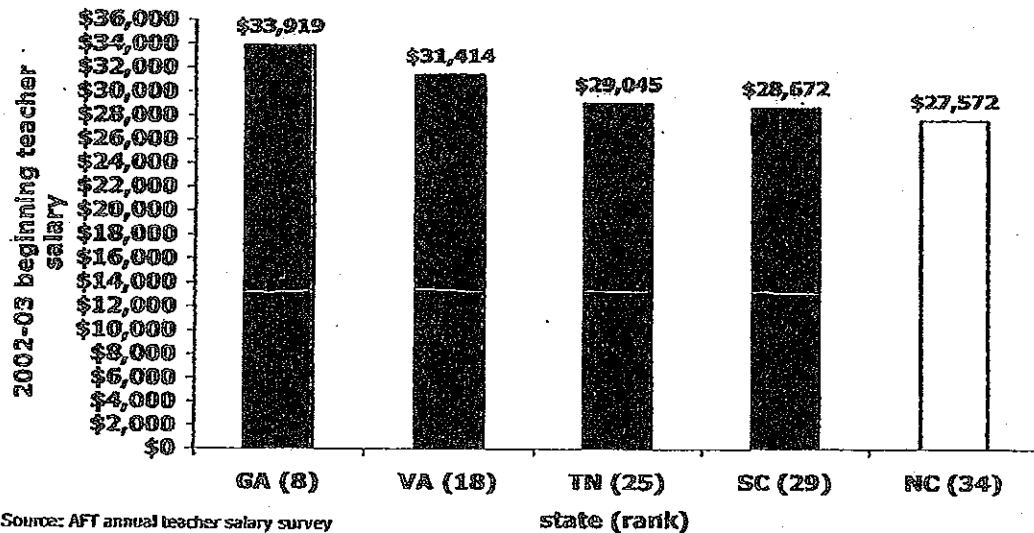


Source: Census Bureau, 2003 Annual Survey of Local Government Finances- School Systems

## Beginning Teacher Salaries

In addition to the per-pupil spending gap, North Carolina has fallen behind its neighbors in beginning teacher salaries. Based upon the most recent survey of state departments of education, North Carolina has fallen to 34<sup>th</sup> in the nation in beginning teacher salaries. It will be extremely difficult for North Carolina to recruit and retain the highly-qualified teachers need to meet its constitutional obligation under the *Leandro* decision if it continues to lag in beginning teacher salaries.

### North Carolina's Beginning Teacher Salaries Lower than Neighbors (34th lowest beginning teacher salary in the nation)



Given the resource gap North Carolina educators are working with, it is a tribute to teachers and administrators statewide that the State has made the educational gains that it has made in recent years. The question for 2005 is whether the downhill slump will continue?

---

With support from the Burroughs Wellcome Fund, the *Policymakers Briefs* are published by the Public School Forum of North Carolina for the benefit of education policymakers and the media that cover their events.

STATE OF NORTH CAROLINA    IN THE GENERAL COURT OF JUSTICE  
                                 SUPERIOR COURT DIVISION  
COUNTY OF WAKE               FILE NO. 95-CVS-1158

HOKE COUNTY BOARD OF EDUCATION,  
et al.,

Plaintiffs

and

ASHEVILLE CITY BOARD OF EDUCATION,  
et al., Plaintiff-Intevenors,

vs.

STATE OF NORTH CAROLINA;  
STATE BOARD OF EDUCATION,

Defendants.

---

Transcript of proceedings taken in the  
General Court of Justice, Superior Court Division,  
Wake County, North Carolina, at the December 17, 2010  
Civil Session before the Honorable Howard E. Manning,  
Jr., Judge Presiding.

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I N D E X

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1 reporter and we'll get it marked.

2 If you would just mark that as Plaintiff's  
3 Exhibit 1 and put the date on it.

4 MR. ZIKO: Your Honor, Mr. Pruette has been  
5 sitting patiently to talk about More At Four, I don't  
6 know that you need to hear that More At Four report,  
7 it's in here. I can do 15 minutes.

8 THE COURT: I want to hear Mr. Pruette with  
9 More At Four, then we're going to quit.

10 MR. ZIKO: I have in my notes we can move  
11 quickly here.

12 MR. SPEARMAN: Maybe more quickly than your  
13 notes indicate.

14 THE COURT: Well, it's not like he's walking  
15 into a hostile environment.

16 JOHN ROBERT PRUETTE, having first been duly sworn,  
17 testified as follows during DIRECT EXAMINATION by MR.

18 ZIKO:

19 THE COURT: I think what's coming, what we're  
20 worried about, we need his testimony.

21 Q. Could you state your name full name, please.

22 A. My name is John Robert Pruette.

23 Q. Now, Mr. Pruette, in the interest of time, could  
24 you tell us what your current obligations are at DPI  
25 and how you came to that position?

1     A.     Absolutely. I direct of office early learning  
2     which is an office that includes multiple publicly  
3     funded pre-kindergarten efforts including Title One  
4     preschool, exceptional children's preschool, even start  
5     family literacy and the state funded pre-k effort More  
6     At Four. I came into that role as a classroom teacher,  
7     a local administrator, and then a consultant at the  
8     state level. I was recruited into the governor's office  
9     as he, Governor Easley, as he began that program.

10    Q.     So you are the state head for the More At Four  
11    program?

12    A.     Yes.

---

13    Q.     Simply put, could you tell us what is the  
14    difference between a More At Four program and what we  
15    had come to see as a more traditional early childhood  
16    education program evolved out of Head Start and other  
17    early childhood programs the Court has previously heard  
18    about.

19    A.     I think that the biggest difference is the  
20    academic component that exists within the program, and  
21    that includes requiring a bachelor degreed teacher with  
22    a birth through kindergarten license. The  
23    implementation of a research based curriculum that  
24    supports early learning standards. Real focus on  
25    teacher practice. What is the level of interaction that

1 occurs between a student and a child, and how that  
2 teacher is equipped to move that student forward in  
3 their learning gains.

4 Q. Since you'd been head of the More At Four program,  
5 how has the program utilized studies and assessments of  
6 teacher effectiveness and student learning in the More  
7 At Four program?

8 A. One of the things we wanted to do from the very  
9 beginning was build the program on the evidence, on what  
10 the literature suggests. Hence, the program standards  
11 that we put in place that are very specific to

~~12 instruction and teacher education level and professional~~

13 development associated with that. We have been, we  
14 currently look at or continue to look at evidence to  
15 drive an evolution of the program. Most recently in  
16 evaluations we have recognized that the quality of the  
17 classrooms is high where teacher instruction may not be  
18 where we want it to be, so over the past few years we  
19 have really developed a system of preschool  
20 demonstration sites, of teacher support and professional  
21 development that strengthens the quality of the  
22 instruction that the teacher is delivering. So we  
23 continue to self evaluate and use external evaluators  
24 Frank Porter Graham Child Development Center for one, to  
25 look at what it is we're delivering and how we can make

1       that better.

2       Q.     You talked about what it is you're delivering.

3       Now, Ms. Quick, when she was speaking, was talking about

4       improving student learning, student reading by adding an

5       effective teacher, but she also mentioned that the other

6       variable that goes into reading is the student itself.

7       Now, she was speaking about K-12 education; you're in

8       pre-K education.

9       A.     Correct.

10      Q.     So in effect, your program is pro -- is delivering

11      to the public school system the students that the

~~12      effective teachers or ineffective teachers have to~~

13      instruct, correct?

14      A.     Correct.

15      Q.     I want to direct your attention to the notebook

16      before you to a slide behind the teachers tab, teachers

17      B, which is the Stronge report.

18      A.     Okay.

19      Q.     Can you find slide 15? It's entitled arriving at

20      school ready to learn.

21      A.     Yes, I have that.

22      Q.     Could you tell us something about that slide in

23      the context of the More At Four programs and what you're

24      trying to achieve at the More At Four programs?

25      A.     Well, clearly, first let me speak to the fact the

1 More At Four program is a targeted program that focuses  
2 on an at risk population of four your old students. So  
3 the majority of the students in the program are from  
4 extremely low socioeconomic families, qualify for free  
5 lunch. There are a percentage of students served in the  
6 program that are over that threshold, but they have  
7 other risk factors that allow for their eligibility.

8 This particular slide speaks to the difference in  
9 vocabulary when children enter school. Those from a  
10 higher socioeconomic group with a vocabulary of 20,000  
11 or so words from a low socioeconomic group a vocabulary  
12 of 5,000 words. You can look at vocabulary acquisition

---

13 as one predictor of reading success or your ability to  
14 learn to read. What we do in the More At Four program  
15 is we develop -- we deliver an academic content in a  
16 developmentally appropriate context, so we are creating  
17 experiences for children both through teacher directed  
18 activities but through child initiated activities that  
19 really work to strengthen their vocabulary skills, their  
20 cognitive skills, their math skills, et cetera.

21 Q. You said that you were trying to develop and  
22 implement a research based program for children that is  
23 delivering a curriculum that is developmentally  
24 appropriate for these children. What have you done to  
25 determine whether you're actually achieving your

1 objectives?

2 A. Well, since the program's inception, we have -- we  
3 have contracted with an external evaluator, the Frank  
4 Porter Graham Child Development Institute at U.N.C.  
5 Chapel Hill to look at the program on an annual basis,  
6 to not only measure the quality of the program, but to  
7 look at outcomes for children. Initially those outcomes  
8 were over the pre-kindergarten year, how those children  
9 look at the end of the pre-k year as opposed to the  
10 beginning of the pre-k year. We are then follow cohorts  
11 of children through kindergarten, and most recently have  
12 a longitudinal study that looks at the impact of the

---

13 More At Four program on those children as they have  
14 exited third grade.

15 Q. I want to direct your attention to the notebook to  
16 a tab, it's hidden, it's actually labeled More At Four,  
17 but it's difficult to find because it's behind several  
18 As and Bs, it's about halfway through the book. Let me  
19 help you.

20 THE COURT: It's right behind A, B, C,  
21 turnaround.

22 MR. ZIKO: Turnaround.

23 THE COURT: And right after that it's More At  
24 Four.

25 THE WITNESS: I see that, yes. Okay.

1 BY MR. ZIKO:

2 Q. Could you tell the Court, there are two studies  
3 behind this, one entitled summary of findings and the  
4 other entitled evaluation of More At Four state  
5 pre-kindergarten the first ten years. Could you tell  
6 the Court what these are showing?

7 A. Absolutely. The first that you refer to,  
8 long-term effects of the More At Four pre-kindergarten  
9 program is the most recent longitudinal study that  
10 looked at children served at More At Four. And what it  
11 found was that children who are economically  
12 ~~disadvantaged and served in the More At Four program,~~  
13 looking at their third grade EOG scores, they scored  
14 substantially significantly higher than economically  
15 disadvantaged children who did not have the benefit of  
16 More At Four. And when you look at that in terms of an  
17 economic achievement gap between scale scores for middle  
18 income children and low socioeconomic children, we see  
19 that More At Four students had that gap closed by up to  
20 40 percent.

21 The second piece you referred to is really a  
22 summary piece that speaks to the 10 years of evaluations  
23 that have occurred for More At Four. And typically, as  
24 I mentioned, we have looked at the quality of the  
25 program. We have looked at the quality of the teacher.

1 And we have used that information to really drive our  
2 professional development to impact quality teachers,  
3 particularly since we deliver the program in a mixed  
4 delivery system or diverse delivery system. We serve  
5 students in public school classrooms and Head Start  
6 classrooms and in the private sector. In the private  
7 sector we do a lot of work to move those teachers to a  
8 teacher license and support them with a mentor, provide  
9 them with a personal professional development plan, and  
10 evaluate them on an annual basis so that we ensure that  
11 they are growing as teachers. We then recommend them to  
12 the State Board of Education for licensure. We have  
13 found that to be particularly useful in some of the  
14 rural areas of the state, because we've been able to do  
15 much like what is being described with the principal  
16 academies, we've been able to grow teachers in hard to  
17 staff areas of the state who have already some  
18 investment in that community, they live there and are  
19 committed to that community. We grow them, turn them  
20 into a quality teacher. That's one aspect of the  
21 evaluation.

22 Another aspect is just the exceptional learning  
23 growth that has occurred for children as they move  
24 through the pre-kindergarten program. Where they are at  
25 the beginning of the year. Where they are at the end of



1 the year. I'll just read a quote, more At Four  
2 classrooms have proven themselves in multiple  
3 evaluations to sustain learning growth above and beyond  
4 average developmental expectations for all participant  
5 children across literacy and language, math and social  
6 skill domains.

7 I think it's also significant to speak to the fact  
8 that the most vulnerable children, the most at risk  
9 children in the program are the children who make the  
10 greatest gains. We then follow those children through  
11 kindergarten to see if those gains were sustained, and  
12 we found that trajectory of growth to be continued. We

13 also saw the most vulnerable to be impacted the most.  
14 And then the profound findings that we most recently  
15 have had delivered to us which is third grade EOG  
16 results and showing that significant leap that these  
17 children are making because of the benefit of this early  
18 childhood program.

19 Q. How big was More At Four when it started out?

20 A. 2001 was a pilot year for More At Four. The  
21 program served about 1,420 children.

22 Q. So how big are you now?

23 A. The program now serves over 30,000, close to  
24 31,000 at risk four year olds.

25 Q. Has the program seen any reduction in

1 effectiveness as a result of that significant increase  
2 in size?

3 A. No, just the opposite. In fact, the evaluations  
4 have focused on that over the years and have shown that  
5 the program has maintained its extremely high level of  
6 quality, even in light of large expansions, particularly  
7 around 2001 where the program grew by almost 50 percent.  
8 So we've been able to grow and scale the program up and  
9 keep quality high, but the trick is you do it by  
10 utilizing pragmatic solutions. One of those is using  
11 the service provide -- the service delivery system that  
12 exists, which includes Head Start, the public schools  
13 and private child care.

14 But what I want to mention about that, when we say  
15 we go into child care, we go into Head Start, clearly  
16 those sites do not receive the funds that we control  
17 unless they move to the level of quality that we require  
18 and expect. And we help them get there and maintain  
19 that, but it's clear that we're delivering something  
20 very different than existed prior to this program.

21 Q. You mentioned that you started at the governor's  
22 office and you're now at the Department of public  
23 Instruction. How is that relationship between the pre-k  
24 education and the k-12 education affecting the  
25 performance of these students?

1       A.     Well, it's a critical relationship. The first  
2       relationship I think is critical is that we have the  
3       authority of the state Board of education to ensure the  
4       standards that we have in place. So that, number one,  
5       is critical.

6             The second piece that I believe is critical is it  
7       allows us to maintain a focus on this pre-k to grade  
8       three continuum. It's clear that we are putting in  
9       place or have in place a program that causes a  
10      significant gain or significant bump for children, gets  
11      them ready to be successful as they enter school. What  
12      we want to do is leverage those gains that we make in  
13      pre-kindergarten. The way that you do that is you  
14      strengthen the continuum of services and supports that  
15      exist between pre-k and grade three.

16            Currently, I mentioned the pre-kindergarten  
17      functions within my office, but my office also has a  
18      focus on the pre-k to grade three continuum. And  
19      currently my staff works across division with other  
20      sections, with district and school transformation, to  
21      use one example, to be value added to the work that they  
22      do to ensure that we're strengthening that continuum and  
23      that we are leveraging the gains that we make in pre-k.  
24      So it's a critical relationship and a critical place for  
25      the program to live so that we can do that work in an

1 effective way.

2 MR. ZIKO: Your Honor, those are the questions  
3 I have for Mr. Pruette.

4 THE COURT: All right. I have another matter  
5 coming, but I wanted to get your testimony on the  
6 record. And after reading the material, the major point  
7 that I got out of the study is that they're not catching  
8 up with the children of the wealthy or middle class, but  
9 they are catching up way above those children who did  
10 not have the benefit of the program. That is what the  
11 study shows. Clearly, clearly they are doing well as  
12 compared to the hole they would have been in had they

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13 not had this program to begin with. And the critical  
14 piece, Mr. Pruette and I know, is we've got to get the  
15 kindergarten teacher and the second grade teacher and  
16 the third grade teacher to keep these children moving in  
17 order for them to be successful.

18 Thank you all very much.

19 And I think what we're going to do is move,  
20 Gina is going to have a break, I'm going to have a break  
21 and then we'll move to A, the little courtroom, for a  
22 hearing we've got at 2 o'clock. So we're in recess.

23 Thank you.

24 (Thereupon, the proceedings were concluded at  
25 1:34 p.m.)


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CERTIFICATE

STATE OF NORTH CAROLINA     )  
COUNTY OF WAKE                     )

I, Gina M. Macchio, Certified Shorthand Reporter,  
Registered Professional Reporter, do hereby certify that  
I did stenographically report the foregoing proceedings  
and that the foregoing transcript is a true and complete  
record of my stenographic notes.  
Dated this 11th day of February, 2011.

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Gina M. Macchio, CSR, RPR.  
Official Court Reporter  
Tenth Judicial District

