Testimony of June Atkinson North Carolina State Superintendent of Public Instruction U.S. Senate Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies July 25, 2012

Chairman Harkin, Ranking Member Shelby and members of the Labor/HHS/Education Appropriations Subcommittee, thank you for inviting me to testify here today on the impact of sequestration on education reform and programming. I am June Atkinson, State Superintendent of Public Instruction, for the great state of North Carolina and a board member for the Council of Chief State School Officers. The Council just completed its annual summer conference last week and the issue of sequestration came up numerous times. My colleagues across the nation share my concern about the impact of these drastic funding cuts.

There are two fundamental issues I want to address today. First, my strong opposition to automatic, across-the-board funding cuts, that will be detrimental to education reform and remodeling occurring across the country. In North Carolina, as in other states, reforms supported by federal funds are focused on raising student achievement and helping to ensure all of our students graduate college, career and citizenship ready. Second, the immediate need for clear and complete guidance from the federal government on how sequestration will work, in the event it does go into effect on Jan. 2, 2013. States need to know when and how cuts will be made to various funding streams that we receive.

Fortunately, we received some initial guidance late last week from the Administration regarding how portions of Title I, Title II, IDEA Part B, and Career & Technical Education funds that we receive as advanced appropriations will be treated. But States need to know the complete picture. In the absence of complete guidance states cannot adequately help their districts and schools prepare. The absence of such guidance will clearly exacerbate the drastic nature of these funding cuts. I implore you to use your congressional authority to prevent sequestration or at the very least require that the Administration provide States with as much information as guickly as possible.

Chief state school officers across the country are focused on education reform efforts such as implementing the common core state standards, developing new assessments to better gauge student learning, and developing new teacher and leader evaluation systems to help drive improvements across our education workforce. We are focusing on the use of technology systems to improve the effectiveness and efficiency of student learning. We are developing technology systems to help teachers learn and grow professionally.

We have taken on these tasks in the best interests of our students even during some of the toughest economic times. In fact, a recent report by the Center on Budget and Policy Priorities highlights that our struggling economy impairs states' ability to fund services. States have already faced tough choices to close a combined \$540 billion in budget shortfalls between 2009 and 2012. Moreover, according to the report, the 2007 recession caused the largest collapse in state revenues on record: as of the first quarter of 2012, state revenues remained 5.5 percent below pre-recession levels. Simultaneously, though, our

education obligations grow, with states expecting to educate 540,000 more K-12 students. Our state and local education agencies are currently running on shoestring budgets, and cannot afford additional cuts.

Let's take North Carolina as an example. 16% of our education budget comes from federal funding. A 7-10% across-the-board cut projected for sequestration would dramatically stifle our remodeling efforts underway to personalize education so that each student will graduate prepared with options.

- I am proud that we are currently seeing great success in turning around low-performing schools under the School Improvement Grants program. Under sequestration, this program would be subjected to a loss of over \$40 million nationally, with an impact upon over 1,000 students in NC alone.
- We are also implementing a blended learning approach for our students with disabilities using IDEA funds, which would be subjected to a loss of over \$900 million nationally, with an impact upon over 13,000 students in North Carolina. It is worth noting that the federal government has still not lived up to its commitment to provide 40 percent of the excess costs of educating students with disabilities. A sequestration cut represents a further lack of that commitment. That impact also will hurt our innovative initiative to blend online and face-to-face instruction for many of our students with disabilities. Recently, North Carolina was just recognized for this exemplary delivery of instruction to exceptional children. One of our teachers in this program was recently recognized as the national Virtual Teacher of the Year. In the words of one of our students in this blended environment, "I love the teacher I have in the classroom and the teacher who helps me online. I am now really understanding math."
- We are helping our teachers implement this new blended learning approach through online learning modules and professional development funded through Title II Part A, which would be subjected to a cut of almost \$200 million nationally and could result in nearly 100 job losses in North Carolina alone. Businesses have gone through retooling, and if we are going to value and respect our teachers and students, we must provide necessary professional development to help teachers retool their work in the classroom to reach each student.
- North Carolina also leads the nation in credentialing students with Microsoft certification.
 During the past 18 months, 51,225 certifications were issued to our students and some teachers.
 Those certifications communicate to businesses that our students are prepared for success in the workplace. Without support from CTE funds for this initiative, we could not have prepared teachers to facilitate this important initiative to our students. The CTE program faces a loss of nearly \$90 million nationally reducing instruction and other services for an alarming 52,000 students in my state alone.
- Our State has experienced growth in our English language learner population over the past five
 to ten years. One of the most important aspects of our federal dollars, again, is to help our
 students who need to become proficient in English. As a result of federal dollars, we have been
 able to help teachers address in better ways the needs of this population of students and yet the

- cuts to Title III, English Language Acquisition funds would impact the services we are offering to more than 100,000 students across NC.
- Every summer our students who come from homes where no one is reading to them or without books to read, lose 2 ½ to 3 months of reading progress. These students don't have the opportunity to go to camp, the beach, or even the next town. They come back to school in the fall and the teachers have to re-teach what the students have lost. Through Title I funding, many of our Title I schools such as H.C. Bellamy Elementary School in Wilmington, North Carolina, offer summer reading programs. Last week I visited that school, talked to the students, and to Ms. Karen Sherman who runs the program. I am confident that the students in that program will not fall behind this summer. To paraphrase one of the students in that summer program, Jackson, "I am reading everything I can." Such a statement should be a reason to celebrate how Title I funding helps students keep on track in reading. Yet, under sequestration, Title I funds would be cut by over \$30 million in NC alone, impacting more than 40,000 students and potentially costing my state over 500 job losses.

As you can see, states such as mine are strategically addressing the needs of low-income students in underperforming schools, students with disabilities, English language learners, students seeking industry certification and the professional development needs of our teaching corps. Our work in addressing the needs of specific populations is demonstrating positive results. Our graduation rate is at an all-time high, and our student achievement is at an all-time high since we have increased our expectations and standards about four years ago. I am concerned that sequestration will make it harder to continue our progress and our commitment to long-term national competitiveness.

To be clear, chief state school officers believe wholeheartedly that we must better use our limited education funding. In fact, one of the primary topics of the Council's summer conference was strategic resource allocation. We need to focus primarily on proven strategies and not continue to fund programming that does not produce results or serve our student's needs. We will be your partners in any thoughtful process to improve the return on investment in federal education funding. But, I must also be equally clear that across-the-board, indiscriminate cuts do not help us achieve our state or national education goals. Chief state school officers will continue to wrestle with how we increase the efficiency and productivity of our educational funding, but we cannot do so if we are simultaneously wrestling with how we simply keep the lights on and continue to support effective education programming.

Exempting some programs from sequestration is not the answer either. Any vote to exempt some federal funding from sequestration while allowing education funding to be subject to sequestration stands in stark contrast to the best interests of our children and the long-term economic and national security of this country. You are all aware of the recent Council on Foreign Relations report which highlights the needs for investing in education in order to maintain our global economic security. According to the report, intelligence agencies face critical shortages in the number of foreign-language speakers and that fields such as science, defense and aerospace are at risk because of a shortage of skilled workers.

An analysis from the Alliance for Excellent Education calculates the economic benefit of reducing our high school dropout rate by half. While our graduation rate is at an all-time high, I know that we must continue our work to make sure that nearly 100 percent of our students graduate. According to the Alliance, cutting our dropout rate in half would result in almost \$300 million in increased earnings, over \$200 million in increased spending, \$650 million in home sales and \$28 million in new tax revenue for North Carolina. With numbers like that for North Carolina alone it is hard for me to understand why there isn't a stronger nationwide commitment to educate our children when we can clearly enjoy an economic benefit.

To my second point, without clear and complete guidance we cannot prepare for these cuts. I respect that the outcome of sequestration discussions will be determined at the highest levels of our political process. I recognize that the process is complicated by the pending debt ceiling debate and debates on tax cut extensions. I do appreciate the guidance we received last week from the Department of Education about how 2012 funding that is advanced into FY 2013 will be treated. It is important for States and our school districts to know that any impact of sequestration in Title I, Title II, IDEA, and Career and Technical Education will not be felt until July 2013. As I mentioned previously, the Administration has just begun answering some critical questions but I cannot accept the lack of clear guidance from the federal government to the states on all aspects of the implementation of sequestration. We need to know just how sequestration will affect forwarded-funded and advanced appropriations alike.

We still need guidance that gives us the complete picture. Specifically, we require additional information on:

- Unobligated balances from FY 12 budget authority provided in the FY 12 omnibus appropriations law.
- FY 14 budget authority that will be provided as advanced appropriations in the FY 13 CR or appropriations bill.
- The impact of sequestration on hold harmless and/or maintenance of effort provisions.
- And most importantly, what will be the specific cut made to each program.

Sequestration is also creating confusion on the programmatic side. Currently, States can reserve 4% of Title I funds for school improvement activities. School districts are also assured that they won't receive less Title I funding from the previous year due to this reservation. Under a 7 to 10% cut States may not be permitted to make this 4% school improvement reservation.

This is compounded by current efforts in the House Appropriations bill to eliminate the separate school improvement grant program. The combination of the inability to make this 4% reservation and a loss of school improvement grant funding will eliminate dedicated federal funding for turning around our lowest achieving schools.

Without getting the complete picture, we can speculate, but we cannot fully advise or support our districts as they prepare budgets in advance of the 2013-2014 school year and beyond. It is promising that the House of Representatives passed the Sequester Transparency Act and that Senators Murray and McCain worked in a bipartisan manner to attach an amendment to the Farm bill that would have forced the Administration to provide an even more detailed explanation.

On behalf of my state colleagues, let me also say that if we are subjected to sequestration then I also encourage you to think about new flexibilities you can offer states and districts in the use of their now reduced federal dollars. If the federal government does, indeed, provide significantly less federal funding in future years, it must make corresponding reductions in compliance burdens placed upon states and districts.

Sequestration came into being because of the failure of Congress to agree on how to resolve disagreements on fundamental issues of revenue and spending. Education is but a tiny fraction of the federal budget but with enormously high impact on our nation's future. Teachers and students are not responsible for sequestration, yet they will suffer the most if sequestration goes into effect. Students and educators are not to blame for our nation's fiscal problems, and they deserve better.