



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Joseph B. Morton
State Superintendent
of Education

Alabama
State Board
of Education

April 12, 2010

Governor Bob Riley
President

The Honorable Tom Harkin
Chairman

Randy McKinney
District I
Vice President

Subcommittee on Labor, Health and Human Services, Education, and Related
Agencies
United States Senate
731 Hart Senate Office Building
Washington, DC 20510

Betty Peters
District II

Dear Senator Harkin:

Stephanie W. Bell
District III

Thank you for inviting me to provide testimony in a Subcommittee Hearing on
Wednesday, April 14, 2010, related to a proposed Jobs Bill. As requested in your
letter to me dated April 6, 2010, please find attached a copy of my testimony. Copies
of the testimony will be provided at the Hearing.

Dr. Ethel H. Hall
District IV
Vice President
Emerita

If you have questions or need any additional information, please contact my
assistant, Ms. Beverly Davis, or me at 334-242-9700 or via e-mail at bevDavis@alsde
or jmorton@alsde.edu. I look forward to participating in the Hearing on Wednesday.

Ella B. Bell
District V

Sincerely,

David F. Byers, Jr.
District VI

Joseph B. Morton
State Superintendent of Education

Gary Warren
District VII

Dr. Mary Jane Caylor
District VIII
President Pro Tem

JBM:BAD

Attachment

Joseph B. Morton
Secretary and
Executive Officer



STATE OF ALABAMA
Department of Education



Joseph B. Morton
 State Superintendent
 of Education

Alabama
 State Board
 of Education

**Testimony of Joe Morton, State Superintendent of Education, Alabama,
 Before the Senate Appropriations Committee, Subcommittee on Labor, Health and Human
 Services, Education and Related Agencies**

April 14, 2010

Governor Bob Riley
 President

Chairman Harkin, Ranking Member Cochran, Senator Shelby, and Members of the Committee, thank you for inviting me to testify before the subcommittee today on the current fiscal crisis facing the states and its impact on education-related jobs across the country. My name is Joe Morton and I am here today in my capacity as State Superintendent of Education for the great state of Alabama and as a member of the Council of Chief State School Officers, a national organization representing the state superintendents in all 50 states, the District of Columbia, the Department of Defense Education Activity, and five U.S. extra-state jurisdictions.

Randy McKinney
 District I
 Vice President

Betty Peters
 District II

Stephanie W. Bell
 District III

As my time is limited, I will get right to the point, state governments continue to struggle with the budgetary challenges associated with the severe economic downturn this nation has been facing since 2007. I'm here today in strong support of the House-passed *Jobs for Main Street Act* and its \$23 billion extension of the State Fiscal Stabilization Fund. Schools need additional funding now or school boards will be forced to cut teaching and other key positions in our public schools. Fewer teachers in the classroom will only frustrate needed reforms in the nation's persistently lowest-performing schools and the improvements that schools must make to ensure that all students leave high school ready for college and careers.

Dr. Ethel H. Hall
 District IV
 Vice President
 Emerita

Ella B. Bell
 District V

David F. Byers, Jr.
 District VI

Unfortunately, state budgets lag behind any national recovery by a year or more, so even as we are beginning to see economic growth at the national level, much state fiscal turnaround may still be some time away. In point of fact, the Rockefeller Institute of Government reported that state tax collections have declined for four consecutive quarters. Due to these revenue declines, 36 states were forced to cut over \$55 billion for fiscal year 2010 and 30 of those states cut both K-12 and higher education. Since the start of this recession, states have reported total estimated budget gaps of almost \$430 billion, and the Center for Budget and Policy Priorities reports remaining budgetary gaps of over \$140 billion just for the upcoming fiscal year.

Gary Warren
 District VII

Dr. Mary Jane Caylor
 District VIII
 President Pro Tem

States are in the process now of finalizing their budgets for FY 2011. Without near-term action, this continuing fiscal crisis will result in additional jobs cuts at a time when the nation and Congress are centrally focused on the need for job creation and retention.

Joseph B. Morton
 Secretary and
 Executive Officer

I call your attention to my home state as a prime example of what is so prevalent in many states. Alabama is unique in many ways, but one is that it has two budgets to operate all state-supported agencies, programs, and institutions. The General Fund Budget funds all state agencies such as transportation, prisons, Medicaid, public safety, etc. The Education Budget funds all state-supported education endeavors from Pre-K to medical schools. Both funds have dedicated state taxes to support annual appropriations from the Alabama Legislature.

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In looking at education funding and personnel issues, one only has to look at the last four education budgets approved by the Legislature and to correspondingly look at state-unemployment figures for the same fiscal years. Realizing that the two largest education revenue sources used for funding the education budget are a statewide 4 cent sales tax and personal and corporate income taxes, it is readily apparent that the state education funding is directly tied to current economic conditions. Accordingly, if state revenues are lagging then correspondingly one would assume local school system revenues are lagging also. Of the 132 school systems in Alabama, 60 have established lines of credit from local banking institutions and either currently use this financial tool or will use it this fiscal year in order to meet payrolls and keep current on their monthly expenses.

Funding for the past four fiscal years and the unemployment rates for those years shown on the following chart give a very clear and vivid indication as to why state education funding is in crisis in Alabama and why a Jobs Bill approved by Congress would be vitally important to educational progress in Alabama and across the nation:

ALABAMA EDUCATION BUDGETS AND UNEMPLOYMENT RATES FY 2008-2011	
FY 2008 Education Budget (Adopted Spring 2007) \$6,729,089,656	Unemployment Rate in Alabama (February 2007) 3.4% — 73,551 People
FY 2009 Education Budget (Adopted Spring 2008) \$5,693,326,351 (Includes a mid-year 11% reduction of funds)	Unemployment Rate in Alabama (February 2008) 4.1% — 88,972 People
FY 2010 Education Budget (Adopted Spring 2009) \$5,322,329,577 (Includes a mid-year 7.5% reduction of funds)	Unemployment Rate in Alabama (February 2009) 8.7% — 187,149 People
FY 2011 Education Budget (Adopted Spring 2010) \$5,495,772,478	Unemployment Rate in Alabama (February 2010) 11.1% — 227,717 People

A state survey conducted by my office of all 132 school systems, which concluded on April 12, 2010, indicates that even with a state-adopted Education Budget for FY 2011, which includes the use of State Fiscal Stabilization Funds, there will be 2,827 fewer jobs in Alabama's K-12 public schools in August 2010 than exists today, even as the student enrollment increases. This is why Alabama educators support a Jobs Bill.

Sadly, Alabama is not unique in this alarming regard. As has widely been reported, California sent 23,000 pink slip notifications out just last month. Illinois has already announced close to 10,000 teacher layoffs with an additional 10,000 predicted. Just four school districts in Mississippi combined to lose 160 teachers and a single school district in Wisconsin is planning to cut 50 jobs.

In addition to the near-term impact these cuts will have on individual students, the reductions will also harm the nation's productivity. Education is a long-term investment that strengthens the nation's economy over time and provides a strong return on investment. For example, a recent study by the Alliance for Excellent Education found that cutting the dropout rate in the nation's 50 largest cities in half would lead to \$536 million in increased tax revenue, an additional \$2.8 billion in spending and over \$4 billion in increased earnings per year. Given these profound figures, education must be among the highest priority investments for the country even during challenging budgetary times.

There is no doubt in my mind that the current crisis would have been far worse if not for the significant education funding provided by Congress for the *American Recovery and Reinvestment Act* and the State Fiscal Stabilization Fund (SFSF) more specifically. What we know is that SFSF worked. A recent study by the Center on Reinventing Public Education at the University of Washington found that over 342,000 jobs are funded by the Recovery Act. SFSF funds paid for 2,700 education jobs in Washington State alone and almost 5,000 in South Carolina.

Since we know that the SFSF worked, an extension is not only logical but urgently needed to help sustain our commitment to education reform and improvement. Estimates of the proposed SFSF extension would provide an additional \$345 million for the state of Alabama, funding an estimated 4,150 education jobs. New Hampshire would see an additional \$95 million and save 2,000 jobs, and Tennessee would see almost \$450 million for an estimated 1,700 education jobs. In total, the House-proposed extension would fund 250,000 education-related jobs across the country.

In spite of the current economic crisis and the challenges facing state governments, American education is experiencing a period of significant transformation and reform. States are focused like never before on strengthening standards and assessments, improving systems of educator development, and developing comprehensive data systems and the next generation systems of learning. As you know, CCSSO, in collaboration with the National Governor's Center for Best Practices, is close to finalizing the common core standards for college and career readiness in Mathematics and English Language Arts. This historic step is but one of many groundbreaking reforms that states are undertaking to develop coherent birth-to-20 high-performing systems of comprehensive reform that promote continuous improvement at all levels of the education spectrum.

To make these efforts fully come to fruition though, we need a stable funding stream and a new state-federal partnership—through the reauthorized ESEA—to help ensure federal investments keep pace with the changing landscape and the increased role of the state as

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leading comprehensive reform. The President's proposed budget is a strong starting point, but state chiefs would like to highlight several areas in need of greater investment.

First, current funds for student assessments are woefully inadequate to develop high-quality summative assessments, let alone to develop the next generation of formative and interim assessments. The \$350 million Race to the Top Assessment set-aside is appreciated, but long-term funding is needed within ESEA to implement and sustain any product of this new competition.

Second, states recognize the need for focus and attention on the persistently lowest-performing schools through concerted school improvement interventions. But as SEAs now play the central role in providing technical assistance and other supports to their struggling districts and in many cases directly intervene in schools that are chronically underperforming, states are very hopeful that Congress will provide additional resources. Building state-level capacity is an essential component to statewide school turnaround.

Third, state chiefs understand and appreciate the value of new competitive grant programs as a catalyst for driving reform, but we implore the Congress to view those increases as above and beyond core funding for key formula programs like Title I, IDEA, and State Longitudinal Data Systems. These investments are needed to ensure that all students, regardless of income, race, special needs, or other characteristics, are receiving a high-quality education.

Lastly, let me say that state chiefs strongly support the Department's proposed consolidation of programs into 11 more coherent funding streams. Such an approach will provide states with increased flexibility to target resources towards the greatest areas of need. This change will certainly enable states to better allocate federal resources and will also eliminate redundant reporting.

In closing, let me again issue my strong personal support and that of the other chief state school officers around the country for an education jobs fund. It is needed and it will pay dividends.

Thank you again for inviting me to testify before the subcommittee today. I look forward to answering your questions.