

Quality Matters 2003:

A Wake Community Review of the Public's Schools



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Quality Matters 2003:

A Wake Community Review of the Public's Schools

A report by the School
Finance Committee

April 2003

Collaborating Organizations:

The Greater Raleigh Chamber
of Commerce

The Junior League of Raleigh

Wake County PTA Council

Wake Education Partnership

Wake-North Carolina Association
of Educators

www.WakeEdPartnership.org



SNAPSHOT OF WAKE COUNTY PUBLIC SCHOOL SYSTEM & WAKE COUNTY (2001-02)

Student Enrollment:	104,373
Total Budget:	\$874,132,019
Number of Schools:	125
Average Per Capita Personal Income:	\$27,004
Students Currently At or Above Grade Level :	89.4 %
(as measured by End-of-Grade tests in grades 3 & 8)	
Average Teacher Salary:	\$44,092
National Board Certified Teachers:	336
Percentage of Students Pursuing Higher Education	87 %
Projected Student Enrollment by 2020:	160,000
Budget Request (2003-04):	\$809,048,635

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INTRODUCTION

Quality Matters seeks to educate Wake County citizens on many facets of school funding and critical issues currently being discussed by the citizens of Wake County. Closing the achievement gap, maintaining academic and socioeconomic diversity, preserving quality teaching and exploring the transportation of students in the system are all issues that have been prominent in the community since last year's report.

As is made evident in this report, the system's students are achieving at a level higher than many other public school systems, and the system is spending less money per pupil to achieve these successes. SAT scores are at the highest level in the history of Wake County. Students' test scores are at all-time highs, and the dropout rate is at an all-time low. Outsiders see WCPSS as a high-quality system, too: In February 2003, *Forbes* magazine named the Raleigh/Durham/Chapel Hill-Carrboro area as the number-one area in the country for education.¹ Still there is room for improvement. And this report details these areas as well.

Wake County is one of the fastest growing communities in the United States. As a result, the schools are growing at a similar rate. WCPSS currently serves approximately 105,000 children in traditional, year-round and magnet schools. Based on forecasted growth in the community, the system anticipates serving 160,000 students by 2020. With growth of this magnitude, the financial requirements to meet such growth continue to be a focus for discussion. In this publication, the committee seeks to help Wake County citizens better understand the process that is employed to determine funding for the schools and how the money is spent.

This report provides information relevant to the achievement of Wake County students and how this achievement compares to other school districts inside and outside North Carolina. The committee believes that a school system cannot be deemed successful unless all students are afforded the opportunity to achieve their potential. Therefore, this document provides analysis of data related to the



Welcome to **Quality Matters 2003**. Now in its third year, this independent annual assessment of the Wake County Public School System ("WCPSS" or "the system") provides an overview of how the system is funded and operated and the outcomes that students have achieved. Additionally, the report examines other measures of quality used to determine a high-achieving school system.

achievement gap and how Wake County has performed during the last few years.

The committee supplies information concerning diversity in our schools. Daily debates about ensuring success for all students continue to occur. Studies continue to reveal that high-poverty schools perform at lower levels than schools with a mix of students from a wide spectrum of socioeconomic backgrounds.

And as WCPSS continues to push toward the goal of having at least 95 percent of its students achieving at or above grade level by 2003, teacher recruitment and retention is critical. The committee provides information that allows you to better understand the current teacher shortage, the quality of teachers in the system and what lies ahead.

Quality Matters 2003 also provides facts related to school transportation and the ways that the Transportation Department's logistic considerations impact students.



To continue seeing such results in Wake County with achievement at an even higher level, additional funding is required. During the last few years, contentious debates unfolded between the Wake County Board of Commissioners (“BOC”) and the Wake County Board of Education (“BOE”) regarding the amount of funds that would be provided to the system.

In an effort to avoid these debates on an annual basis, the BOC and the BOE formed a Citizens Advisory Committee on School Operations (“CAC”) in September 2001. The boards charged the CAC with reviewing the operations budget of the WCPSS and determining the appropriate level of funding to ensure continued progress toward Goal 2003. In addition, the boards asked the CAC to design a funding methodology that could be used to address growth and inflation in future years. The CAC released its report in February 2003, including recommendations as requested by the BOC and the BOE. The

School Finance Committee reviewed the recommendations of the CAC and provides additional discussions regarding their recommendations throughout this report.

With a growth of students comes the need for additional facilities to handle the influx. The report addresses the anticipated November 2003 bond referendum and how the funds raised through the issuance of bonds are used compared to the way the annual operating revenues are used.

All citizens should be interested in the quality of the public’s schools. A quality school system provides more than just a good education for its students. It helps promote the community and leads not only to increased economic development but also to improved quality of life. Take time to read and understand this report; then work with others in your community to help shape the future of Wake County’s Schools.

¹ Schiffman, Betsy. “The Best Places with the Best Education.” *Forbes* 14 Feb. 2003.

DEMOGRAPHICS MATTER

THROUGHOUT THIS REPORT, the School Finance Committee (“the committee”) will make comparisons between Wake County and other school systems. A discussion of demographics in Wake County and these other systems is important to compare and contrast each system. Although WCPSS frequently benchmarks itself against other North Carolina school systems, the system is also a member of the Educational Benchmarking Network (“EBN”), a group of 17 school systems from across the country. The goal of the EBN is for each participating school system to help the others by disseminating best practices, lessons learned and shared needs. The testing standards and funding standards are not necessarily the same as those of Wake County and the state of North Carolina, but frequently, these systems are of similar size and demography.



FIGURE 1: Demographics for Wake County and other benchmarking counties.²

	Wake County	Chapel Hill/ Carrboro	Durham County	Forsyth County	Guilford County	Mecklenburg County	Fairfax County, Va	Gwinnett County, Ga.
Population	627,846	65,497	223,314	306,067	421,048	695,454	969,749	588,448
Square Miles	864	20.8	229	410	665	527	399	437
Average Per Capita Income	\$27,004	\$24,873 ³	\$23,156	\$23,023	\$23,340	\$27,352	\$36,888	\$25,006
Cost of Living Index ⁴	100.4	109.7	96.4	92.0	92.0	94.1	110.9	102.2
High School Graduates	89.3%	87.6% ⁵	83.0%	82.0%	83.0%	86.2%	90.7%	87.3%
Free and Reduced Price Lunch Recipients	26.0% ⁶	c. 13.6%	36.6% ⁷	35.1% ⁸	39.9%	37.8%	18.86% ⁹	20.9%
Dropout Rates (9-12) ¹⁰	3.51%	1.92%	6.15 %	5.82 %	3.75%	4.77%	1.60%	1.40%

² “U.S. Census Bureau State and County QuickFacts.” Last revised: Tuesday, September 24, 2002. <http://quickfacts.census.gov/qfd/index.html>. Last accessed: October 25, 2002. Unless otherwise noted, all data in figure 1 comes from QuickFacts.

³ This average is for Orange County, home to Chapel Hill and Carrboro

⁴ ACCRA Cost of Living Index: Second Quarter 2002. Page 1.7-1.8.

⁵ This average is for Orange County, home to Chapel Hill and Carrboro

⁶ Percentage of student participation in subsidized lunch programs in Wake County compiled from report: O’Flaherty, Daniel P. “Free and Reduced Lunch Participation in the Wake County Public School System: 1993-2003.” Wake County Public School System, Feb. 2003.

⁷ Percentage of student participation in subsidized lunch programs in Durham Public Schools is for the school year 2002-03.

⁸ “2001-02 Report to the Community.” Winston-Salem/Forsyth County Public Schools. <http://mts.admin.wsfc.k12.nc.us/about/annualrept/AR2001-02/ar02p1.html>. Last accessed 28 Feb. 2003.

⁹ “2002-2003 Free and Reduced Price Lunch Program Eligibility Report.” Virginia Department of Education. <http://www.pen.k12.va.us/VDOE/Finance/Nutrition/DivisionLevel-FreeandReducedEligibilityOct2002.pdf>. Last accessed 27 Feb. 2003.

¹⁰ Information on dropout rates comes from the North Carolina Department of Public Instruction’s Dropout Data Report, 2001-02, released Feb. 2003

The population of each county can be broken down as follows:

FIGURE 2: Populations of benchmark counties by race.¹¹

	American Indian	Asian	Black	Hispanic	White
Wake County	0.34%	3.38%	19.7%	5.41%	72.4%
Chapel Hill/Carrboro	0.40%	6.60%	11.97%	5.54%	76.6%
Durham County	0.30%	3.29%	39.5%	7.63%	50.9%
Forsyth County	0.30%	1.04%	25.6%	6.40%	68.5%
Guilford County	0.46%	2.44%	29.3%	3.80%	64.5%
Mecklenburg County	0.35%	3.15%	27.9%	6.45%	64.0%
Fairfax County, Va.	0.26%	13.0%	8.57%	11.0%	69.9%
Gwinnett County, Ga.	0.28%	7.20%	13.3%	10.9%	72.7%

Additionally, readers will see comparisons between the WCPSS and, in North Carolina, Charlotte/Mecklenburg Public Schools, Chapel Hill/Carrboro City Schools, Durham County Public Schools (EBN member), Guilford County Public Schools and Winston-Salem/Forsyth County Public Schools (EBN member). As members of the EBN, Fairfax County Public Schools in Virginia and Gwinnett County Public Schools in Georgia will also be used as reference points, as these two counties are more similar demographically to Wake than others in North Carolina.

Comparisons to Durham, Forsyth and Guilford counties are important because they, along with Wake and Mecklenburg counties, are the most populous counties in the state. Comparisons to Durham County as well as the Chapel Hill/Carrboro System are important because these three areas comprise the Triangle. In addition, all systems in North Carolina are funded in the same manner and must adhere to

the same state standards. Test scores and funding methods are easy to compare when the standards are the same.

Key demographic information for each county is provided in Figures 1 and 2. Demographics are an important tool in demonstrating the dynamic balance of a community.



¹¹ "U.S. Census Bureau State and County QuickFacts." Last revised: Tuesday, September 24, 2002. <http://quickfacts.census.gov/qfd/index.html>. Last accessed: October 25, 2002. All data in table 2 comes from QuickFacts.

FINANCING THE PUBLIC'S SCHOOLS

DISCUSSION OF FINANCIAL STATEMENTS, GRAPHS AND OTHER INFORMATION:

The accompanying tables, graphs and discussions of financial data are included to provide information regarding the fiscal operation of WCPSS. The information is intended to illustrate information relevant to the fiscal operation and finances of the schools and does not constitute an audit or other attestation of appropriateness by an independent accounting firm.

REVENUE SOURCES

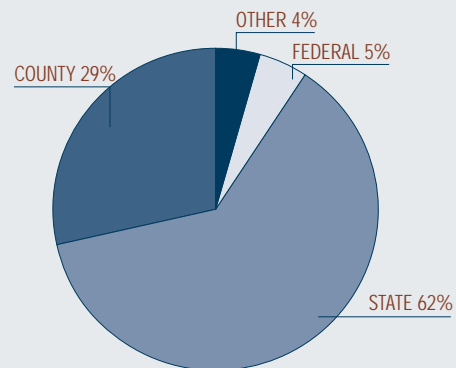
Budget development for WCPSS is a year-round process that culminates in adoption of the official budget request by the BOE each November. This budget request is then presented to the BOC, which adopts the official budget each spring for the system's following fiscal year. Over the past five years, a key driver in the budget request has been Goal 2003, a single, community-driven goal to measure improvements in scholastic

Funding needed to support WCPSS originates from local, state and federal sources. The state of North Carolina was the primary source of funding, providing 62 percent of school operation funds in 2001-02. That same year, federal support comprised 5 percent of the total funding. Through revenues derived from local property taxes, the BOC provided 29 percent of the funding that the BOE received for the 2002 fiscal year, contributing \$194 million toward the operation of the schools.

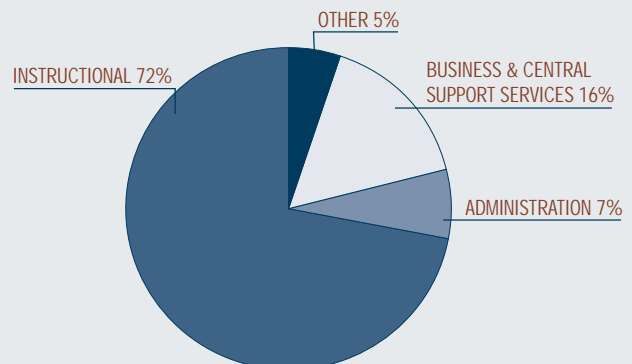
FIGURE 3: Statements of revenue and expenditures ¹²

	Years Ended June 30			
	2002	2001	2000	1999
	(in millions)			
Revenues				
County	\$194	\$179	\$146	\$132
State	423	412	383	347
Federal	33	26	21	16
Other	30	30	22	26
Total:	680	647	572	521
Expenditures				
Instructional	489	468	424	380
Administrative	47	43	38	34
Bus/Ctrl Supp.	108	101	83	79
Other	35	35	32	28
Total:	679	647	577	521
Capital Revenue	143	113	159	175
Capital Outlay	143	112	153	173

2002 Revenues



2002 Operating Expenses



¹² McGladrey and Pullen, LLC. Comprehensive Annual Financial Report 2002. Wake County Public School System.

achievement by Wake County students that the BOE and WCPSS adopted in 1998. The goal states, "By 2003, 95% of our students tested will be at or above grade level as measured by NC End-of-Grade testing at grades 3 and 8."¹³

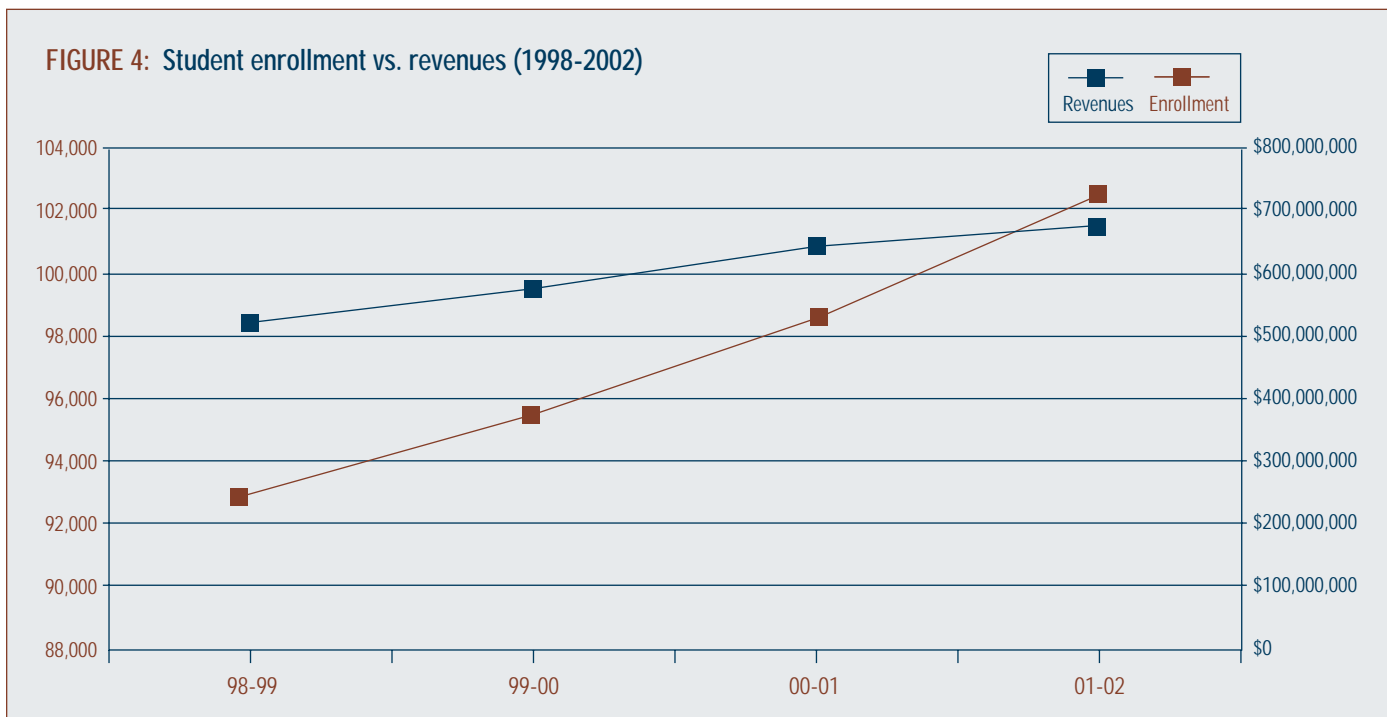
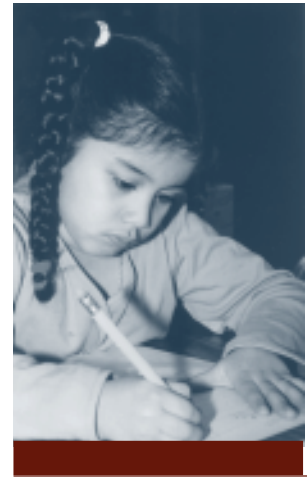
In addition to Goal 2003, growth and inflation have driven WCPSS' budget for the past several years. One of the fastest growing systems in the nation, WCPSS has roughly 3,500 additional children entering the system each year, with the system growing by approximately 4 percent per year over the last seven years. The system anticipates this trend will continue for the 2003 fiscal year despite the Wake County metropolitan area's economic slowdown. As a result, WCPSS' budgetary expectations related to future growth must be monitored to maintain correlation to the local economy.

Not only are funds required to operate the school system, but also capital outlays are required to build new schools and renovate old buildings. The system has estimated that 13 to 20 new schools and 10 to 20 major renovations will be needed between 2004 and 2008. Such construction cannot occur without the support of bonds, and the BOC will most likely place a bond referendum on the November 2003 ballot. The continuing debate over increasing property taxes will certainly occur, and all citizens should be aware of the basic school funding structure to effectively consider the merits of issuing bonds to support facility growth and renovation.

The BOE's revenues have undergone significant growth over the past few years, increasing from \$521 million in 1999 to \$680 million in 2002. These revenues fund the operation of the schools and do not include funds received for capital expenditures. Over this period, operating revenue has increased over 30 percent (for programs related to Goal 2003) while student enrollment has increased approximately 11 percent (see Figure 4).

The school system has implemented new programs over the past several years to ensure adequate progress toward Goal 2003, programs that include Project Achieve and the Accelerated Learning Program.¹⁴ To ensure the continued success of WCPSS and to achieve Goal 2003, funding for these types of programs should continue, according to the CAC, which made recommendations supporting these programs and continued progress toward the 95 percent goal.

During this period, allocation of revenues received from local, state and federal sources has remained relatively constant.



¹³ Goal 2003 as described on the WCPSS Web site, www.wcpss.net/goal2003/index.html. Accessed 12 Jan. 2003.

¹⁴ Project Achieve and the Accelerated Learning Program ("ALP") are programs that help teacher identify students' trouble areas in the curriculum and ensure success on End-of-Grade tests, respectively.



STATE FUNDING

State funding is provided on a formula basis. The system's enrollment growth has driven the increase in state funding. However, there are significant limitations imposed by the state regarding the use of this funding. For instance, 3 percent of the funds the state provides can go outside of state-specific designations (salaries, textbooks, etc.). Because of these limitations, 94 percent of state funding is spent on salaries and employee benefits. State funding is expected to increase by 6 percent for 2003, exceeding the expected growth in student enrollment.

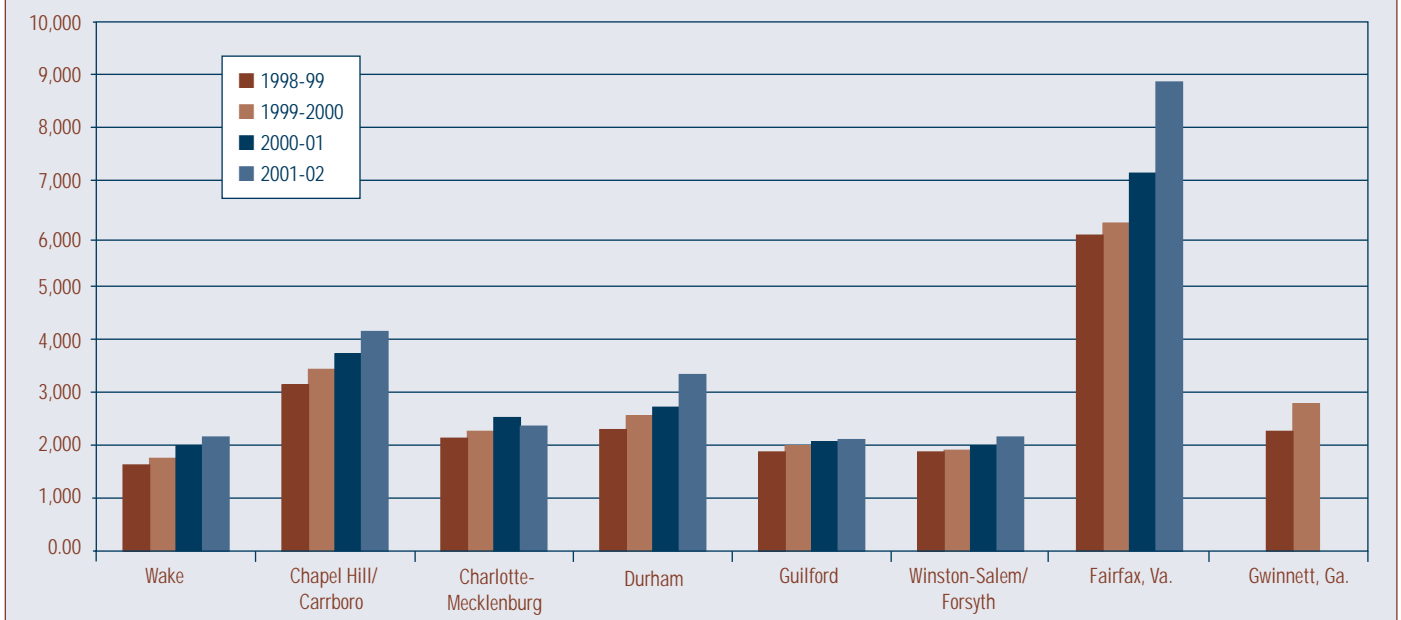
FEDERAL FUNDING

Federal funding represents a small portion of the overall operating budget (5 percent) and primarily reflects various grants the BOE receives. Additionally, 1997 federal legislation resulted in a federal obligation to pay 40 percent of the costs associated with educating students with disabilities. Federal funding, however, has never equaled the amount of the obligation by about \$20 million per year.

LOCAL FUNDING

Local funding results from an allocation by the BOC of revenues derived from Wake County property taxes. In 2001-02, the rate was \$0.296 per \$100 of assessed value. In that fiscal year, the county provided approximately \$194 million to the system (29 percent). Because of limitations on state funding and minimal levels of federal funding, these local revenues are used to support many of the initiatives implemented to augment achievement of Goal 2003.

FIGURE 5: Local per-pupil expenditure increases* (1998-2002)



* Note: Fairfax, Va. has a funding structure different from North Carolina schools.

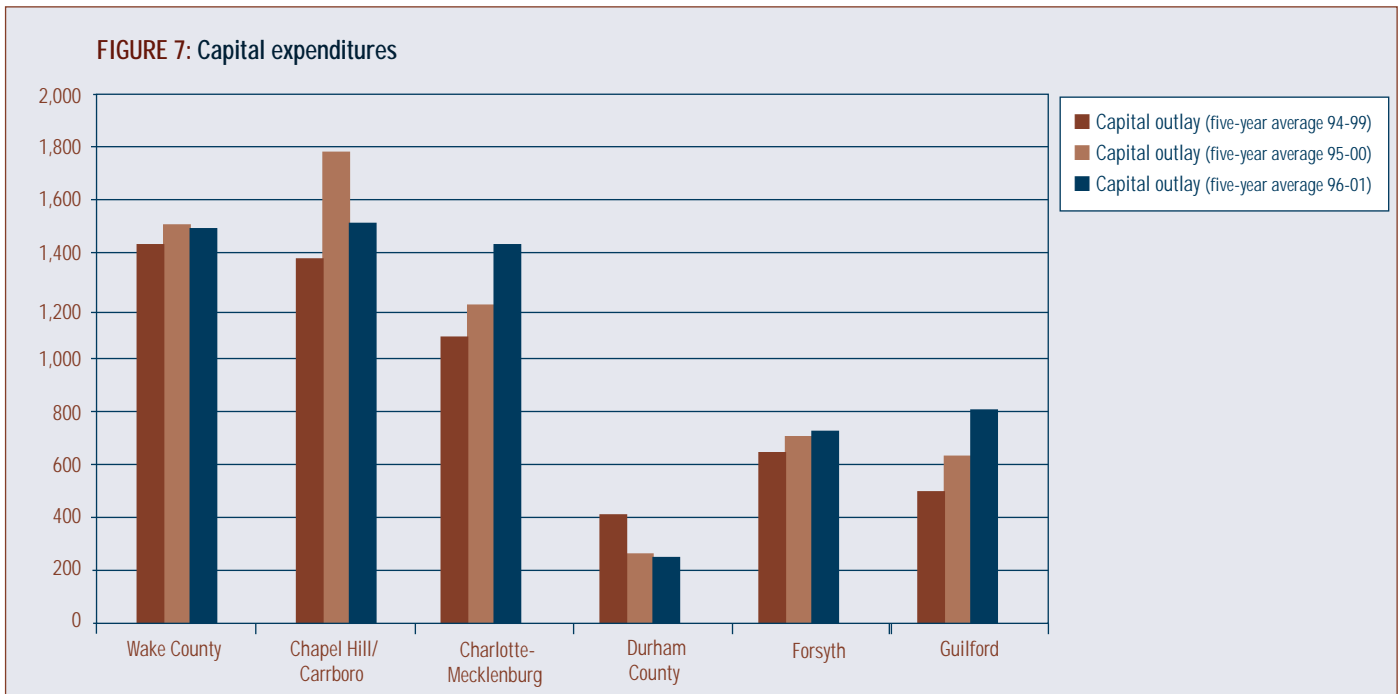
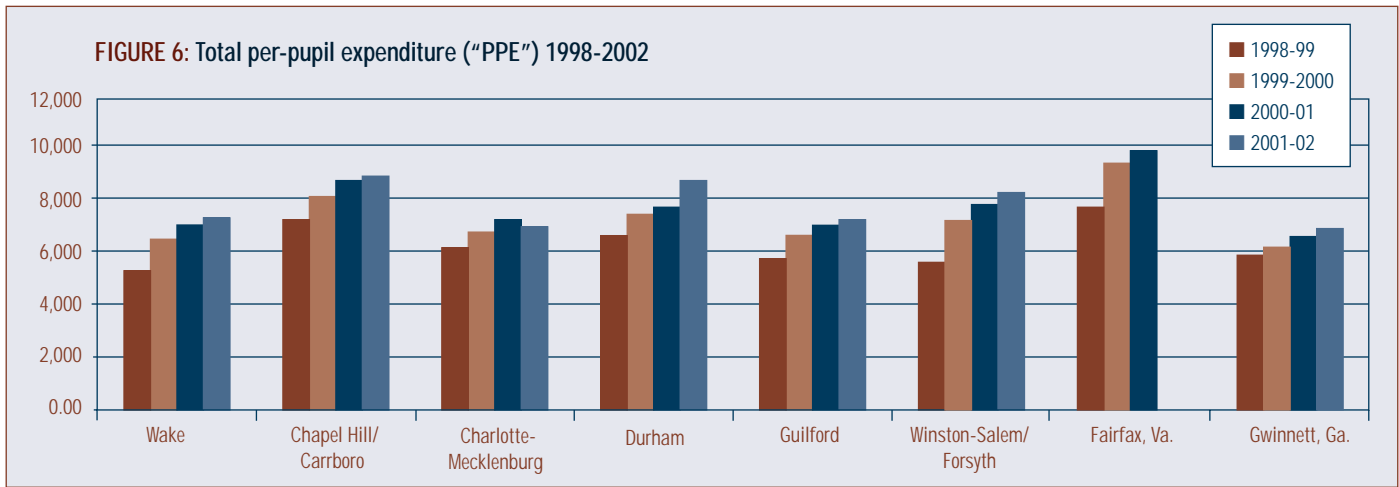
EXPENDITURES

Because expenditures are closely tied to budgetary requests for revenue, the growth in expenditures for the system's non-capital outlay has closely mirrored the significant growth in revenues. Such expenditures increased from \$521 million in 1999 to \$679 million in 2002. While the expenditures for all major categories included in total operating expenditures have increased, increases by category have varied from the overall increase. For the period from 1999 to 2002, overall expenditures and instructional expenditures increased approximately 30 percent each while administrative services expenditures and business and central support services expenditures increased approximately 38 percent each.

Expenditures for instructional purposes include teacher salaries and instructional materials, administrative expenditures include principal and assistant principal salaries and business and central support service expenditures include

transportation and child nutrition. From 1998 to 2002 local per-pupil expenditures have increased approximately 17 percent, as is evident in Figure 5, which shows trend increases in local per-pupil expenditures in benchmark systems and WCPSS. Total per-pupil expenditures and five-year trends in capital outlay are detailed in Figures 6 and 7. Maintaining current standards, as well as increasing salaries and rapid growth in the system and the subsequent opening of new Wake County schools all contributed to increases in capital outlay and in basic per-pupil spending.

Clearly, Wake County is spending less money per pupil than comparable systems are, and Wake is still achieving high outcomes (evinced by nearly 90 percent of students achieving at or above grade level). Wake's capital expenditures are higher than some other systems because of Wake's extraordinary growth during the past five years.



Wake County Public School System

Fiscal Management

CITIZEN PERCEPTIONS

To understand better the perceptions of the citizens of Wake County, Wake Education Partnership conducted the 2002 Wake County Public Education Community Assessment to obtain a snapshot of community attitudes about the WCPSS on a variety of topics including school quality, diversity and fiscal management.¹⁵

One of the key indicators of the public's willingness to support new revenue sources for WCPSS, according to two focus group discussions held in June 2002¹⁶ as a preface to the survey, is evaluation of how well the system manages the level of resources it has today. With fiscal 2002 expenditures of



\$679 million, excluding capital expenditures, WCPSS' budget is comparable to a large business.¹⁷ And under current economic conditions, citizens are interested in the level of resources committed to WCPSS, how those resources are funded and the outcomes achieved with the dollars spent. With respect to this issue of fiscal management, the 2002 survey found that only 51 percent of those surveyed rated WCPSS positively on fiscal management.

EVALUATION OF HOW WELL WAKE COUNTY PUBLIC SCHOOL SYSTEM MANAGES MONEY

Evaluations of fiscal management were highly correlated with the evaluation of school quality, yet the outcomes achieved by WCPSS are generally above the outcomes achieved by comparable school systems that are spending more money. The 2002 survey revealed that 70 percent of Wake County voters believe that the system will need more money in the next three to five years. The CAC reached this same conclusion, as

stated by CAC co-chair Jim Talton: "The bottom line is there's no fat in the school system. With all the student growth and the community's commitment to closing the achievement gap, there is no question that more funding is needed."¹⁸ However, the issue of how much Wake County can afford rests with the BOC and the voters, if an anticipated bond referendum is on the ballot this fall.

Any county increase in school funding remains to be seen, given the composition of the BOC.¹⁹ The CAC believes that the system will not reach Goal 2003 this year and that the system should revise the goal's target date. The CAC's recommended funding for three areas totals \$146.5 million over a four-year period as follows:

- 1) Implementation of recommendations proposed by MGT of America, Inc., an independent consulting firm, relating to the financial and organizational structure of WCPSS—\$35.5 million over four years;
- 2) Implementation of strategies to ensure that all WCPSS children are at or above grade level (Goal 2003)—\$60.5 million over four years; and
- 3) Implementation of strategies related to human resource matters, most specifically, teacher recruitment and retention—\$50.5 million.

WCPSS is accountable for the money it receives from state, local and federal sources and takes that accountability seriously, undergoing annual audits and several independent groups' examination of the system's finances. WCPSS spends less money per pupil than benchmarking districts and has higher outcomes. And, as several groups have concluded, the system is a good steward of its money though it lacks flexibility to spend certain money in ways it sees fit. Overall, WCPSS makes good use of the money it receives.

¹⁵ The Wake Public Education Community Assessment is a biennial survey conducted by Wake Education Partnership and supported by the A.J. Fletcher Foundation and the Greater Raleigh Chamber of Commerce. A complete version of the 2002 Community Assessment can be viewed at http://www.wakeedpartnership.org/Research&Reports/citizens_perceptions.html. The 2002 Community Assessment is the third survey; the initial survey was conducted in 1998 with a follow-up survey in 2000.

¹⁶ The focus group phase was qualitative in nature and was comprised of two groups: one with a cross-section of Wake County citizens and one with high-level community opinion leaders recruited by the Partnership.

¹⁷ CAFR: For the Fiscal Year Ended June 30, 2002. Wake County Board of Education. Prepared by the finance department. viii.

¹⁸ Hui, T. Keung and Bonnie Rochman. "Millions more for schools." News & Observer 1 Nov. 2002 final ed: A1.

¹⁹ Hui, T. Keung. "Panel: Raise school funding." News & Observer 15 Nov. 2002 final ed.: A1.

CLOSING THE ACHIEVEMENT GAP IN THE PUBLIC'S SCHOOLS

GAPS IN THE ACHIEVEMENT of students of different socioeconomic status and race have been evident for decades. Data shows that certain groups of students (e.g., black and Hispanic/Latino students, students with disabilities, English-as-a-second-language students and students qualifying for free and reduced-price lunches) score substantially lower on standardized tests than students not participating in subsidized lunch programs and white and Asian students. Achievement gaps are one of the greatest challenges facing educators across the country and in Wake County. Finding ways to successfully close these achievement gaps is even more challenging in the face of increased instructional expectations of the new federal law, the *No Child Left Behind Act*.²⁰ This act will require the majority of students in 10 sub-groups, broken down by race, special education, participation in free and reduced lunch and more, to achieve at certain levels.

LEVELS I, II, III & IV

Achievement-level standards are set by the state and are categorized as Levels I, II, III and IV, as defined by thousands of North Carolina teachers who participated in the development process. Students scoring in Levels I and II lack the skills necessary to succeed in the next grade level. Students scoring in Levels III and IV are considered to be at or above grade level.

DEMOGRAPHICS OF THE ACHIEVEMENT GAP

As visible in Figure 6, in WCPSS, black students represent the largest of the minority groups (28 percent), followed by Hispanic/Latino (6 percent), Asian (4 percent) and Native American students (1 percent). Although white students represent the largest proportion of all students, the proportion that they represent has declined from 70 percent in 1990 to

62 percent in 2002. All minority groups are growing at a faster rate than white students, with Hispanic/Latino students having the largest increase in the past year, as well as over the period 1990 to 2002 from less than 1 percent in 1990 to 6 percent in 2002.²¹ This figure is an increase of more than 850 percent. Students on free and reduced lunch in both 2001-02 and 2002-03 number about 27 percent for elementary schools, 23 percent for middle schools and 13 percent for high schools.²² Though these figures rose slightly during the 2000-01 school year, the numbers have remained fairly constant over the past 10 years.

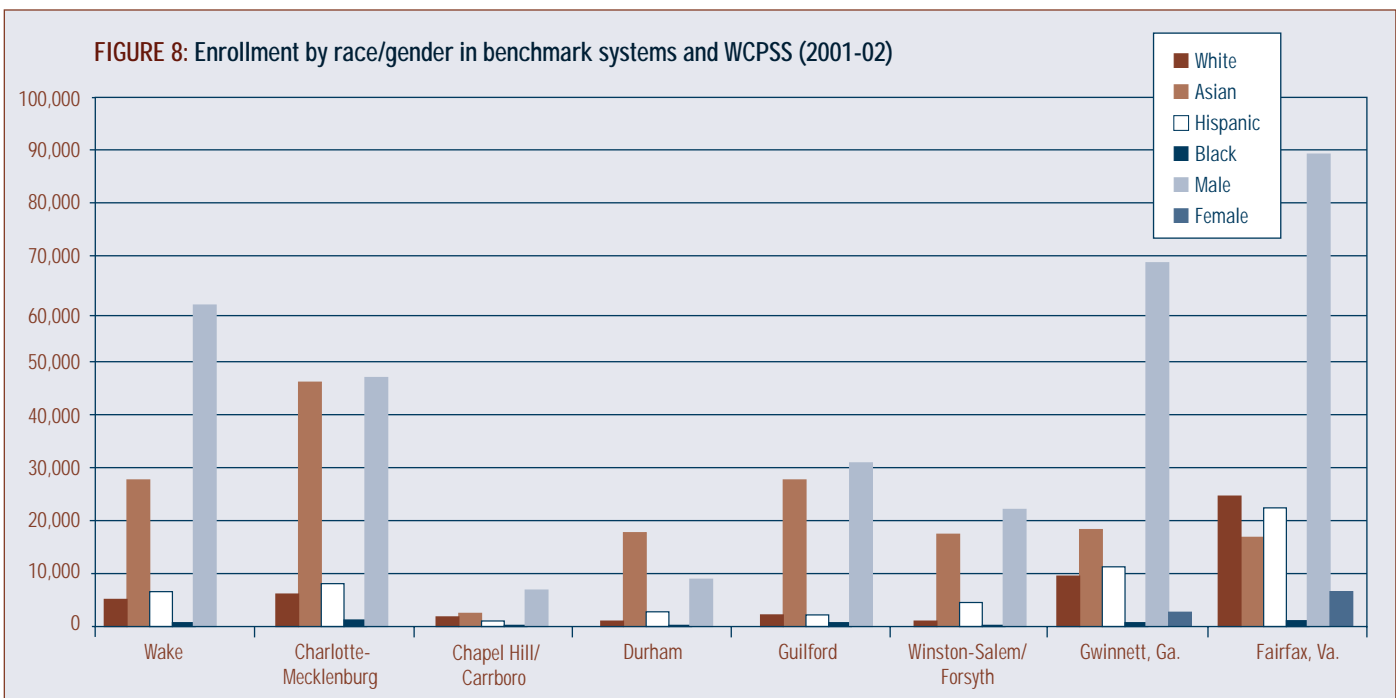
No Child Left Behind Act Increases Accountability of Schools, Teachers

The *No Child Left Behind* ("NCLB") Act of 2001 is federal legislation that provides over \$20 billion annually to school districts in support of "at risk" students. But to receive the funding, the state or school system must comply with NCLB's mandates. The Title I program, which falls under NCLB, provides resources for high poverty schools. Currently, approximately half of North Carolina's 2,202 public schools receive funding from Title I (a school is eligible for schools with 40 percent or more poverty students). Both teachers and students feel the effects from these mandates.

20 The *No Child Left Behind Act* (NCLB) of 2001 was signed into law by President Bush on January 8, 2002. It is the newly revised version of the Elementary and Secondary Education Act, the core federal law in precollegiate education.

21 Baenen, Nancy et al. WCPSS Gaps in Academic Achievement: WCPSS Status 2001-02. May 2002.

22 O'Flaherty, Daniel. "Free and Reduced Lunch Participation in the Wake County Public School System 1993-2003." February 2003.



PROGRESS WCPSS HAS MADE TOWARD CLOSING THE GAP

ELEMENTARY AND MIDDLE SCHOOLS

Last year, in *Quality Matters 2002*, the committee tracked the improvement of elementary- and middle-school students (grades three through eight) on the End-of-Grade (“EOG”) tests during the 1998 to 2001 period. EOG scores revealed that the achievement gap was beginning to close. The achievement gap continued to close after the 2002 tests. The percentage of third through eighth graders at Levels III and IV in reading rose to 86.4 percent in 2001 and to 88 percent in 2002 (from 83.1 percent in 1998).

CONTINUOUS IMPROVEMENT

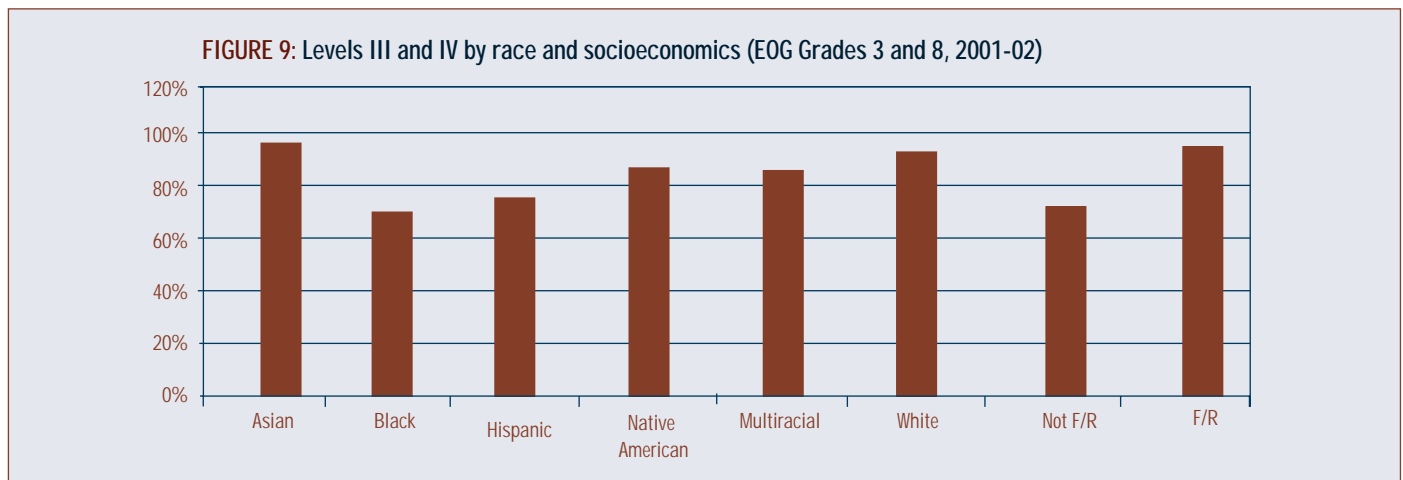
In 2002, Wake County had the highest-ever number of students scoring at or above grade level. In reading, the percentage of students who scored at Level III or IV rose to 88 percent in 2002. Notably, the achievement gap narrowed as the percentage for black students rose from 67 to 72 percent, and the percentage for Hispanic/Latino students rose from 72 to 74 percent. The percentage for white students also rose from 94 to 95 percent.²³ The percentage of students on free and reduced lunch scoring at or above grade level on both reading and math tests rose from 48 percent in 2000 to 55 percent in 2001. However, students not receiving free and reduced lunch achieved on both tests at a rate of 87.2 percent in 2000 and 89.4 in 2001. Please see Figure 10 for more detailed test score information.

The achievement gap in math also improved in 2002, and this trend is evident in Figure 11. The percentage of Wake students who scored at Level III or IV rose from 89 percent in 2001 to 91 percent in 2002. The achievement gap narrowed as the percentage for black students rose from 71 to 77 percent, and the percentage for Hispanic/Latino students rose from 79 to 83 percent. The percentage for white students rose from 96 to 97 percent.²⁴ The percentage of students participating in the free and reduced lunch program that met or exceeded grade level standards rose on average 5.4 percentage points in reading (to 68.7 percent) and 6 percentage points in math (to 75 percent) from 2001 to 2002.

As seen in Figure 12, a drop in sixth-grade scores is present from every subgroup though the scores rise again in the seventh grade. WCPSS officials are studying this score drop for causes and remedies.

In Wake County and in North Carolina, the performance of all racial groups has improved since 1993-94 although performance still varies widely across groups. Asian and white students still show the highest performance; however, the gap has narrowed between their performance and that of black and Native American students, who have shown the greatest gains.

Black students in WCPSS made significant gains in third-grade reading and mathematics in 2002, and, consequently, the gaps between the system’s black and white students are the smallest they have been over the last nine years.



23 “2002 End of Grade Tests: Scores Rise, Achievement Gap Narrows.” July 24, 2002. Wake County Public School System. December 12, 2002 <<http://www.wcpss.net/news/2002-eog-scores/>>

24 “2002 End of Grade Tests: Scores Rise, Achievement Gap Narrows.” July 24, 2002. Wake County Public School System. December 12, 2002 <<http://www.wcpss.net/news/2002-eog-scores/>>

FIGURE 10: Percentage of WCPSS students tested achieving at Levels I, II, III and IV in Reading (3-8)

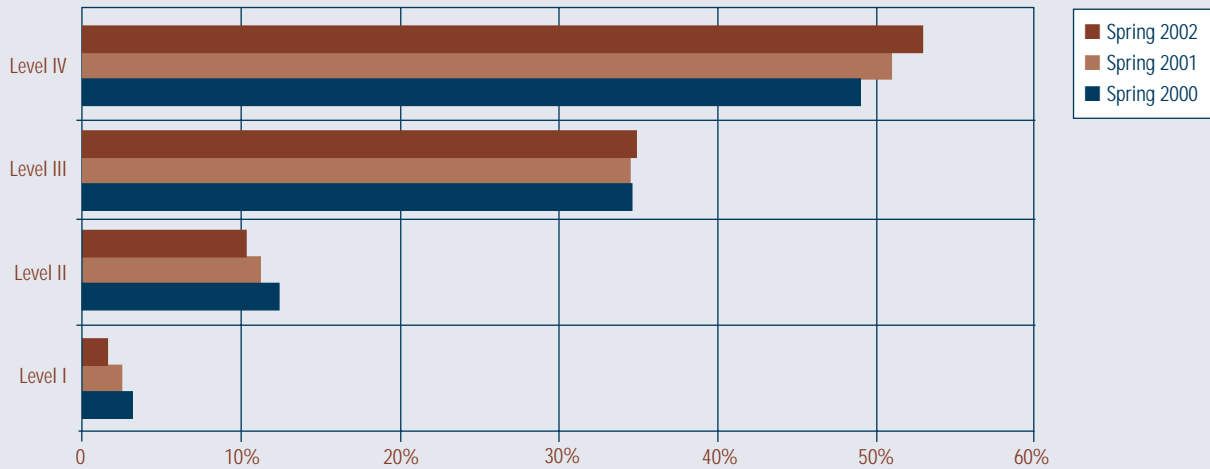


FIGURE 11: Percentage of WCPSS students tested achieving at Levels I, II, III and IV in Math (3-8)

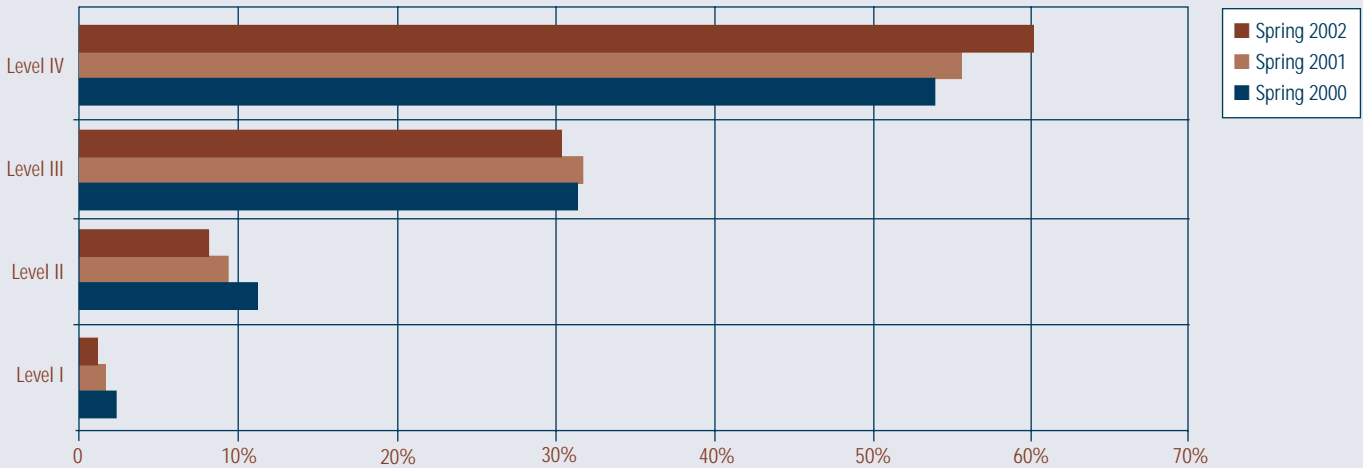


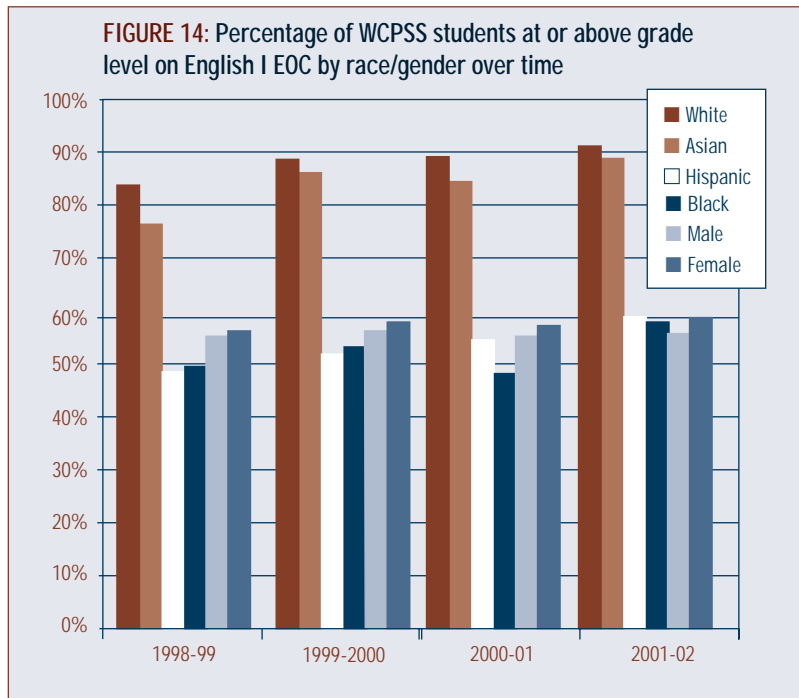
FIGURE 12: Percent of students at or above grade level in reading and math

READING		
Grade	1998	2002
3	79.3	87.6
4	80.3	87.4
5	84.3	92.3
6	78.8	82.8
7	80.5	86.7
8	86.4	91.4
MATH		
Grade	1998	2002
3	75.4	87.1
4	84.1	94.8
5	84.0	93.8
6	82.7	90.2
7	83.7	90.3
8	83.2	88.3

In eighth grade, the achievement gap between black and white students has closed even more than in third grade, both in reading and math. In reading, the size of the gap in WCPSS shrunk from about 30 percentage points in 1993-94 to about 18 percentage points in 2001-02. In eighth-grade math, the achievement gap between white and black students in Wake County has shrunk from 40 to about 24 percent. In 2001, for the first time, the gap between WCPSS black and white students in eighth-grade reading (20.4 percent) is less than the gap between North Carolina black and white students (21.2 percent). However, the gap between WCPSS black and white students (26.5 percent) in eighth-grade math is still larger than the gap between North Carolina black and white students (23.9 percent).

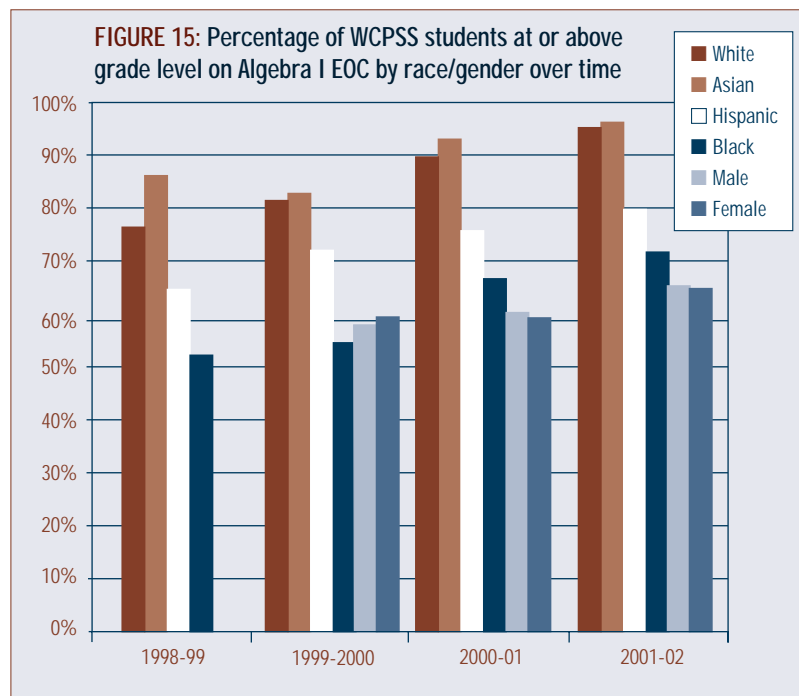
FIGURE 13: Percentage of WCPSS students (grades 3-8) scoring at or above grade level in reading and math on End-of-Grade Tests

	Asian	Black	Hispanic	Native American	Multiracial	White	Not F/R	F/R
Level III and IV	96.92%	74.43%	78.46%	88.32%	91.35%	95.98%	71.87%	94.27%



PROGRESS IN HIGH SCHOOLS

English I and Algebra I End-of-Course Tests (“EOC”) are required for all high school students to graduate. Examination of EOC scores in these subjects is one way to assess the progress made on closing the achievement gap in Wake County high schools. Since 1998, the percentage of WCPSS students scoring at or above grade level on the Algebra I EOC test has increased for all racial groups. Therefore, closing the achievement gap does not mean bringing top performers down. In 1998-99, the gap between black high school students and white students on the Algebra I EOC test was 24.7 percent. In 2001-02, that gap narrowed to 21.8 percent, with all racial groups improving.



The percentage of students scoring at Level III or IV on their EOC tests in English I also increased for all racial groups (although there was a drop in the 2000-01 scores for black high school students). Moreover, the gap between white students and black and Hispanic/Latino students has gotten smaller. In 1998-99, the gap between white students and black students on the English I EOC test was 36.4 percent. The gap between white and Hispanic/Latino students during that same timeframe was 37.1 percent. In 2001-02, the gap between white and black students was 32.2 percent, and between white and Hispanic/Latino students it was 31.4 percent.

KEEPING THE BAR HIGH

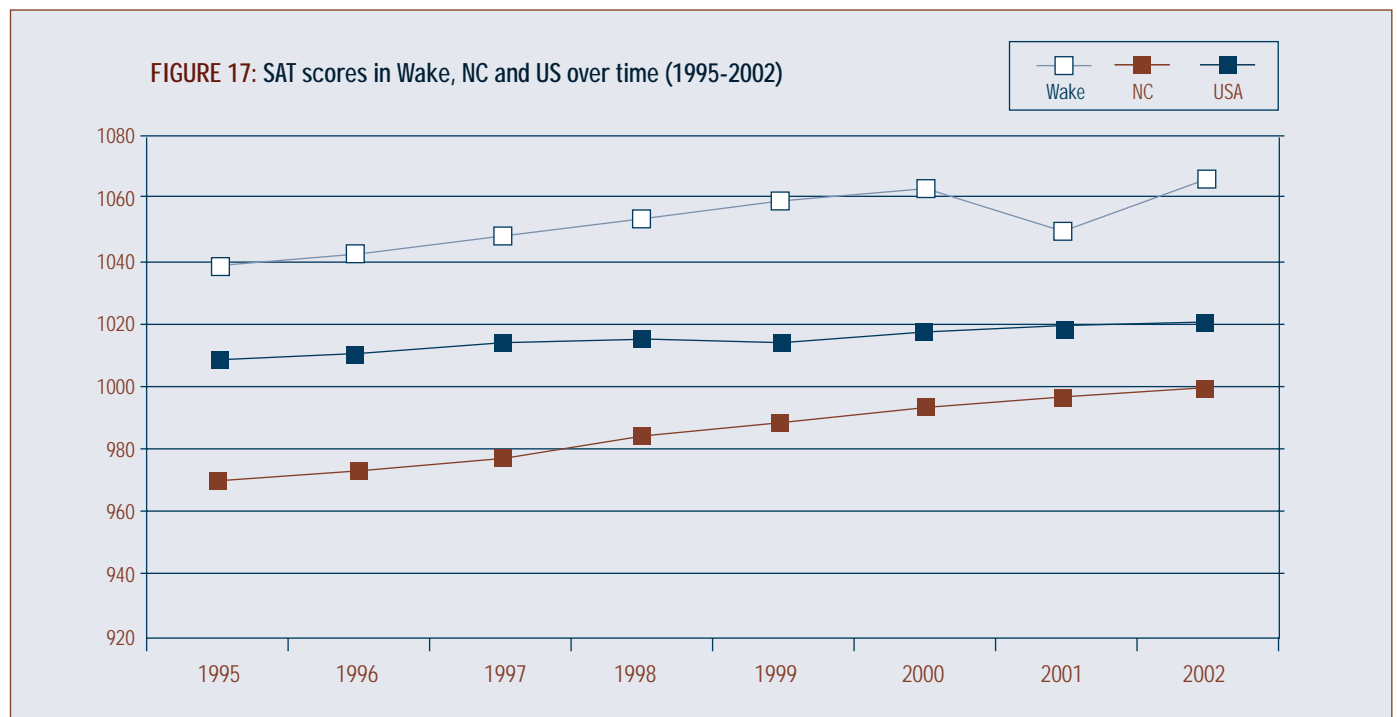
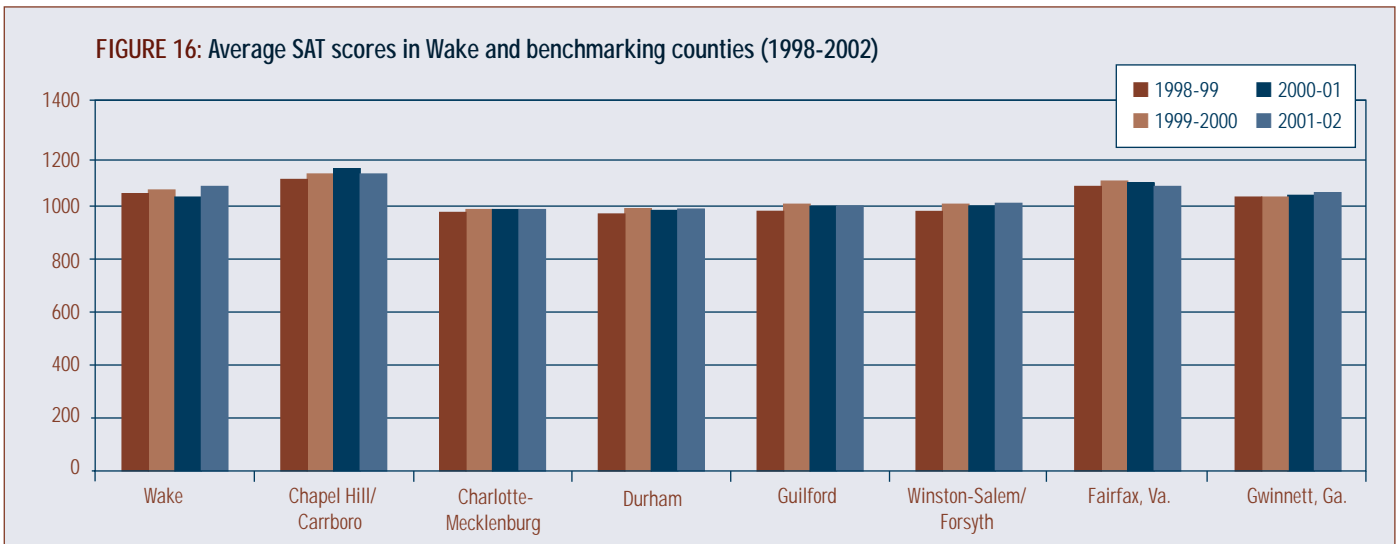
A challenge in closing the gap is ensuring performance by high-achieving students does not drop. One indicator of high achievement is how well students succeed in college preparation.

SAT SCORES

The Scholastic Aptitude Test (“SAT”) is widely used as part of the college admission process. Although all high school students do not take this test, more than two-thirds (67 percent) of North Carolina’s students and 79.1 percent of Wake County students took the SAT in 2001-02.

The average SAT score for WCPSS seniors in 2001-02 was 1067, the fifth highest in the state. Wake County is well above North Carolina’s (998 average) and the nation’s (1020) SAT scores.

The average SAT scores for white students in North Carolina and WCPSS have been rising steadily for the past five years. However, scores for black students have remained significantly lower than white students’ and have not shown the same improvement trend seen for white students. The gap in average SAT scores between black students and white students has been increasing in the nation, in North Carolina and in WCPSS.



ADVANCED PLACEMENT TEST SCORES

As the committee discussed in *Quality Matters 2002*, one indication that students may be planning to attend college is the completion of advanced courses not required for graduation.

In 2001, Asian and white students were vastly over-represented in their enrollment in Advanced Placement (AP) courses and in the number of AP exams taken compared to the percent of the eleventh- and twelfth-grade student population they represented. In contrast, black students were the most under-represented. Black students comprised 21 percent of eleventh- and twelfth-grade students, yet they represented only 6 percent of students enrolled in AP courses and 4 percent of students taking AP exams. Hispanic/Latino students also were under-represented but by a much smaller margin. White students comprise the overwhelming percentage of high school students taking AP exams (80 percent in 2001).

In 2001, the percentage of AP exam scores of 3 or higher (on a scale of 1 to 5) was 77 percent overall in WCPSS. For all racial groups except black students, the percentage clustered in the 78 to 85 percent range (Native American, Asian, white and Hispanic/Latino). However, the percentage of black students scoring 3 or higher was considerably lower (54.5 percent).

WCPSS, its teachers and its students have made great strides in an effort to close the achievement gap. Providing opportunities for further help such as Project Achieve and ALP are impressive ways to help low-performing students receive the attention they need. Encouraging high-performing students, minority or not, to take advanced classes is another way that WCPSS is helping close the achievement gap. All of these programs and offerings cannot continue to grow to meet the needs of the students without increased funding.

FIGURE 18: Students taking AP Exams by race over time

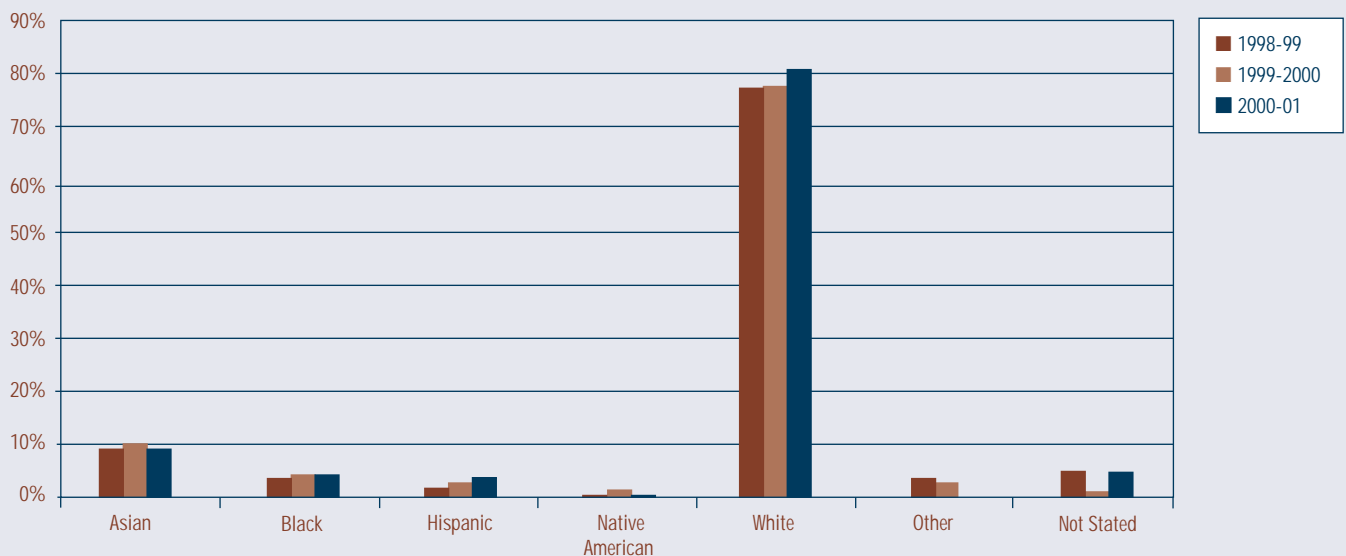
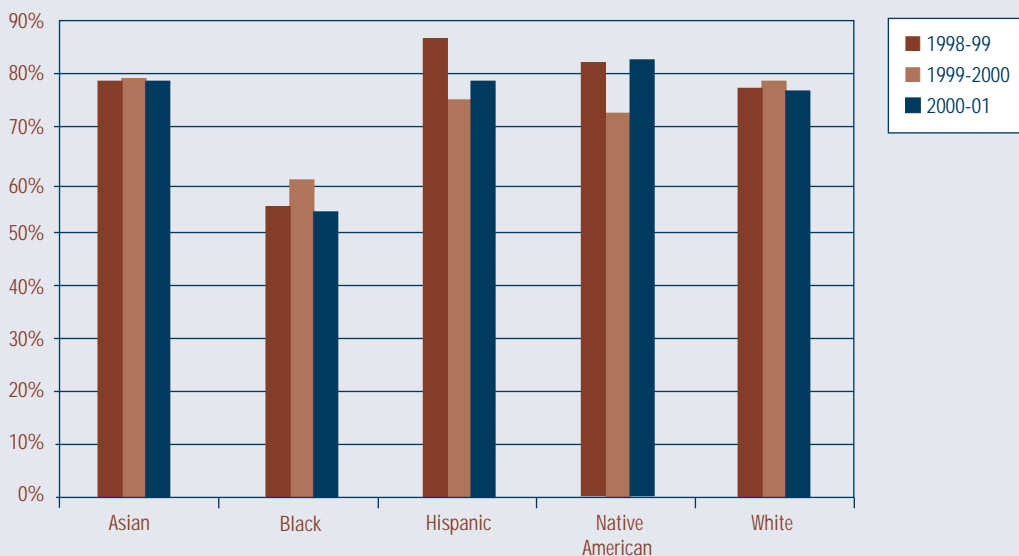


FIGURE 19: Students taking the AP exam and scoring three or greater by race over time





FINANCIAL HURDLE OF THE AP EXAM:

Each Advanced Placement (AP) exam costs \$80. School systems differ in the way they support their students in taking the AP tests.

- Wake County: *The system offers no subsidy to students. However, if a student demonstrates need, then the College Board provides a scholarship. Additionally, North Carolina offers limited money for students who have need. Wake County AP students are not required to take the exam.*
- Charlotte/Mecklenburg: *The school system pays for all AP exams for every student, regardless of need. Every student in an AP class must take the exam.*
- Durham County: *The system does not use local money to subsidize AP exam costs for students. Rather, if a student demonstrates need (i.e., is on free or reduced-priced lunch), the Durham County will waive the fee that the College Board usually pays the system for administering the exam. Durham also uses state subsidies. Durham AP students are not required to take the exams.*
- Guilford County: *Guilford County Public Schools pay for students to take the exams. The system requires that students enrolled in an AP class take the exam.*
- Chapel Hill/Carrboro: *All students enrolled in an AP class are required to take the exam. Students who need assistance in paying for the exams can receive help based on their stated needs. All of Chapel Hill/Carrboro's financial assistance is local money.*
- Fairfax County, Va.: *Students pay \$25 per exam with the district subsidizing the rest of the cost. A student pays a maximum of \$50 per year. (Thus, if a student takes three AP exams, it will cost only \$50.) Students on free or reduced-priced lunch are exempt from the fee. Until 2002-03, Fairfax County subsidized the cost of all AP exams.*

TO RESPOND TO WAKE COUNTY'S GROWTH and changing demographics, WCPSS developed student assignment policies designed to maximize student success and effectively utilize facilities. In the past, WCPSS, as did many other systems, used race as a determining factor for where students would attend school. However, in recent years, lawsuits and court rulings, including one in Charlotte/Mecklenburg Public Schools, *Belk v. Charlotte-Mecklenburg Board of Education*, have made it unconstitutional for school systems to assign students on the basis of race.

In 2000, WCPSS developed a student assignment policy based on academic achievement and socioeconomic status. Wake County's diversity policy considers several indicators in its student assignment plan. These indicators include an examination of the following:

- The percentage of students who qualify for free and reduced-price lunches;
- The growth trend over the past two years;
- Facility use's falling between 85 and 115 percent;
- The number of students assigned to a school who qualify for self-contained special programs;²⁵ and
- Students' academic achievement as reflected by EOG scores in grades three through eight.

Although the system believes that racial diversity within its schools enhances the education of all students, race is not a factor in student assignment. In legal and academic terms, school segregation exists when a school is 75 percent or more either white or minority. With an economic integration plan, which is WCPSS' current policy, no school should have more than 40 percent of students eligible for free or reduced-price lunches. In addition, no school should have more than 25 percent of students below grade level.

Additionally, the current policy is supported by local and national research, including The Century Foundation's Richard Kahlenburg.²⁶ The policy aims to provide more individual attention for students and to maintain the strengths of all Wake County schools.²⁷

Several different factors were considered in the development of this policy, including the opening of new schools, the crowding of existing schools and the increased popularity of year-round schools. Additionally, the need for school facility improvement and expansion, the concerns of transportation and travel time, the provisions for magnet



school transportation and the presence of diversity indicators are factors in the policy's development. This policy has been, in recent months, the source of heated debates among select groups of Wake County citizens and parents.

The policy has advocates as well as opponents. Community members who oppose facets of the policy in part fear that large numbers of students are being reassigned to fill requirements of the plan. Although student assignment is a difficult task in a growing school system, in actuality, less than one-quarter of one percent of students over the past four years were reassigned for socioeconomic reasons. In the 2002-03 school year, 3.9 percent of students were reassigned for any reason (i.e., growth and new schools built).

While the public seems to agree that an emphasis on student achievement is an appropriate goal, the method for

pursuing that achievement is not so easily agreed upon. Other systems in the United States have developed policies that allow students to apply to attend a school of their choice. Some of these controlled choice programs restrict choice to certain areas of the local system, and some of the policies allow students to choose from schools across the system. Though several systems have, in recent years, converted to controlled-choice plans, these plans have given rise to concerns about re-segregation of schools.

In Denver, Colo., the Denver Public School System (DPS) offers a choice program that allows students to apply to any school in the district. According to the DPS Web site, the enrollment in the system is 72,617, with 40,866 students receiving free and reduced-price lunches.²⁸ The Colorado Student Assessment Program test results show that 50 percent of third grade students in DPS are reading at proficient or advanced levels. Results for eighth grade shows that 40 percent of students are reading at proficient or advanced levels.

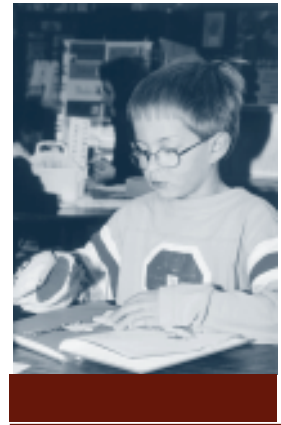
In Florida, the St. Lucie County Public Schools' Controlled Choice plan's goal is to maintain racially balanced schools. Students may apply to any school within the zone in which they reside. Schools in the district receive grades based upon criteria, including test scores on Florida's accountability testing (FCAT).

According to the scale used to grade these tests, on the 2002 reading test, 29 percent of third graders had little success with Florida's standards. Fifteen percent of them had limited success, 31 percent had partial success, 21 percent had some success and only 4 percent had most success. Math scores for third graders aligned in a similar way. Since 1999, the majority of St. Lucie County third-graders have scored between little

and partial success on the reading and math tests.

And initial results from the first year of implementation of Charlotte-Mecklenburg's controlled choice plan indicate that the racial and socioeconomic diversity of the system's schools has been diminished. Fifty-two of Charlotte's 145 schools have 75 percent or more minority population. Of those 52 schools, 21 are 90 percent or more minority. On the other end of the spectrum, 17 schools in Charlotte/Mecklenburg are 75 percent or more white. Of those, 14 have white populations of 80 percent or more. Test results demonstrating the impact of lessened diversity on student achievement will not be available until late summer 2003.

Meaningful debate on the issues of student assignment and diversity should include the results reported above, as well as consideration of the impact of choice in assignment policies of similar systems.²⁹ As the committee indicated earlier in **Quality Matters 2003**, the data shows that, despite concerns about stability and parental choice, Wake County's focus on providing all children with the opportunity to achieve at the highest levels is producing improved outcomes at all levels. Additionally, the system's focus on all students is helping shrink the achievement gap and efficiently utilize facilities, maximizing the return on taxpayers' investment in public schools.



25 Self-contained special programs are programs designed for children with severe handicaps/disabilities.

26 The Century Foundation is a community-based organization whose mission is to gather diverse groups of experts to garner support for new policies and ideas, to commission authors whose logic makes distinctive statements, to publish information that a majority of people can understand and invite discussion on ideas that merit thoughtful consideration. Visit The Century Foundation on the Internet at www.tcf.org.

27 Information courtesy the Wake County Public School System.

28 About DPS: Facts and Figures 2001-2002." Denver Public Schools. Last revised 2003. <http://www.dpsk12.org/aboutdps/facts/>. Last accessed: February 7, 2003.

29 Wake Education Partnership released a report entitled "Making Choices: Diversity, Student Assignment and Quality in Wake's Public Schools," which considers the experiences of other systems that have moved toward greater school choices and examines research about academic, social and political issues for maintaining balance in student enrollment. Read the report at <http://www.wakeedpartnership.org/Research&Reports/index.html>.

STUDENT ACHIEVEMENT IS A PRIORITY FOR WCPSS. Therefore, quality teaching, a direct link to student success, remains a top priority for WCPSS and the BOE. Data shows that there is a teacher shortage in the United States, and this shortage, in turn, impacts Wake County. Because population growth in Wake County exceeds that of the nation, shortages here may become more extreme. Currently, 60 percent of Wake County's new teachers come from inside North Carolina, while the system has to compete for other new teachers from out-of-state systems or obtain them through lateral entry programs. National shortages will make recruiting and retaining teachers increasingly more difficult.

As WCPSS strives to reach Goal 2003, the *NCLB* Act may have a substantial impact upon the ability to retain and hire quality teachers. For WCPSS, *NCLB* means increased testing, accountability, reporting, funding and other requirements. North Carolina has already implemented many of the required testing and accountability measures. However, the federal government has added a term, "highly qualified," to define teachers and their qualifications, adding more pressure for school systems already experiencing a teacher shortage. According to the federal government, highly qualified means that the teachers are certified by the state, either by traditional or alternative means, and are competent in the subject they teach (by having an academic major in the subject or passing a subject test). Newly-hired (as of the summer of 2002) Title I³⁰ teachers who teach core academic areas must be highly qualified now; by 2005-06, teachers in every classroom must be highly qualified. If a school hires a teacher not classified as highly qualified, the school and system must alert parents in writing that this teacher is in the school.

Regarding standards to be highly qualified, North Carolina is, in many ways, ahead of other states with some of its standards-based accountability measures. In North Carolina, for instance, teachers must pass the Praxis exam to receive their teaching licenses. However, *NCLB* will create snags in North Carolina's licensing system. Teachers currently hired as lateral entry professionals have five years to become licensed; under *NCLB*, after the fiscal year 2005-06, they have three years. Federal law also requires paraprofessionals (i.e., teacher assistants) to have two years of post-secondary education or to demonstrate their skills on a state or local academic assessment.



Such licensing requirements on teachers, in addition to the threat of their being labeled not highly qualified, will surely decrease systems' teacher retention, already a major issue in every North Carolina system.

TEACHER RETENTION MATTERS

In 2001-02, there were more than 6,700 teachers in WCPSS; the average turnover rate that year was 9.5 percent. According to data collected from WCPSS, there may be a need to hire or replace over 2,000 teachers by fiscal year 2004-05.

Approximately 8 percent of WCPSS teachers and 40 percent of the system's administrators are currently eligible to retire. In 2001-02, the system also lost about 73 percent of its teachers with three or fewer years of experience.

The Human Resources Department of WCPSS has used its own anecdotal and quantitative data to arrive at the following list of reasons as to why teachers leave the profession:

- Accountability demands and the related administrative paperwork;
- Salary;
- District income and spending;
- Job support; and
- Teacher autonomy and job complexity (class size, poverty and diversity).

As part of the CAC's review of the WCPSS, the committee focused upon the teacher crisis and proposed recommendations to improve the hiring and retention of teachers. The report recommends that the BOC fund specific measures toward improving human resources, teacher recruitment and retention in WCPSS.³¹ The CAC found that in order to meet the 95 percent goal, teachers must be adequate in number and experience.

The committee recommended that WCPSS increase the number of professional recruiters on staff, develop and implement a systematic screening procedure for applicants and ensure bonuses and incentives for new and existing teachers. These recruitment strategies, according to the CAC, have an initial cost of \$0.6 million in 2003-04 and a cost of \$0.5 million per year subsequently.

The strategies that the CAC recommended for retention are as follows:

- Outsourcing substitute teacher hiring to ensure 100 percent availability of substitutes (net four-year cost of \$5.13 million);
- Upgrading extra duty compensation for mentors (net four-year cost of \$606,000);
- Establishing pathways to financial and career progression (net four-year cost of \$21.8 million);
- Using variable contracts to provide time for training, collaboration and leadership roles (net four-year cost of \$20.1 million); and
- Encouraging teachers to stay with the WCPSS by giving one-time bonuses to those who stay longer than five years (net cost of \$2.8 million).

The initial cost for these retention strategies the CAC recommended is \$2 million for the 2003-04 school year; the total cost for the next four years is \$50.5 million.

Teaching quality is clearly a pressing issue in today's public schools. With teacher turnover rates on the rise and NCLB placing extensive pressure on new and experienced teachers alike, the system must do more to ensure that the resources are in place to recruit and retain quality teachers.

FIGURE 22: Teacher experience levels 2001-02

	Wake County	Charlotte-Mecklenburg	Durham County	Forsyth County	Guilford County
Classroom Teachers with Graduate Degrees	35.50%	35.90%	36.90%	38.80%	35.60%
Classroom Teachers with No Prior Experience	6.60%	10.50%	8.30%	5.70%	8.40%

30 Title I schools receive special federal funding for having high numbers of low-performing students.

31 The CAC's initial charge was not related to human resources; however, when the committee began to learn more about the resources and needs of the system, committee members found it relevant to examine human resources and make recommendations for funding for this department.



FIGURE 20: Average Teacher Experience 2001-02

	All Schools	Elementary	Middle	High	Other
Experience	12.35	11.64	12.32	12.87	15.08

* Sixty-one percent of WCPSS full-time teachers have 14 or fewer years of experience.

FIGURE 21: Average teacher salaries*

	12 years of experience
Bachelor's	\$35,110
Bachelor's with NBPTS**	\$39,320
Master's	\$38,620
Master's with NBPTS	\$43,250
Advanced	\$39,880
Advanced with NBPTS	\$44,510
Doctoral	\$41,115
Doctoral with NBPTS	\$45,780

* The average teacher in Wake County has taught for 12.35 years. These rates are based upon the 12th year of teaching.

** National Board for Professional Teaching Standards

TRANSPORTATION IN THE PUBLIC'S SCHOOLS

THE CITIZENS OF WAKE COUNTY have discussed the merits of busing for decades. In this section of **Quality Matters 2003**, the School Finance Committee has attempted to answer many questions concerning the transportation system and the related effects from busing.

COST ANALYSIS OF WCPSS BUS SYSTEM

WCPSS has the second largest school bus system in North Carolina and the 22nd largest in the country.³² There are 810 school buses, plus an additional 135 activity buses, transporting 54,661 students daily in Wake County. WCPSS' school buses make 4,096 daily bus routes, and about 900 employees make up WCPSS' \$35.4 million-per-year transportation system, the majority of which comes from the state of North Carolina. In addition, WCPSS continues to maintain a near-perfect efficiency rating.³³ For the 2002-03 school year, WCPSS achieved a 100 percent efficiency rating.

Quick Transportation Facts:

WCPSS uses 2.01 million gallons of fuel each year.

WCPSS uses 12,000 gallons of fuel per day.

Fuel costs \$17,880 per day (at \$1.49 per gallon).

School buses average seven miles per gallon.

FIGURE 23: WCPSS efficiency ratings and funding, 2000-03

2000-2001: WCPSS received state funds based on a 98.23 percent efficiency rating
2001-2002: WCPSS received \$24.6 million from state funds based on a 95.4 percent efficiency rating
2002-2003: WCPSS received \$26.5 million from state funds based on a 100 percent efficiency rating

An Examination of School Start Times

Examining school start times and factors inherent in changing start times is critical in developing an effective tiered transportation system. The most comprehensive study of school start times was done by the Center for Applied Research and Educational Improvement (CAREI) of the College of Education and Human Development at the University of Minnesota. The impetus for the study came from information gathered from the medical community through studies that provide essential elements from sleep research, including the following:

- 1) Sleep deprivation is associated with information processing and memory deficits; increased irritability and anxiety and depression;
- 2) Nine hours of sleep per night is the necessary amount to avoid behaviors associated with sleep deprivation. Risks with teenage sleep deprivation include mood and behavior problems, increased potential for drug and alcohol use and vulnerability for accidents;

- 3) Twenty percent of all high school students fall asleep in school; and
- 4) Over 50 percent of students report being most alert after 3 p.m.

There are further studies that support these medical findings as they relate to the time of day and the effects on learning. Other studies have suggested that performance peaks in the afternoon and that afternoon reading instruction produced the greatest increase in reading scores compared to morning instruction.

One major concern to consider is high school start times because of the start times' potential impact on athletics and other extra-curricular activities as well as the additional costs if bus drivers worked later, driving activity buses well into early evening. Studies such as the one conducted at the University of Minnesota in 1994 have shown that sleep directly relates to academic performance. How do we take this into consideration in evaluating optimal design of bus routes, efficiency rating and funding?

³³ WCPSS is the 25th largest school system in the United States.

³⁴ The North Carolina Department of Public Instruction gives efficiency ratings to the transportation systems in each school system and allots over \$180 million based on those ratings. The efficiency rating is determined by the number of students riding the bus over three bus rides versus the bus' capacity. The state uses a funding formula that compares each system to the other North Carolina systems, looking at cost and bus efficiency.

THREE-TIERED SYSTEM VS. TWO-TIERED SYSTEM VS. ONE-TIERED SYSTEM

WCPSS is currently on a modified three-tiered system with 10 different school dismissal times. The Transportation Department has recommended that the WCPSS adopt a true three-tiered system.

Currently, the BOE is soliciting input on a true three-tiered system through its Board Advisory Council. According to the Transportation Department, a three-tiered system would have no effect on the efficiency rating or funding. It takes an average of 45 minutes for buses to load at one school, safely deliver those students home and travel to the next school for another pick-up. The transportation department believes that a true three-tiered system would provide better service by eliminating long waits for buses following afternoon dismissal. It would also minimize children's arriving at school too early in the morning for that bus to go on additional routes. The CAC

recommended that WCPSS increase the use of the express busing program for magnet schools and year-round schools as action plans to improve the efficiency level.³⁴ However, the CAC did not project any financial impact from this proposal on the WCPSS budget.³⁵

The reality is that, as with any tiered transportation system, there is a need to stagger the high school, middle school and elementary school start times. Drivers need to go in "tiers" in order to cut down on the number of drivers and buses, and thus, costs.

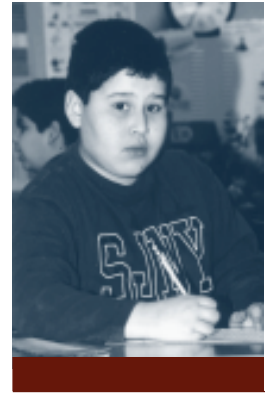


FIGURE 24: Cost comparison of tiered systems

	Current Modified Three-Tiered System	Two-Tiered System	Single-Tiered System
Additional Buses Needed ³⁶	N/A	133	1,013
Additional Capital Outlay	N/A	8,379,000	63,819,000
Annual Operating Cost	34,800,000	40,600,000	43,559,000
Additional Operating Cost	N/A	5,719,000 ³⁷	8,757,000 ³⁸
Daily Cost Per Student	580.41	675.54	724.64

FIGURE 25: Data and analysis regarding number of children riding the bus

	Time in minutes	Number of students
Average base bus ride	37 (one hour maximum)	37,081
Magnet School bus rides	55	7,076
Year Round School bus rides	57	5,897
Alternate Calendar bus ride	65	1,942
Involuntary bus ride ³⁹ (redistricted nodes)	35	2,064

³⁴ Express busing is a form of busing currently utilized for magnet school transportation only. Parents take their children to a centralized stop, where a school bus picks them up, thus minimizing the bus ride time (i.e., a student living in Wake Forest and attending Southeast Raleigh High would ride the bus from Wake Forest/Rolesville High to Southeast Raleigh High). Southeast Raleigh High, Moore Square Museums Middle, Underwood Elementary and Centennial Middle use primarily express busing.

³⁵ Talton, James, et al. *Citizen Advisory Committee on School Funding: Final Report*. 19 Feb. 2003.

³⁶ Includes additional 10 percent for required spare buses.

³⁷ These figures are estimates of the additional operating expense. They do not take into account the decrease in efficiency as measured by state standards. The decrease in efficiency means that most, if not all, of the additional operating cost would be paid at the local or county level, rather than the state level.

³⁸ Involuntary busing occurs when students have been reassigned to a school some distance from their base school. Students remain involuntarily bused until they are assigned to schools closer to their geographical locale.

FIGURE 26: Student transportation costs on public school buses (2000-02)³⁹

	Wake County	Chapel Hill/Carrboro	Charlotte/Mecklenburg	Durham	Guilford County	Winston-Salem/Forsyth
Buses	714	53	1,023	284	595	354
Pupils	53,299	4,067	65,680	16,090	38,396	24,775
Miles	13,016,115	549,266	16,905,707	4,003,337	7,626,066	4,981,750
Cost ⁴⁰	\$28,493,176	\$1,132,072	\$31,602,806	\$8,122,714	\$18,016,882	\$8,660,335
Cost Per Bus	\$39,906	\$21,360	\$30,892	\$28,601	\$30,280	\$24,464
Cost Per Pupil	\$535	\$278	\$481	\$505	\$469	\$350
Cost Per Mile	\$2.19	\$2.06	\$1.87	\$2.03	\$2.36	\$1.74



Charlotte-Mecklenburg’s transportation costs, since implementing its controlled choice plan in fall 2002, have increased. The number of buses has increased 11 percent to 1,132, and these additional buses travel 23,400 miles further per day. Because of the greater number of buses, fuel and maintenance costs have increased; thus, the operating budget for transportation has increased 4 percent over that of 2001-02.⁴¹

Transportation costs in all school systems usually increase each year because of system growth. However, by maintaining perfect or near-perfect efficiency ratings, systems can get a significant majority of their transportation costs covered by the state of North Carolina.

³⁹ Information courtesy the North Carolina Department of Public Instruction. February 2003.

⁴⁰ Costs listed are exclusive of replacement school buses and transportation to remedial services and summer school (all paid by the state). Thus, information provided for cost per bus, cost per pupil and cost per mile reflect the number used in total costs.

⁴¹ Helms, Ann Doss. “How much does ‘busing for choice’ cost CMS?” *The Charlotte Observer* 17 March 2003.



CONCLUSION

THE WAKE COUNTY PUBLIC SCHOOL SYSTEM has many outspoken critics as well as supporters. The continuous improvement the citizens of Wake County seek cannot happen without all stakeholders working together to create *shared* goals for the public schools. **Quality Matters 2003** aims to bring these groups together by providing a framework for discussion that will stimulate dialogue and ultimately generate consensus on these goals.

Five years after developing the 95 percent goal, nearly 90 percent of Wake County's third- and eighth-grade students are achieving at or above grade level. The achievement gap between minorities and whites is quickly shrinking. And the SAT scores of our high school students are at an all-time high. Dropout rates, on the other hand, are the lowest they've ever been.

At the same time, discussions regarding school choice and diversity in our schools are taking center stage. Teachers are exiting the classroom at an alarming rate, and there is a scarcity of teachers available to step in. And the well-intended goals of the federal *No Child Left Behind* Act are placing additional strains on teacher recruitment.

Our community must be committed to the success of every child. And that is the task before WCPSS every day. Test scores and benchmarking have shown that WCPSS is achieving at the same level or above its peers throughout North Carolina and the country. But much work remains. The CAC's recently released report informed the community that the system is desperately under-funded if the system is going to continue to meet the expectations of a high quality public school system. Tough choices lie ahead.

It is clear that WCPSS needs more funding if it is to achieve the goals that the community has set. In addition, as a school bond referendum approaches in fall 2003, Wake County voters will be asked to support additional funding related to expanding facilities to meet the demands of a rapidly growing student population.

The committee believes that this report contains answers to some of the critical questions being discussed in our community. Additionally, the School Finance Committee is proud to have provided information that will allow you to work with others in the community to help shape the future of public education in Wake County.

APPENDIX ONE: SCHOOL FINANCE COMMITTEE



Jeff Barker
Celito.Net

Billy Blackburn
PL&E Sales

Brenner Boyd
SouthTrust Bank

Gordon Brown
Chair
Nortel Networks

Del Burns
Wake County Public School System

Mary Dillon
Ellis & Winters, LLP

M. Anthony Habit
Wake Education Partnership

Lance Hardin
Ernst & Young, LLP

Paula Lipford
Wake County PTA Council

Tom Lyon
Maupin Taylor & Ellis, LLP

Leslie Maxwell
Wake Education Partnership

Alan McInnes
Kilpatrick Stockton, LLP

Megg Rader
The Junior League of Raleigh

Ashley Johnson Techet
The Greater Raleigh Chamber of Commerce

Charlotte Turpin
Wake-North Carolina Association of Educators

Faison Winborne
Civic Leader

Jon Woodall
Civic Leader

APPENDIX TWO: DEFINITIONS AND SOURCES OF DATA

Advanced Placement Information: The report “Advanced Placement Exam Results 2000-01,” published by the Wake County Public School System, contains data for Wake County and other benchmarking systems. Advanced Placement test cost information can be obtained by calling the school systems at (919) 850-1600.

Benchmarking systems: Many of the school systems that Wake County benchmarks against post information on their Web sites. Access the following Web sites for more information: Wake County Public School System, www.wcpss.net; Charlotte-Mecklenburg Schools, www.cms.k12.nc.us; Chapel Hill/Carrboro City Schools, www.chccs.k12.nc.us; Durham Public Schools, www.dpsnc.net; Guilford County Schools, www.guilford.k12.nc.us; Winston-Salem/Forsyth County Schools, <http://mts.admin.wsfcs.k12.nc.us>; Fairfax County Public Schools, Virginia, www.fcps.k12.va.us; and Gwinnett County Public Schools, Georgia, www.gwinnett.k12.ga.us.

Cost of living index: ACCRA, the American Chamber of Commerce Researchers Association, provides cost of living indices. Visit www.accra.org for more information.

Dropout rate: The North Carolina Department of Public Instruction released dropout rates for the 2001-02 school year in January 2003. Wake County's rate was 3.51 percent, Charlotte-Mecklenburg's was 4.77 percent, Winston-Salem/Forsyth County's was 5.82 percent, Durham County's was 6.15 percent and Guilford County's was 3.75 percent. Find the report at http://www.ncpublicschools.org/school_improvement/dropoutreport02/.

National Board for Professional Teaching Standards certified teachers: The National Board examination process maintains high standards for teachers and recognizes teachers who complete this process. The WCPSS Human Resources Department keeps records of National Board Certified teachers in Wake County. Currently, there are 476 National Board Certified teachers in Wake County. North Carolina tops the rest of the nation with numbers of National Board Certified teachers.

North Carolina Public Schools Statistical Profile 2002. North Carolina Department of Public Instruction, summer 2002: The Statistical Profile is a publication from the state DPI containing information about students, teachers, transportation and finances, both for the state and local levels. View the Statistical Profile at <http://www.ncpublicschools.org/fbs/stats/StatProfile02.pdf>.

Per-pupil expenditures: These data are collected by the North Carolina Department of Public Instruction and reported in the 2002 Statistical Profile. The figures include child nutrition. Figures for the Gwinnett County Public Schools are available on the Georgia Department of Education Web site, www.gadoe.org. Figures for the Fairfax County Public Schools are available on the Virginia Department of Education Web site, www.pen.k12.va.us. Figures for capital outlay represent five-year averages. These numbers are reported in the 2002 Statistical Profile.

Percent of students on free and reduced lunch: Data for Wake County comes from WCPSS' Department of Evaluation and Research. For other systems, evaluation departments maintain the data. Call (919) 850-1600 for more information.

Teacher salaries: Teacher salary schedules for North Carolina are available on the North Carolina Department of Public Instruction Web site, www.ncpublicschools.org. Fairfax County Public Schools' salary schedules are available on the system's Web site, www.fcps.k12.va.us. Salary schedules for Gwinnett County Public Schools are available on the Web site, www.gwinnett.k12.ga.us.

Teacher turnover rate: The WCPSS Human Resources Department maintains data on turnover rates, including the years of experience that these teachers have. The department also maintains records on reasons for teachers' resignations. Call (919) 850-1600 for more information.

Teachers with advanced degrees: The WCPSS Human Resources Department maintains data regarding teachers with a degree higher than a bachelor's. Call (919) 850-1600 for more information.

Transportation: Data for transportation is collected by the North Carolina Department of Public Instruction. The Transportation Department maintains data for WCPSS transportation. Call (919) 850-1600 for more information.

APPENDIX THREE: CAC EXECUTIVE SUMMARY

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THE CITIZEN ADVISORY COMMITTEE (CAC) for Appropriate Funding of Public Education in Wake County was created in August of 2001 as the result of an agreement between the Wake County Board of Commissioners (BOC) and the Wake County Board of Education (BOE). The underlying purpose of the CAC was to find a way to reconcile a long-running and seemingly intractable conflict between the BOC and BOE over funding for the Wake County Public School System (WCPSS or the School System).

THE PRIMARY CHARGES TO THE CAC WERE TO:

- determine the appropriate level of funding to ensure progress toward having 95% of students achieve at or above grade level on end-of-grade tests by 2003,
- develop a funding methodology that includes appropriate adjustments for growth, inflation, expected productivity measurements and cost-saving strategies,
- assess the fiscal policies and procedures for stewardship, accountability and financial stability.

The CAC employed the services of consultant MGT of America, Inc., to examine the financial and organizational structure of WCPSS and to provide recommendations to assist the CAC in the execution of its charges. The consultants began work with a target deadline of May 15, 2002, for a final report.

MGT provided hundreds of detailed recommendations, with many being organizational suggestions to increase effectiveness but having little or no financial impact. MGT provided only a superficial recommendation regarding a future funding methodology, and did not attempt to put forth recommendations regarding the appropriate amount of funding to achieve the 95% goal. MGT was generally complimentary of the financial and educational effectiveness of WCPSS.

To effectively consider the detailed recommendations in the MGT report, the CAC created subcommittees to review each section and recommend adoption, rejection or alteration of each recommendation. The primary focus of each subcommittee's review process related to recommendations with an annual financial impact greater than \$100,000. Twenty-two recommendations met this review threshold; of these, the CAC accepted sixteen either in original form or as modified. The four-year potential net cost for the sixteen accepted recommendations approximates \$36.1 million beginning in fiscal 2003-04.



The four-year potential net cost of the sixteen accepted MGT recommendations approximate **\$36.1 million**, beginning in FY 2003-04.

Realizing the lack of a substantive recommendation by MGT related to a future funding methodology and the 95% goal issues, a subcommittee was formed to explore these two specific areas. The subcommittee formed two working groups—a financial group to address the future funding methodology, and an education group to address the 95% goal. The objective of the future funding working group was to develop a methodology that accounted for inflation, student growth, state-mandated programs and an approximation of funding needs.

The objective of the 95%-goal working group was to document initiatives that the WCPSS had proposed in pursuit of the goal, to assess each, and to judge which should be pursued. Fifteen such initiatives were documented. The working group suggested that the 95% goal be reset to a realistic date in the medium term and recommended adoption of six of the fifteen initiatives. The six initiatives recommended for adoption have a four-year cost of \$60.5 million, beginning in fiscal 2003-04.

The CAC also appointed a subcommittee to address perceived issues with human resources matters, most specifically teacher recruitment and retention. The subcommittee recommended four specific actions related to teacher recruitment, with a four-year total of \$2.3 million, and five specific actions to improve teacher retention, with a four-year total of \$50.4 million. In total, teacher recruitment and retention strategies as recommended would cost \$52.8 million over four years, beginning in fiscal 2003-04.

The CAC also suggested that WCPSS use a “business-case” model to prepare presentations for new funding. Assuming the School System and BOE adopt the model in the future, it should make the budgeting process more understandable to the BOC and to the public.

The four-year cost of recommended strategies to ensure progress toward the 95% goal: **\$60.5 million.**

The four-year cost of recommended teacher recruitment, retention strategies: **\$52.8 million.**

The total estimated potential four-year cost of the three areas, beginning in fiscal 2003-04, is \$149.3 million (please note that all totals are rounded to the nearest \$100,000, and may not add due to this. For exact numbers, see the Financial Summary section).

MGT recommendations	\$36.1 million
95% goal strategies	\$60.5 million
Human Resources recommendations (teacher recruitment and retention)	\$52.8 million
Total	\$149.3 million

CAC CONCLUSIONS

The overall conclusions of the CAC are summarized as follows:

The total estimated potential four-year cost of all areas: **\$149.3 million.**

1. We reaffirm the proper stewardship of public funds by WCPSS, including the operations of the central office/administration.
2. Human Resources has significant needs for additional resources to recruit and retain the required number of excellent teachers.
3. We have developed a methodology to project future funding needs. This methodology should make funding decisions arising from inflation and enrollment growth more routine. The methodology establishes a baseline for adequate funding of WCPSS operations. It also requires WCPSS to provide a business case to the BOC and the public in order to request funding for any additional program initiative. We understand that the BOC needs to consider the business case of any proposed initiatives in light of total funding needs of Wake County.
4. We commend the strides made by WCPSS in approaching the 95% goal. Based on a business case presentation of proposals for further progress toward the goal, we recommend six additional programs for funding. We do not believe the goal will be reached in 2003. Therefore, WCPSS should revise the target date for the goal in light of all available data.
5. Aside from new funding that will be required for inflation, student growth and state-mandated programs, the CAC believes that additional funding is required to make adequate progress toward the 95% goal and to assist with teacher recruitment and retention. The net new funding that will be required in each of the next four fiscal years approximates \$17.4 million in 2003-2004, \$14.7 million in 2004-2005, \$12.4 million in 2005-2006 and \$10.8 million in 2006-2007.



The CAC is well aware of the hard choices involved in funding a growing and improving School System. We hope our fact-finding and evaluation will provide a useful basis for public discussion and decision-making by elected officials.

Download the complete CAC report at www.wcpss.net/cac-school-ops/cac-final-report.pdf.

Quality Matters 2003:

A Wake Community Review of the Public's Schools

For more information

Visit... www.WakeEdPartnership.org

Call... (919) 821-7609

Fax... (919) 821-7637

Write... Quality Matters 2003
706 Hillsborough Street
Suite A
Raleigh, NC 27603

Quality Matters 2003:

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Collaborating Organizations:

The Greater Raleigh Chamber of Commerce

The Junior League of Raleigh

Wake County PTA Council

Wake Education Partnership

Wake-North Carolina Association of Educators