

## **Meeting Minutes for the Commission on Access to Sound Basic Education**

Tuesday, February 20, 2018

9:30 am – 3:00 pm

Wake Technical Community College Beltline Education Center, Raleigh, NC

**In attendance:** Dr. Fouad Abd-El-Khalick, Hon. Charles Becton, Ms. Melody Chalmers, Mr. Jim Deal, Mr. Alan Duncan, Hon. Rick Glazier, Mr. Mark Jewell, Ms. Leigh Kokenes, Dr. Helen “Sunny” Ladd, Dr. Patrick Miller, Mr. James Moore, Mr. Mark Richardson, Mr. Nick Sojka, Mr. Fernando Solano Valverde, Mr. Michael Williams, Dr. Stelfanie Williams, Mr. Brad Wilson (Chair), Ms. Henrietta Zalkind

### **Call to Order**

Chair Brad Wilson called to order the second meeting of the Commission on Access to Sound Basic Education at 9:30 am on February 20, 2018. The Chair read the Conflict of Interest reminder. The Chair presented the minutes from the November 30, 2017 meeting of the Commission and asked if members had any edits to the minutes. Hearing none, the Chair approved the minutes as presented.

### **Commission Business and Updates**

The Chair recognized Dr. Stelfanie Williams for being named the 2018 State Board of Community Colleges President of the Year. The Chair shared that the Commission’s Executive Committee met by conference call on January 10. The Executive Committee set Commission meeting dates for 2018 and developed an outline of major focus areas for the Commission’s meetings. The Chair reiterated that these focus areas could shift or expand as the Commission’s work progresses.

The Chair shared that on February 1, the Judge in the Leandro case signed a joint order indicating that the court will appoint a consultant who will work with the Commission on developing a set of recommendations. The order also details that the consultant’s report will be submitted to the court within 12 months of the consultant being appointed and that the consent order developed by the parties and the Commission will be submitted within 60 days after the submission of the report. The parties to the case have submitted the name of a consultant, but the Judge has not officially appointed the consultant yet.

### **Framework for Analyzing a School Finance System**

The Chair introduced Dr. Karen Hawley Miles, CEO and President of Education Resource Strategies, who joined the Commission by video conference. Dr. Hawley Miles shared that the structure of a state’s education funding system plays a huge role in either helping or hindering performance. The role of a state’s funding system is to promote excellence, equity, and efficiency, and that adequacy is the foundation to support those goals. Dr. Hawley Miles shared that nationally, per-pupil expenditures in education has increased sharply over the last 50 years. However, teacher salaries nationally have not kept pace with inflation or with salaries for comparable jobs. Dr. Hawley Miles shared data that shows that NC is among the lowest funded states based on per-pupil expenditures for education, and that, when adjusted for inflation, per-pupil expenditures in NC have declined by 10% from 2009 to 2014, which is more than two

times the national average. Teacher salaries in NC have also declined 8% over the past 30 years, when adjusted for inflation, and NC has the fifth lowest average teacher salary nationally.

In structuring equitable funding for public education, Dr. Hawley Miles recommended that states need to pay attention to both funding for students in poverty and the concentration of poverty in schools, both of which affect student performance. States must also start with a set of principles for what the education funding system should achieve and then structure the funding system around those set of principles.

### **Overview of NC's School Finance System**

The Chair then introduced Adam Levinson, Chief Finance Officer with the NC Department of Public Instruction. Mr. Levinson highlighted the General Assembly's constitutional obligation to provide for the "general and uniform system of free public schools" and the statutory requirements for the state to provide funding for the instructional expenses and operations of the public school system. Mr. Levinson then discussed the three primary public education funding sources (federal, state and local) and shared that around 63% of funding for public schools comes from the state. The Basic Education Program (BEP), which was developed in the 1980's, is the basis for the system of funding the state currently has. Local school districts were granted increased flexibility in how they could use state funds in 1995 through the ABC's of Education.

Mr. Levinson shared that the state currently provides funding to school districts, and school districts determine how to allocate those funds to schools. The state provides funding through a system of allotments. Base allotments provide funds for every student, while supplemental allotments provide funds to address special student populations or the special characteristics of school districts. There are 25 core allotments, but the total number of allotments varies from year to year depending on the budget for that year. The state provides two types of allotments. Position allotments provide funding for a guaranteed position (such as a teacher or a principal). Dollar allotments provide districts with a set amount of dollars to be used for a specified purpose. Mr. Levinson did share that the General Assembly has restricted over time the flexibility for how school districts can use certain allotments.

### **Discussion**

During the discussion, Commission members shared that it would be helpful to look at specific allotments in the state's funding system and how the state allocates funds in those areas. In addition, it would be helpful to study how other states, particularly states that are similar in size, demographics, or funding levels, have structured their funding systems. Commission members also discussed the need to define the goals or outcomes on which the Commission believes the state's education system should be focused and then work towards recommendations for how the state's funding system should be structured based on those goals or outcomes.

### **Findings from the Public School Forum's Local School Finance Study**

The Chair then introduced Keith Poston, President and Executive Director of the Public School Forum. Mr. Poston shared about the purpose and history of the Public School Forum's Local School Finance Study, which has been published annually since 1988. The intent of the study is to look at the amount of local expenditures for public education in counties across the state. Mr. Poston shared that local school districts are increasingly having to provide local funding for

personnel. Mr. Poston also shared that to understand local school funding, you have to understand real estate wealth because local school funding is based primarily on property tax revenue. There is a widening gap in real estate wealth capacity among counties across the state. The gap in local per-pupil spending between the state's top ten spending counties and the bottom ten spending counties has increased from \$1,000 in 1997 to \$2,300 in 2016. The most tangible impact of those differences is on a district's ability to provide a local salary supplement for teachers. Mr. Poston shared that the state's funding system should be structured around the priorities that the state wants for public education.

### **Perspectives on School Finance from the District Level**

The Chair recognized Mr. Poston to facilitate a panel discussion. Mr. Poston introduced Dr. Anthony Jackson, Superintendent of Vance County Schools; Dr. Tim Markley, Superintendent of New Hanover County Schools; and Dr. Janet Mason, Superintendent of Rutherford County Schools. Dr. Mason shared that one of the issues she faces in Rutherford County is the ability to provide Advanced Placement and honors level courses to students who need them. Often class sizes are small, and it can make it difficult to allocate funding to provide those courses. In addition, the current cap on state funding for students with special needs (the state provides funding for up to 12.75% of ADM for students identified with special needs) puts a greater burden for providing services for these students on the district and often leads to larger class sizes for students with special needs. Currently, 17% of Rutherford County Schools' students are identified for special needs services, yet the state only provides funding for 12.75% of students.

Dr. Jackson highlighted the difficulty for smaller districts like Vance County Schools in attracting and retaining teachers. Neighboring, better-resourced districts often provide higher salary supplements and signing bonuses for teachers. His school district struggles with hiring and preparing new teachers who then leave to go to better-resourced districts. Retaining teachers also creates a problem with providing extracurricular and enhancement programs that give students an opportunity to explore their passions and learn new skills.

Dr. Markley acknowledged that his district's ability to provide a higher salary supplement does allow him to recruit teachers from neighboring districts. He also shared that there is not a technology allotment from the state, which has made it difficult to implement technology initiatives without significant local funding. Lastly, Dr. Markley highlighted that state salary raises for teachers does impact local funding, especially for local salary supplements and locally-funded salaries.

### **Governor Cooper**

Governor Cooper joined the Commission meeting to share a few remarks. He thanked the Commission for their work and shared that he has been talking about the work of the Commission all across the state. The Governor discussed his recently announced workforce development initiative, NC Job Ready. To meet our state's future workforce and economic needs, he said we have to provide a high-quality education today, which is why this Commission is so important to the future of North Carolina. The Governor encouraged Commission members to be innovative and open-minded in developing a plan to get our state's public education system

to where it needs to be. The Governor also shared that our state needs to do more to improve school safety for all students.

### **Discussion**

Commission members discussed the need to learn more about the types of funding flexibility that would be most helpful for districts. Commission members also discussed the importance of exploring the effects of physical and mental health issues on student outcomes and what the state needs to do to better support students with physical and mental health needs. Commission members expressed an interest in studying charter schools and how they are funded. The Chair shared that the Executive Committee would explore the need for subcommittee work around many of these issues.

The Chair adjourned the meeting at 2:40 pm.