



January 28, 2009

Senate Finance Subcommittee: Education
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Alliance for Virginia's Students

Developing Virginia's Future Workforce amidst a Race to the Bottom

My name is Sarah Geddes and I am an attorney with JustChildren. Today, I speak on behalf of the Alliance for Virginia's Students, a coalition of education, local government and child advocacy groups with over 5,000 individual supporters statewide committed to encouraging all Virginians to demand high quality educational opportunities for every child in the Commonwealth.

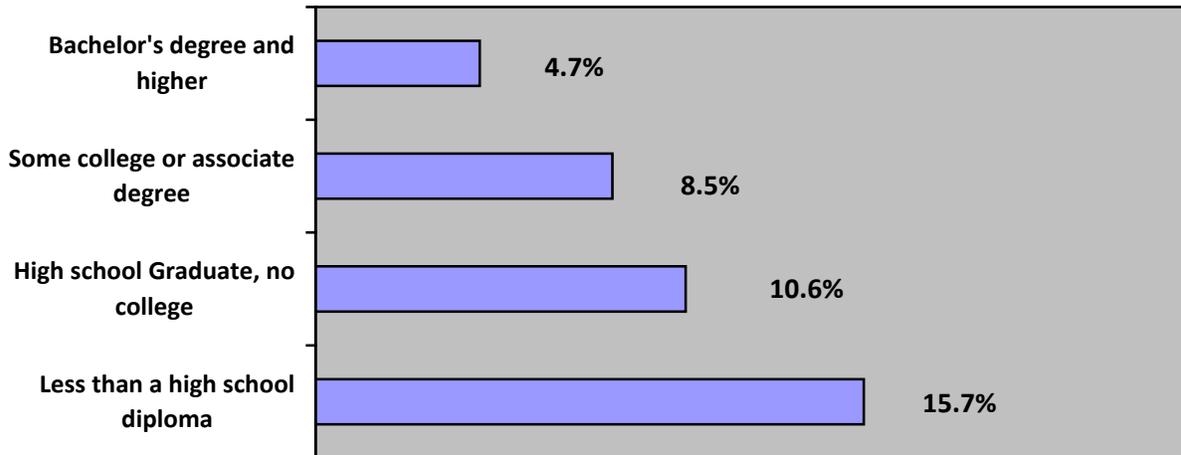
I appreciate the opportunity to speak with you today and represent the interests of Virginia's students. In doing so I acknowledge that my presentation will deviate from the list of questions those of us invited were asked to answer, which were directed toward schools and local governments. Of course students as well as adults have much at stake in the decisions this body will make during the 2010 General Assembly session. I hope my presentation today will provide valuable information regarding how specific proposed cuts to education funding will impact them.

I would like to begin by pointing to the great strides made by Virginia's students in the past decade on Standards of Learning tests. As of September 2009, ninety-eight percent of Virginia's public schools are fully accredited and meeting state standards in English, mathematics, history and science. Also, Virginia has been recognized nationally for narrowing the achievement gaps between black and white students in reading and mathematics. Existing investments in students are an important reason for this progress. It is this progress that is at stake in the midst of this recession. So too is the workforce readiness of this and future generations of Virginia students.

Workforce Readiness and Virginia's Class of 2009

Workforce readiness is an indicator of the Commonwealth's economic health. Unemployment rates are higher for less credentialed workers. In December of 2009, national unemployment rates were as follows:

U.S. Unemployment Rates: December 2009



*U.S. Bureau of Labor Statistics, December 2009, available at <http://www.bls.gov/news.release/empsit.t04.htm>

It goes without saying that any credential is better than no credential, but the unemployment data speaks volumes about the importance of producing diploma earners. Simply put, some credentials leave students with fewer options, and create a less skilled and employable workforce for Virginia.

Which of Virginia's credentials create the strongest workforce for Virginia? Virginia students can earn one of seven different credentials: five different types of diploma, a GED, or a Certificate of Program Completion (for students who do not qualify for a diploma but complete a program specified by the local school board). In terms of workforce readiness, not all credentials are created equal.

- The **Advanced Studies Diploma** is Virginia's college-bound diploma. It requires students to pass 9 SOL tests and earn 26 standard units of credit.
- Virginia's **Standard Diploma** is not guaranteed to open doors. In 2008, Virginia's P-16 Council found that, without additional coursework, simply holding a Standard Diploma will not qualify one for admission to most public or private four-year institutions in the state.¹
- Virginia's **Modified Standard Diploma** for students with disabilities requires only an 8th grade achievement level (as measured by the 8th grade reading and math SOL tests) and 20 standard units of high school credit. Only two branches of the military, the Army and the Marines, will even consider individuals with Modified Standard Diplomas.²
- The **Special (or IEP) Diploma** is awarded to students with severe cognitive disabilities who meet the goals of their Individualized Education Programs. A student may earn this diploma without passing any SOL tests. Only two branches of the military, the Army and the Marines, will even consider individuals with Special Diplomas.³

¹ Minutes from Governor's P-16 Education Council Meeting (Mar. 1, 2007).

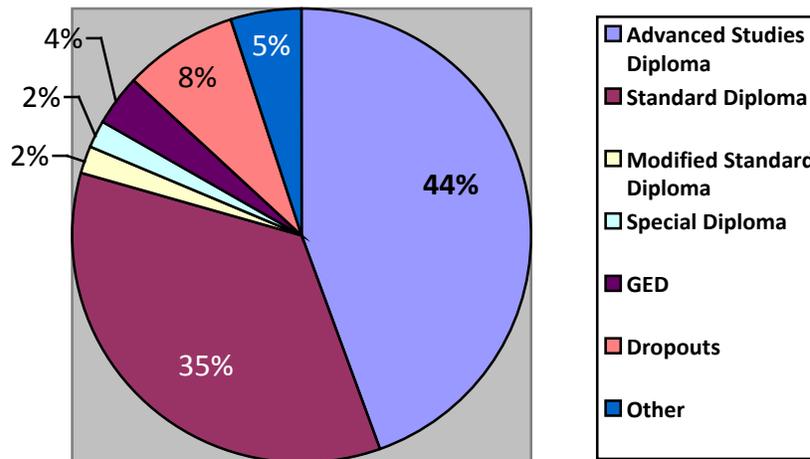
² We obtained this information through interviews with recruiters.

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- The **General Achievement Diploma (GAD)** is intended for adults (students over 18) who earn 20 standard units of credit and pass the GED test.
- Holders of a **General Educational Development (GED)** certificate are not eligible for Army recruiting bonuses that can reach up to \$40,000, and some branches permit only 10 percent of enlistees to be GED holders.⁴ Studies show that GED-earners have poorer outcomes than diploma-earners in virtually every labor market indicator, including annual income, hourly wage, rate of employment, and job tenure.⁵ Thus experts have concluded that “...acquisition of [a GED] can only partially temper the harsh economic realities associated with being a dropout in this country.”⁶

Beginning in 2008, Virginia now tracks students through high school, so we know how many students earn each credential, and have a more accurate count of dropouts.

Virginia Cohort Report: Credentials Earned by Virginia Class of 2009



* Virginia Dept of Education, Virginia Cohort Report, Class of 2009, available at http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/index.shtml, accessed January 25, 2010

Students earning Advanced Studies and Standard Diplomas are likely to have the most employment options and greatest earning potential. The pie chart above illustrates that arguably 21% of Virginia’s Class of 2009 is leaving school with a credential that affords them far too few options in a recessionary economy, and at a disadvantage when the economy improves, or with no credential at all. (At the conclusion of this presentation you will find a table indicating the graduation and completion data for the school divisions in your legislative districts.)

⁴ “Army offers \$40K Recruiting Bonus of HS grads,” NPR (Feb. 5, 2008). The reason has national security implications: High school diploma earners stay in longer. In an interview with NPR, Bernard Rostker of the Rand Corporation, former under secretary of defense for personnel said that the Army has known for some time that completion of high school was a good indicator of retention.

⁵ See, e.g., Cameron & Heckman, 1993; Murane, Willet & Tyler, 1998; and Boesel, Al Salam & Smith, 1998; Swanson and Chaplin, “Counting High School Graduates when Graduates Count: Measuring Graduation Rates under the High Stakes of NCLB,” “GED Battery No Substitute for Diploma,” Education Week (June 22, 2006).

⁶ Tyler, John, “What is the Value of the GED to dropouts who pursue the credential?” (2003).

The Commonwealth Institute in a recent report quantified the benefits to the Commonwealth of producing graduates, determining that each new graduate gains Virginia \$582,210 in additional tax revenues arising from higher earnings, and public savings associated with reduced state expenditures on health, crime and welfare.⁷ Applying this figure to the non-diploma earners only from the Class of 2009 (approximately 16,000 students), the opportunity cost to the Commonwealth of failing to graduate these students is over \$9 billion.

The Impact to Workforce Readiness of Cuts to P-12 Education

The Alliance for Virginia's Students urges the members of this subcommittee to consider carefully any cuts to pre-k through 12 education in terms of how those cuts will impact graduation rates and in particular the ability of schools to produce Advanced and Standard Diploma earners.

Proposed Cuts

Extensive research allows us to predict how certain proposed cuts being considered by LEAs and by state lawmakers will impact Virginia's students' workforce readiness.

1. **Increasing Class Sizes Hurts Students.** Several schools systems are considering increasing class sizes and laying off teachers as a result of proposed cuts in state funding for education. Other proposals recommend moving targeted class size reduction funds into direct aid, thereby negatively impacting the ability of low wealth school divisions to reduce class sizes.
 - The Board of Education hired consultants to assist in reviewing the staffing standards contained in the Standards of Quality in 2009. These consultants reported that: "There is a wide body of literature documenting the positive impact of small class sizes for students in K-3. Specifically, the research documents that smaller classes are especially beneficial for reading and math achievement and for low-income and minority students."⁸
 - A recent study by the Commonwealth Institute found that Virginia's K-3 Class Size Reduction program creates 11 new graduates per 100 students, and found a benefit/cost ratio for reducing class size of 2.07, meaning that for every dollar invested in class size reduction, the Commonwealth realizes 2 additional dollars.⁹
2. **Reducing the Commonwealth's Investment in the Virginia Preschool Initiative Hurts Students.**
 - JLARC's 2007 study of VPI documented higher literacy scores in kindergarten and higher 3rd grade SOL pass rates for at-risk students participating in VPI.
 - National studies show long-term positive outcomes for low-income students including fewer grade retentions and special education placements, higher

⁷ *A New Lesson Plan: How Increasing Graduation Rates Boosts Virginia's Economy*, The Commonwealth Institute, November, 2008.

⁸ *A Preliminary Review and Analysis of The Virginia Standards of Quality: Report to the Virginia Department of Education*, Augenblick, Palaich and Associates, July 2009.

⁹ *A New Lesson Plan: How Increasing Graduation Rates Boosts Virginia's Economy*, The Commonwealth Institute, November, 2008.

graduation rates, and eventually lower crime and unemployment rates, less reliance on welfare, and higher wages.

3. **Reducing the Number of Support Staff in Virginia's Schools Hurts Students.**

- The list of benefits to students and teachers of school support staff is extensive and varied, as each school in the Commonwealth is faced with a uniquely diverse student population. School social workers, psychologists, and behavioral specialists perform the vital task of coordinating health services, counseling and other student supports that allow more students to stay in their seats and learning. Schools use data and technology support staff to prepare on-time graduation rate reports, the Virginia School Safety Report, and many other important tasks. Attendance staff enable Virginia schools to track students, reach out to families, and create attendance plans to address the underlying issues resulting in truancy. These are just a few of the core educational functions performed by support staff in Virginia who enable students to learn, and teachers to teach.
- Fewer adults in school mean fewer opportunities for students to form a bond with an adult in school. When a student forms a bond with a teacher or other supportive adult in the school, the student is much less likely to drop out.¹⁰ In fact, *The Silent Epidemic*, a study of dropouts funded by the Bill and Melinda Gates Foundation, found that it can take just one relationship with one adult in the school to make a difference for a child at risk of dropping out of school.¹¹

State-Level Cuts and Impact on Students in Low Wealth School Divisions

When Virginia decreases its investment in education, localities must either make up the difference by increasing local revenue, typically through property taxes, or cut vital education services and lower the quality of education provided to public school students. Low wealth communities in particular, those who serve predominantly low income students, do not have the revenue sources available to pick up the tab.

In the January 2004, the Joint Legislative Audit and Review Commission (JLARC) issued a report examining the factors associated with school division performance on the SOL's. The report concluded that the single biggest predictor of a division's achievement on the SOL's was the percentage of students eligible for free lunch in the school system. JLARC also found a strong correlation between the rate of poverty and the availability of local resources, highly qualified teachers, and other supports necessary for educational success.¹² Virginia's on-time graduation rates reveal that low income communities in Virginia are already struggling to graduate students.

¹⁰ Robert Balfanz, *What Your Community Can Do to End Its Dropout Crisis*, Johns Hopkins University, May 9, 2007, available at http://web.jhu.edu/bin/y/r/Final_dropout_Balfanz.pdf.

¹¹ Civic Enterprises in association with Peter D. Hart Research Associates for the Bill & Melinda Gates Foundation, by John M. Bridgeland, John J. DiIulio, Jr., Karen Burke Morison, "The Silent Epidemic: Perspectives of High School Dropouts," March 2006, p. 7, available at <http://www.civicerprises.net/pdfs/thesilentepidemic3-06.pdf>.

¹² "Review of Factors and Practices Associated with School Performance in Virginia," Joint Legislative Audit and Review Commission, January 2004.

Detailed Data on Localities with Class of 2009 On-Time Graduation Rates Below 70%

Division	On-Time Graduation Rate	Drop-Out Rate	Percent of Students in Division on Free and Reduced Lunch (2008-09)	Composite Index of Local Ability to Pay
Hopewell	60.5%	16.6%	67.1%	.2236
Petersburg	61.4%	21.7%	71.8%	.2008
Portsmouth	63.5%	20.1%	57.7%	.2112
Lee	66.2%	16.7%	61.6%	.1552
Roanoke City	66.5%	17.9%	62.7%	.3420
Accomack	68.6%	16.6%	63.5%	.3752
Richmond City	68.7%	14.8%	70.6%	.4272
Covington	69.3%	14.7%	49.1%	.3051
Sussex	69.9%	13%	77.5%	.2799
Average	66.1%	16.9%	64.6%	.2800

* Virginia Dept of Education, Virginia Cohort Report, Class of 2009, accessed November 9, 2009, available at http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/index.shtml.

For communities with low or no ability to increase property taxes, eliminating services and lowering the quality of public education offered in their schools will be the only option when the state reduces support. Thus, funding cuts will only deepen existing inequalities.

Students Rights

The Virginia Supreme Court has recognized that education is a fundamental right guaranteed to every child in Virginia. In Virginia, the right to education means:

- The right to attend a school that is Fully Accredited;
- A meaningful opportunity to acquire the knowledge and skills necessary to pass SOL tests;
- A meaningful opportunity to graduate with a Standard Diploma or better.

The General Assembly has a constitutional obligation to fully fund an educational program meeting the Standards of Quality in order to ensure that the fundamental right to education is extended to every child in the Commonwealth.

Transparency and Revenue

Virginia faces a \$4.5 billion budget deficit. If proposals to increase revenue are rejected, another \$2 billion hole will need to be filled. This problem is too big to solve with any one solution. A cuts only approach will not work. It will hurt Virginia's status as the "Best State for Business" (Forbes, CNBC, 2009), and lower its stature as one of the top ten states on Education Week's "Chance for Success" index (Quality Counts 2010). Virginia policymakers should consider options for raising revenue in an adequate, stable, and fair way to support a comprehensive educational system of the highest quality.

Conclusion: Stop the Race to the Bottom

The Alliance for Virginia's Students respectfully requests that the Senate Finance Committee:

1. Be transparent and clear that cuts to education funding in the next biennium are due to a budget shortfall of \$4.5 billion dollars. This means providing the public with the proper rebenchmarking figure for the 2010-12 budget, based on the funding formula that incorporates health and leave benefits for teachers, inflationary costs, support staff funding based on a linear-weighted, prevailing cost basis and not on the across-the-board cap on state funding that the Board of Education has not prescribed and did not adopt.
2. Position the cuts so that our investment in students will be restored when the economy improves. There is no law where only money rules. Policy decisions based on a temporary, though deep, economic recession are the wrong policy decisions. We request that this body clearly and unequivocally stake a position to advocate against permanent structural changes to the Standards of Quality that would diminish Virginia's investment in students.
3. Consider targeted revenue enhancement strategies that will enable Virginia to support a comprehensive educational system of the highest quality.
4. Preserve programs targeted for students at-risk of educational failure, including the Virginia Preschool Initiative, and K-3 class size reduction funding.
5. Ensure Virginia's competitiveness for federal grants, including the Early Learning Challenge Fund, Race to the Top, and the Innovation Fund, some of which include maintenance of effort requirements.
6. Look to the long-term health of Virginia's economy. Investments in education develop our future workforce, encourage job creation and lead to a stronger Virginia economy. Cuts write off a generation of kids, and lead to higher dropout rates, rising crime rates, increased public assistance costs, and leave us with a legacy of squandered human potential.