

CONCLUSION

Lessons Learned

Education has been at the center of the policy debate in North Carolina for most of the past 20 years. Governors Martin, Hunt and Easley all made improving public education a top priority. Their efforts produced a beehive of activity including: reorganizing the Department of Public Instruction and the State Board of Education, revamping the curriculum, developing new academic standards, implementing end-of-grade and end-of-course testing, reducing class sizes, hiring thousands of new teachers and support staff, and developing new accountability structures. With this activity has also come ever growing levels of public investment in education. General Fund expenditures for K-12 education have climbed steadily since the mid-eighties, rising from \$2.2 billion in 1985-86 to \$6.9 billion in 2005-06. While the debate over the merits of these efforts will certainly continue, policymakers and all those committed to improving public education in North Carolina would do well to consider a few of the lessons learned from this brief recent education history.

Lesson One: A Strong Culture Of Accountability Is Necessary For Successful Education Reform

Institutions, like people, must be held accountable for their actions. This may seem obvious, but were it a reality, many of the recent efforts to improve education would have been unnecessary:

- ▶ In 1985, the \$800 million Basic Education Program was passed in response to growing concern over the decline in basic knowledge and skills among our state's young people.
- ▶ In 1997, the General Assembly passed student accountability standards for 3rd, 5th, 8th and 12th grade students to ensure students were performing at grade level.

Both these programs originated in the Legislature and were designed to remedy a declining and unresponsive system of public education. While the ends of this legislation may have been laudable, it was the chronic inability of the public schools to take effective and successful action that prompted the reforms. Were parents, educators, and officials faithful to their own duties and committed to holding schools responsible, such grand initiatives would not have been necessary, nor would the courts have found it necessary to intervene through the *Leandro v. State* decisions.

This is not to say the Legislature does not have a role to play in holding schools accountable. Rather, these efforts only underscore the inevitable shortcomings of any legislative effort that does not encourage (or, in some cases, require) parents, community leaders, educators and administrators to carry out their responsibilities. True education reform can only succeed in an environment that values true accountability.

Accountability is certainly one of the buzzwords of the education reform movement. The names of the various legislative initiatives of the last 20 years give a prominent place to the idea of accountability: ABCs of Education, (Accountability, Basics and Local Control), Student Accountability Standards, Student Improvement and Accountability Act. The titles proudly proclaim the state's intentions. But a closer look at how these laws were actually implemented raises questions about the state's commitment to accountability efforts.

Take, for example, the ABCs of Education. The idea at the heart of the 1997 legislation was that every student should be able to demonstrate specific skills before graduating to the next grade. According to a 2006 State Board of Education Report however, "From 2001-02 to 2005-06, the percentage of gateway grade students promoted who did not meet the standards has increased

each year, from 64 percent in 2001-02 to 91 percent in 2005-06.”¹ Last year the school system promoted 23,345 students who did not meet the standards. How is this possible? Under rules established by the ABCs legislation, principals frequently have the final authority to decide whether a student gets promoted when he or she fails to meet promotional standards. While this flexibility works well for students who test poorly, in reality it leads to a lack of accountability.

LESSON TWO: MORE MONEY ISN'T ENOUGH

Spending on education has skyrocketed. After accounting for inflation and population increases, state spending on public education has grown 34 percent over the last 20 years. That is to say, in addition to spending more money to cover inflation and enrollment growth, the state has spent \$1.75 billion just trying to improve public education.²

WHERE HAS THIS MONEY GONE? Primarily to two separate initiatives to reduce class size (one still ongoing in 2007), salary increases for teachers and administrators, more support personnel in schools, accountability and standardized testing regimens, and special pots of money for targeted groups of “at-risk” students.

As of 2006, North Carolina employed more than 95,000 classroom teachers. Once administrators and support positions are accounted for, more than 150,000 people were employed in the public schools.³ The 1997 passage of the Excellent in Schools Act (ESA) committed the state to reaching the midpoint of national teacher salaries by the year 2000 and resulted in average salary increases of close to 8 percent per year. ESA is estimated to have added close to \$1 billion in costs to the state budget. Average teacher salaries have gone from \$33,129 in 1997-98 to \$45,169 in 2005-06. According to estimates from the state’s Fiscal Research Division, the 2006-07 budget alone includes \$304 million for pay increases for certified personnel, \$90 million for ABC bonuses and \$67 million in pay increases for non-certified personnel.

2006 SCHOOL EMPLOYMENT

- 95,000 classroom teachers (88% state-funded)
- 5,100 principals/assistant principals (78% state-funded)
- 29,200 teacher assistants (75% state-funded)
- Increase of more than 16,000 school employees between 2001 and 2005

WHAT HAVE WE GOTTEN FOR OUR MONEY? While North Carolina has seen some improvements in measures like SAT scores, many students still lack a “sound basic education.” Too few students are staying in school and too many of those who do stay are not performing as well as their peers in other states. The data are disturbing:

- Only 68 percent of North Carolina high schoolers graduate in four years,⁴ and approximately 30 percent do not graduate at all. North Carolina ranks 39th in the percentage of adult population holding at least a high school degree (82 percent), and 31st in the percentage of adult population holding at least a bachelor’s degree (25 percent).⁵
- On the National Assessment of Educational Progress (NAEP) tests given by every state, North Carolina’s fourth graders rank 15th in math but 31st in reading. Our eighth graders rank 16th in math but 36th in reading. Furthermore, while fourth grade reading scores improved between 1998 and 2003, there was no improvement in eighth grade reading scores. Moreover, the average scores for both grades actually declined 4 points between 2003 and 2005.⁶

LESSON THREE: BUDGET REFORM IS A PREREQUISITE TO EDUCATION REFORM

If the last 20 years has taught us anything, it is that the budget has decisive influence over education reform. None of the major initiatives of the last 20 years – ABCs of Education, BEP, SIAA, ESA, Supplemental Funding, increases in teacher salaries, remedial education, class size reductions, differentiated pay – would have been possible without budget resources and legislative backing. In many ways, the budget was merely the tool for implementing education policy.

But because the majority of the reform efforts have been tied to the budget, they have also been subject to the whipsaw fluctuations in funding that accompany economic cycles. Prominent programs like SIAA and BEP have absorbed significant financial cuts during sluggish economic times and then rebounded in good times. The normal cycles of the state and national economy can lead to funding fluctuations that can be crippling, if not fatal, to many education programs.

A growing economy, expanding enrollments and strong public support for K-12 education have helped to fuel the ever-expanding budgets of the last 20 years. There is concern and plenty of evidence to suggest that the present system of funding education is no longer working.

School district reliance on state funds places a premium on the steady and reliable collection of tax revenue by the state. While a growing economy and population changes have helped to fund budget expansion, recent developments make the future of education funding uncertain:

- ▶ The strain of a growing state and local tax burden. In 1985, North Carolina's combined state and local tax burden was the 35th highest in the United States. By 2007 North Carolina was the 19th highest.⁷
- ▶ The long-term financial impacts of *Leandro v. State* are already significant. In 2007, the Legislature provided approximately \$235 million in supplemental funds (low wealth, small school and disadvantaged student) to school districts, in part to help correct for deficiencies. By 2025, the state will likely have to invest another \$1.75 billion above and beyond what is needed to keep pace with population growth plus inflation.
- ▶ The expected demographic shift and subsequent expansion of Medicaid – already underway in North Carolina – will heighten the competition for scarce public resources. By 2030, almost 1-out-of-5 Americans – some 72 million people – will be 65 years or older.⁸

Without changes to the current system of financing K-12 education, financial realities and demographic trends will leave the state unable to maintain current educational service levels. The future requires we begin to learn from past mistakes and focus on new reforms already on the horizon.

ENDNOTES:

¹State Board of Education, 2005-2006 State Accountability Standards in Grades Three, Five and Eight, (Raleigh: State Board of Education), iii.

²Calculated using data from: Fiscal Research Division, North Carolina General Assembly, Overview: 2006 Legislative Session Fiscal and Budgetary Actions (Revised), (Raleigh: Fiscal Research Division, 2007) Q-9-Q-11. Bureau of Labor Statistics, U.S. Department of Labor, "Consumer Price Index: All Urban Consumers (CPI-U)" (Washington, D.C.: U.S. Department of Labor); available at <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.txt>. N.C. Department of Public Instruction, Education Statistics Access System: Beyond 20/20 Web Data Server, "Final ADM Histories by LEAs, 1979-1980 on" (Raleigh: N.C. Department of Education); available at <http://149.168.35.67/WDS/TableViewer/tableView.aspx?ReportId=85>.

³Fiscal Research Division, North Carolina General Assembly, and Office of State Budget & Management, Survey of State Agencies and Other State Funded Institutions (Raleigh: Fiscal Research Division, December 2005); available at http://www.ncleg.net/fiscalresearch/statistics_and_data/stat_and_data_pdfs/2005_gaap_full_time_equivalents.pdf.

⁴N.C. Department of Public Instruction, NC Releases First Four-Year Cohort Graduation Rate, press release, February 27, 2007 (Raleigh: N.C. Department of Public Instruction); available at <http://www.ncpublicschools.org/newsroom/news/2006-07/20070228-01>.

⁵Morgan Quitno, State Rankings 2007 (Lawrence, KS: Morgan Quitno Press, 2007) 129, 150.

⁶Education Trust, Inc., Education Watch, "State NAEP Tables" (Washington, D.C.: Education Trust, Inc., Fall 2006); available at <http://www2.edtrust.org/edtrust/summaries2006/2006StateNAEPTables.pdf>.

⁷Tax Foundation, North Carolina: State and Local Tax Burden Compared to US Average (1970-2007), (Washington, D.C.: Tax Foundation, 2007). Calculations based on data from the Bureau of Economic Analysis, U.S. Department of Commerce.

⁸U.S. Census Bureau, Dramatic Changes in U.S. Aging Highlighted in New Census, NIH Report: The Impact of Baby Boomers Anticipated, press release, March 9, 2006; available at http://www.census.gov/PressRelease/www/release/archives/aging_population/006544.html.