

H O U R G L A S S



F O U N D A T I O N

Public Education In Pennsylvania: Issues and Options

**A Hourglass Foundation Public Forum
Liberty Place, Lancaster, PA**

March 5, 2002

Featured Speakers:

*The Honorable James J. Rhoades, Senate of Pennsylvania – 29th District (R)
Chairman, Senate Education Committee*

Benno C. Schmidt, Jr. – Chairman, Edison Schools, Inc.

The Honorable Judge Ray Corns – Education Reformer

Moderator:

Sharron Nelson, Ph.D. Superintendent, Manheim Township School District

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WELCOME AND INTRODUCTIONS



Arthur K. Mann, Sr.: I'm Art Mann. I'm chairman of the Hourglass Foundation, and I want to wish you a good evening and welcome to the Hourglass forum "Public Education Issues and Options". I would like to first personally thank our sponsors for this evening, the James Hale Steinman Foundation and the John Frederick Steinman Foundation, especially the Bank of Lancaster County and the Sterling Financial Trust Company. Without these sponsors, these kinds of forums would be difficult if not impossible to have, so I would like to thank them.

The Hourglass Foundation's purpose is to act as a catalyst to improve the quality of life in Lancaster County. Our approach is to provide information to people on issues that affect our quality of life. We believe it is only with good information that we can have an informed conversation and reach that common understanding necessary for effective action and change. Our public school systems are critical to this quality of life. When people think about moving into a community, they ask two questions. "How good are the schools?" and "What are the taxes?" If the answer is, "The schools are bad, and the taxes are high", they will, as all of us would, look elsewhere. People are looking for the magic combination of good schools and low taxes. Pennsylvania's urban schools are in a crisis. That crisis, born of an obsolete system of governance and finance that has become a major engine for sprawl. The toxic combination of poor schools and high real estate taxes in our cities provide an incentive for many people to head for the suburbs, leaving the poor behind.

So, what are the issues and what are some of the options? We are privileged tonight to have three excellent speakers, who will talk to us about the key issues of public education and some of the possible options as to what we can do. This is not a structured forum. It is a bit like a jazz concert for ideas, for the speakers will play with and against each other, creating music of ideas. It is their hope that you will take some of that music home with you and play it with friends.

At this point, I know you are anxious to get started, and I would like to introduce our moderator for this evening, the distinguished Dr. Sharron Nelson, Superintendent of the Manheim Township School District.

Sharron Nelson: Thank you, sir. Contrary to popular belief, I am not standing in a hole up here. I just don't have a stool. It is my distinct honor and privilege to share this stage this evening with these distinguished gentlemen. I have to take just a moment to share a really funny story. One of my staff members came up to me today, and he said, "This is really typical. You've got three male experts telling how to do it, with someone moderating it who is trying to do it. It's sort of like Mom in the kitchen with the cleanup crew on Thanksgiving." So, having said that, I would like to introduce our distinguished panel. Senator James Rhoades, Pennsylvania State Senator and Chairman of the Education Committee. All of you who are involved in our business in daily life speak of him generally with great reverence, because he does seem to understand the issues near and dear to our hearts. Benno Schmidt, Jr., is former President of Yale University, a little school someplace in the Northeast, and chairman of Edison Schools. And our last, but I understand really funny, speaker is Ray Corns, jurist, author, and education reformer.

Let me share with you a moment, if I may, the rules of the game for this evening. The intent of the forum is to allow each speaker to present his views for about 35 minutes. At the end of all three presentations, actually midway, we will take a break. You have, in the packet that was on your chair, a card. On that card, you may jot down questions, which students in the audience will pick up and share with the panelists at a later date. You may submit your question to each panelist in turn or to one specifically. Each panelist will have three minutes in which to respond. They are not going to establish a dialogue among themselves, because that is not the purpose. Rather, to present their view and share a dialogue with you.

So, without wasting any more of their precious time, enjoy the evening. I know it will be of great interest to anyone who would come to an educational forum. Let me begin by introducing Senator Rhoades.

PUBLIC POLICY



James J. Rhoades: Good evening, everyone. Number one, I want to thank the Hourglass Foundation for hosting this event and asking me to explore the question, or at least talk about the question, of "Where is public education going?" from a legislator's perspective. Now, I have to qualify that even more from my perspective. I've got to qualify that, too, because I don't always agree with everyone else. I know they're wrong, but they have to learn to get themselves right.

Tonight, I'd like to illustrate how the pendulum of education can swing from one pole to another, and how we must constantly work to keep public education in Pennsylvania on the forefront of legislative and popular agendas. When I say popular, I want to also make sure we understand that it is a meaningful agenda. I'm glad to be doing this tonight with such a

distinguished group. In fact, I'm more eager to hear from them than I am to hear from myself. Tonight, I'd like to talk to you about some of the victories we have made for education over the past several years and about some of the challenges we face for the future. In my judgement, Pennsylvania has made major strides in providing our local schools with the 21st century tools of technology, in crafting clear academic standards as guideposts to student learning, and in designing assessment mechanisms that motivate schools, teachers, and students to succeed.

We have also dedicated new resources for the purpose of encouraging successful reading skills in the primary grades, K-3; identify new mechanisms to assist school districts that constantly fail their children, Empowerment Schools; and provided much needed relief from some burdensome state mandates. But I would also like to describe some of the challenges that face us in the not-too-distant future. We must confront the problems posed by cyber charter schools and bring these institutions under the mantle of state-level accountability. We must recast the Commonwealth's graduation seals policy, so that our efforts to create a system of rewards for excellent student performance does not invade the purview of local school districts in the award of high school diplomas. And, most importantly, we must reform the Commonwealth system of school finances, because, without a fair and equitable system of raising tax revenues and, most importantly, distributing those revenues to school districts, Pennsylvania cannot meet its responsibility of providing a thorough and efficient system of public education.

However, before I talk about policy, I'd like to talk a few moments about process and describe the formula we in the General Assembly use in the design of education policy. This is how it happens, folks. The formula we use to make decisions about education policy is a utilitarian one. It looks like this: 26 votes in the Senate + 102 votes in the house + a governor that will sign the bill, and hopefully no adverse actions in the courts. And that results in educational policy. It's a simple formula. To some, it may appear cynical, suggesting that the needs of Pennsylvania's children take a backseat to political reality. However, I think it speaks volumes, not only about the difficulty of making decisions about education, but also about the challenges that the very government of the Commonwealth and what it presents to we policymakers. The best way I can say it is, government in Pennsylvania is hard; it is not easy. We have a powerful executive, an exceptionally engaged legislature, and an active judiciary. All three branches of our state government contribute to the debate that always accompanies significant changes in education law or regulation. This often means that change takes a very long time, that reform is incremental, that progress is measured in inches rather than yards. This often means that change does not come rapidly enough for some, even for most. And I have to tell you, that as a former school administrator, it is extremely, extremely frustrating, because you want to get things done and you want to move. But, unless you have 26+102+a governor who will sign it, you're going to have difficulty. So you have to develop coalitions; you have to develop attitude; you have to develop support.

In truth, I think the guiding document of Pennsylvania government makes the same question. Our constitution directs the General Assembly (and note I said the General Assembly, not the governor, not the courts, but the General Assembly) to provide for a thorough and efficient system of public education. Simple words, a powerful mandate, a grave responsibility. The definition of "thorough and efficient", the meaning of the word "system", the fundamental question of "What is public education?" These questions have all been debated. But for me,

these words mean that, before I cast the vote on a bill or argue about a regulation, I'm obligated to ask my simple question, "Is this in the best interests of the boys and girls?" In the end, my commitment is to understand the evolving spheres that face our students. That is where education begins and ends. If we were to envision a chart that would describe the way our system of education should be constructed, it would begin with Students at the epicenter, circuit by Family, Teachers, Schools, Communities, State, and Nation. But these branches should always point back to the student. A thorough and efficient system should always relate to what is best for our children.

As I look back over the past decade, I believe we have made some significant progress in a number of key areas in basic education, areas that show not only the swing of the pendulum but that look to focusing the importance of individual student achievement first and above all. More important than anything else we have done is recalibrating the way we look at the delivery of education in Pennsylvania. To make this fundamental change, we have crafted a system that is based on standards, assessment, and accountability. In truth, these words are not new in our field. I learned about these concepts at Lehigh in 1960, as a principal in the 1970's, and as a senator in the 1980's. But one thing I have to point out, too, is that I remember reading a Phi Delta Kappa article, and they say that for change to occur in education (again, this Phi Delta Kappa article was a few years old), it takes about 70 years from when the idea is first had in education until it works itself all the way through the entire system. So, we're on the way, but I don't know if I can make it.

However, we have never before had a state-level system that shaped all of education around these concepts, a system that fully gave meaning to these words. Today, policymakers use the system as an outline around which to fashion the whole of our educational policy. Standards: standards are of course the most important component of our structure, because they identify what we believe a student should know and be able to do. Over the past ten years, we have moved Pennsylvania from a "time on task" system of education delivery to a system based on the attainment of clear academic standards. Right now, the Commonwealth has academic standards in Reading, Writing, and Mathematics, Science, and Technology. Let me tell you now, there are seven sets of standards in History, Civics and Government, Economics, Geography, Arts and Humanities, Health, Safety and Physical Education, and Family and Consumer Sciences. They have recently been approved by the State Board of Education in their proposed form, and they will soon be before the Education Committee of the House and the Senate. Why is that important? You have knowledge now to know that they're there. I would ask you to review them, to look at them, to read them, to let your legislator know, to let the Independent Regulatory Review Commission know, to let the Education Committees know, the State Board know, if you have some exceptions or recommendations. Because now it is in the process, and this is where the changes should be made, the modifications should be made. They are coming; they will be here. If you want input, now is your time.

Assessment: assessing the extent to which schools and students have attained these standards has proved to be both an art and a science. I believe the Pennsylvania System of School Assessments, or at least the exams in Reading, Writing, and Math, are a reasonably accurate measure of the performance of our schools and students. However, these tests do more than just measure performance. In my view, the tests serve two other equally important

purposes. They encourage school districts to integrate the standards into their curriculum and teach to them, and they encourage regular evaluation of instructional goals and methods. Why? Because the test results are published in the newspapers. Like it or not, and sometimes I don't like it either, PSSA scores have become the new coin of the realm in basic education.

Let me add something to that, too, and I think any of you who have been following education are seeing. Remember how I talked about that pendulum going back and forth? It was all the way over here; we had assessment; that was it. I am beginning to see now that it is swinging back this way in terms of reaction to that just assessment. It is like, not just one test that determines who I am or what I am, but take all of the other things that fit around it. Remember that big sphere we were talking about with the child in the middle? It's the same thing with that child and their results. We have to learn to begin to look at those other things that affect him or her and are able to address them, too. I did that in the beginning, but I focused down just so we could get here. We will learn lessons as we do assessment, of all the other things that can affect these boys and girls.

Using the PSSA, which is the assessment, the Commonwealth has two ways to hold school districts accountable for attainment of academic standards: sanctions for poor performance and rewards for outstanding achievement. PSSA scores are the measures by which we identify school districts that need additional assistance in order to improve their educational programs. PSSA scores determine Empowerment Districts, and PSSA scores identify when a school district can be removed from the list. Just as important, PSSA scores guide rewards to districts on the other end of the spectrum. School districts that show exceptional performance on PSSA or in school attendance or any of the other criteria we use receive performance incentive grants to reward their good work. To date, the Commonwealth has directed \$111 million in performance incentives to Pennsylvania school districts. This year, 11 school districts here in Lancaster County will receive \$697,000. This is not a perfect system. It has many faults. But it is the system, and it is here to stay. But let me also qualify by saying it is open to modification, open to re-evaluation. And it is also open to the swing of the pendulum.

There are many critics of the PSSA. The Empowerment Act and performance incentive also have their detractors. To be frank, I have also criticized them myself. There are things I would like to change about them to make them even a little bit more effective. However, in the end, we must return to our constitutional mandate for guidance on these issues. If I as a legislator am to ensure that we have a thorough and efficient of public education, I need to know how the system's schools are performing. I need to know where improvements must be made. I need to know what is working and which students need more help. I need a system, and I believe we have one. If you want to change, you have to define the significant things and how to correlate all of these things together to make it more meaningful. That is, I think, another thing we should do.

Before I leave this exceptionally important topic, I want to give you an example of the staying power of the system. The reauthorization of the Elementary and Secondary School Education Act, through President Bush's No Child Left Behind Law, requires all states to ensure that their students perform at proficient levels by 2008. It requires all states to adopt academic standards, and it requires annual testing in grades 3-8. What is more, it mirrors Pennsylvania's

Empowerment District concept by directing states to identify school districts that are poor performers and to give those districts the resources they need to make fundamental change. Interesting, I mention this; too, because, when we talk about resources, some of the same people who said that money doesn't make the difference (and I don't think that money does make all the difference; I think money does make some difference) also want to put resources into schools that are having difficulty. And then they say that money doesn't make a difference. I say that you can't tell me both things at the same time. I do think that money can make a difference in certain areas and in certain ways, properly spent.

As I mentioned earlier, the pendulum of educational policy tends to swing with changes in Presidents, governors, and political parties. But for me this focus on institutionalized standards, assessment, and accountability is a concept that I hope is here to stay. In addition to this flagship reform, I believe this decade has seen significant advances in education policies that can truly impact the education of our students. We have placed a renewed emphasis on ensuring that all of Pennsylvania's teachers are qualified and prepared to perform at high levels in their classrooms. In 1996, we recast Pennsylvania's Teacher Tenure Statute to move tenure from two to three years in the classroom. In 1996, we updated the Sabbatical Leaves/Absence Law to tighten requirements for sabbaticals and exclude leaves that had no educational merit. In 1999, we revised the standards that govern the education of Pennsylvania's future teachers, in order to place a new emphasis on the mastery of the content areas a prospective teacher would draw on in their classrooms. In 2000, we passed a law that updates a Continuing Professional Education requirement for teachers, by requiring that they complete 6 credits or 180 hours of professional development every five years in order to keep their certificate active. And I will even add to that, too, that we also have an ongoing assessment for Reading, Writing, and Mathematics that is supposed to be an anonymous test. I've got to be honest with you, for the \$8 million we put in 1.5, I often felt this way: I questioned that if our teachers can't read, write, and do mathematics after a college degree and master's degree and the rest, why am I spending \$8 million to find that out?

Just as important, we have identified a number of specific policy objectives in education and worked to provide school districts with resources to achieve those goals, Link to Learn. Beginning in 1996, the Commonwealth made a commitment to upgrade the computer infrastructure of our public school, through the Link to Learn program. Since that time, we have invested \$177 million in grants to all of Pennsylvania's school districts for this purpose. I think it was great; it's something we had to do. Let's put it this way: some schools were doing it, and they were ahead, because they could afford to do it. Others weren't. That state investment helped us to close that gap. There is still a gap in there. I also have a problem to that I bought you computers and I bought you programs, and at the rate that technology changes today, I'm not going to buy you any more computers or any more programs. So, who's going to have to buy them? I've got a problem with that, folks. That comes back to the local districts again. I think we have to maintain that commitment over a period of time. Let me also add to that, I also think we need an entire state network that links all of our schools, all of our Intermediate Units, all of our colleges and universities, all of our libraries, all of our hospitals, our police forces, our entire communities, linked together in one wide network, because I can do teleconferencing then, which means that, if you want to talk to someone at MIT, and let me use this. I know Dr. Redneck has heard me say this before. There was a class, this is from out West, the teacher was

there, they had a big screen, the big teleconferencing, they had a professor from MIT, and the kids were sitting around a large conference table, and the teacher was there, had it all set up. This fellow won the Nobel Prize in Astrophysics from MIT, and he was talking to this class of students. He said, and the teacher was sitting there, he said, "Now, my knees are knocking, because I know who this guy is. The kids didn't know. They were asking all kinds of questions. It was probably one of the most delightful learning experiences they had." With a network and a teleconferencing ability, there isn't any reason why we can't talk to anyone around the world and learn. That in essence is get this knowledge and get these skills and enhances that learning opportunity for our boys and girls.

The other thing I'd like to do is offer a chance to be able to bring college courses into our schools. Also I like the concept of dual enrollments, because I can be able to take my high school Chemistry course and also have it count as a college Chemistry course. Moms and Dads ought to be happy about that, because it's going to save a lot on the tuition bill.

Read to Succeed: beginning in 1999, the General Assembly began a three-year program aimed at improving Reading skills for students in grades K-3. After the 2002-2003 fiscal year is complete, the Read to Succeed program, which has directed \$85 million to schools that teach Pennsylvania's primary-age children. The problem is I don't like the concept that it's going to be over in 3. I gave you \$85 million to do it. What happens after that particular time, if I don't make all the catches that I have to? In other words, am I going to start that down cycle again? You have to stay with the program.

Alternate Education and Safe Schools: since 1999, we proved schools with over \$103 million in Alternate Education and Safe Schools, in order to make our schools safer and provide instruction to students who would otherwise disrupt the learning in a regular classroom. I've got a problem here, and the problem is here I've got to ask you, what is a Safe School? We put the money out, and I know the schools went after it for things they wanted. There is not a check-off list in the Department of Education. As a matter of fact, there are a number of companies out now, I saw in Phi Delta Kappa, there are two books that are out, I just met with two individuals who have programs, they will come into your school and tell you what to do. I really think we have to get back on track and be able to check off every school, to ensure that all of our kids are safe, that we don't have any incidents in terms of physicalness, or in terms of emotional personalities that interact.

Education Improvement Tax Credit: beginning in 2001, we provided \$10 million in tax credits for companies that contribute funds to non-profit education improvement organizations that benefit our public schools. We also put \$20 million in for the private schools. And I have to tell you, both those programs are going well, and, from what I gather, \$30 million is back in the budget again.

These are important successes because they speak to an initiatives that have attempted to shift the focus of education towards important goals, goals of improving the teaching profession, increasing Reading skills, and making our schools safer. But in education, like most issue areas, we cannot rest on our laurels. Challenges are always right around the corner, challenges that must be met because the very education of our children relies upon our meeting them. This year,

the challenges loom large. In my judgement, they will test the strength of our commitment to public education and require us to make difficult decisions about the priorities we hold dear. It is clear that the pendulum is swinging again, driven by dire budget scenarios, which will require us to revisit many of the priorities that we have embraced during economic boom times. There is no better indicator of the priorities of an administration and a General Assembly than the contents of the annual General Appropriations Act. This is by far the most important single document the General Assembly considers each year. Its line items and calculations speak volumes about the direction of educational policy in the year to come. This process has just begun. We have received the governor's proposed budget, and it is not very kind to basic education. Because of the economic downturn, and a \$600 million budget shortfall, money is extremely tight. The governor has proposed reductions in many education programs and has proposed increases of 1% in Basic Ed, 1.5% in Special Education subsidies.

In all of this bad news, there is an additional \$75 million appropriation for the City of Philadelphia school district. In short, this budget cannot stand. I don't want to see any cuts in educational programs, but I do know, as well as I think you must realize, there must be cuts this year. We all know it; we're going to have to face it. But, as I mentioned a moment ago, a budget is about setting priorities, and our priorities must be the children of this Commonwealth and the taxpayers who support their education. A thorough and efficient system requires no less. The budget does not reflect these priorities, so the General Assembly will have to set them. As you know, school districts are facing exceptionally difficult challenges this year. You will see a five-fold increase in PSERS contribution rate, and you felt the sting of unexpected cyber school billings. More than ever, you need the Commonwealth to be a full partner with you. You need the Commonwealth to do its part in the provision of a thorough and efficient system of public education. In my view, it is essential that we increase funding through the Basic Education subsidy. The 1% increase the governor proposes is the third smallest in 30 years. It will reduce the Commonwealth's share of statewide actual instructional expenditures to 35.7%. This is the latest turn in a long, downward spiral that began in 1973, when the Commonwealth provided 55% of the revenues required to fund our system of Basic Education. My goal is to set our priorities on increasing Basic Education funding by seeking reductions in categorical programs on which school districts do not rely as their only source of funding.

I don't want this to be as long as it can be. Running contrary to Pennsylvania's tradition as a local/state control, these resources were to be spent only on specific goals. Those are the categorical programs we talked about, not on general operating expenses. Therefore, the flip sides of these programs have seen a number of unintended consequences. Money was funneled away from the Basic Education subsidy, which is the touchstone for the distribution of the vast majority of the funding for our local schools. The Commonwealth's contribution to total expenditures on actual instructional expenses, as I just said before, was down to 37.5%. And, to compensate, local property taxes in Pennsylvania increased throughout the 1990's by \$2.9 billion. The trend cannot continue, because school districts simply cannot afford it. Taxpayers simply cannot afford it. In my view, the governor has begun to send this message, if only implicitly. Many categorical grants are slated for significant reductions in his budget proposal. If Standards, Assessment, and Accountability are the coin of the realm, if these notions are to be fully integrated into our curriculum, if we are to ensure that all students score at proficient levels by the end of the decade, then we need to make our investments appropriately. And that has to be our challenge.

In addition to the many challenges our state budget presents, there are two others that loom large on our agenda: graduation seals and cyber schools. Graduation seals: in January, I addressed the State Board of Education for Basic Education. They are requiring that the council review the graduation seal policy that is presently in 22 PA Code, Chapter 4. I note that the testing is fundamentally important to benchmarking the knowledge and skills our students have accumulated as they process through their grade levels. The unfortunate thing with this, though, is that, if we look at it, graduation seals will most likely identify more than 40% of Pennsylvania's graduating students as Below Proficient in Reading, Writing, and Math. In fact, the 2001 test administration results indicate that 104 school districts have over 50% of their 11th grade students scoring in the Basic or Below Basic categories in Reading, while 289 school districts had over 50% of their students Below Proficient in Math. Now, what's my problem with the seals? One test, you can be a 4.0 student, you can be taking AP courses, you'll take one exam your junior year in Language, in Reading, in Math. If you do not score at the Advanced level, you do not get the Advanced seal on your diploma. You can score in the Language and the Reading at Advanced, be one point below in the Math, and not get that seal. I think we have to realize, in that sphere, where the child is and all the things that go around, there are many things that influence that. We can say, well, either you're there or you're not there. The unfortunate thing is, you can only take that test once the next year, and then it goes on your diploma. The other thing is I think we have boards of education appointed with the responsibility, and many take it very, very seriously, that they set up the criteria they want for a diploma, and I don't think we should be totally interfering with that. We have established curriculum, we have established standards, I think what we should do is look at that and correlate all these different things into one program that is meaningful. We have projected and said, "Why don't we give out a State Diploma in addition to a regular high school diploma for those who have achieved?" Another thing is, "Why don't we give awards out, scholarships for \$1,000, or whatever we can afford, for those kids who do achieve and want to use it somewhere else?"

Cyber schools: let me tell you this. Cyber schools are a growth of the charter school movement. No problems, except, as I told you, how we put this thing together. The unfortunate thing is that, all who join or want to participate in the cyber school, the bill goes back to your district, the home district, without the home district ever having a say on it, just getting the bill and paying the bill. And, when that comes down to, say, 75% of your instructional area that can become very significant. Now, when you look at that, let me say, say you spend \$10,000 for your boy or girl that you educate in your district. Then 75% of that means that you have to pay \$7,500 to the Cyber School that you have no control over. Meanwhile, the state only reimburses you, and maybe you only get \$500 from the state. So, if I take that \$500 from the \$7,500, that leaves \$7,000 that must be made up locally. Where does it come from locally? From the taxpayers. So, we've got a very significant problem there, and it's one that we're looking at, and I'm getting the notice, that's good.

Let me go into one thing which I think is most important, and this is where I'm at, and that's where I tell you there are a number of ways I can end this discussion. I think the biggest one is, with all the programs we want to put in place, the biggest thing I think we need is a new finance system for funding our schools. I always say this to all the rest of my folks in Harrisburg when they want all the programs: put your money where your mouth is. Disparity in per-pupil

spending: we have a district in Pennsylvania that spends \$14,341 per child. We have another one that spends \$5,969. Does it make a difference? Sure, it does. There is a disproportionate tax burden on low-income property owners. Actually, those are poorer are paying more, when you look at it in terms of percentages. Let me give you an example. The Otto Eldridge School District receives 72% of its per-student funding from the state. It can spend only \$5,000 per student. In contrast, Lower Merion School District receives only 11% of its funding from the state, but it is able to spend \$14,470. Why? Because of property tax. The yield per mil on Otto Eldridge property tax is \$21,000 per mil. The yield per mil in Lower Merion's property tax is \$7.3 million per mil. Is there a difference? Duh? So, that creates a big difference.

The other thing is, too, and let me point this out: average teacher's salary, when I looked at a National Conference of State Legislatures, average teacher's salary ranks as fifth among the 50 states. The amount of money we spend per student ranks us 14th. The amount of state support for Basic Education for our kids ranks us 40th. So, if the state is only putting 40th in, but we're spending up here, the disparity between these two to me indicates a great, significant difference. That's why I proposed three years ago, and that's why I'm looking for as much help as I can get, and I think, when you talk about that pendulum, where no one wants to change the funding formula, no one wants to talk about shifting, it's not tax reform, folks, it's not anything else but a shift. I'm going to be taking out of one pocket to be put into another. Look at what Michigan did, and they came up in a couple different areas. What we're looking to do is to shift from property tax, dollar for dollar, through the PIT, personal income tax. That's what we're looking to change. Now, we do it through a four-tier program. Every student in every district, the median actual instructional expense times the ADM, that's what you get in tier 1. In tier 2, it's your actual instructional expense times 20 times your aid ratio times the ADMs. That's that state's share. If you want that, you have to do the same thing on the tier 2 at the local level. That's one part you have to put that tax into it. But, your aid ratio is reversed. In other words, you're going to be paying the lower of. In the third tier, it is really what I call the difficulty of education. This is where we talk about those over 25 years of age who don't have a high school diploma, single parents, and we talk about TANIF. We use an index in that, and we multiply that by the actual instructional expense by that index by the median actual instructional expense, which is \$5,030 this year, and that's the money you get. Let me just tell you, because I think this will be the good news, Lancaster, if we do the dollar-for-dollar match with the funding proposal I have, you would see a property tax decrease of 74.7%. So, we run anywhere from 89.6, through the 80's, the lowest is about 69.4%.

Now, what do we have to do with that? We also have to put it in place and change the PIT. We're in the process of doing that. I'll be glad to talk to anyone some more about trying to put all these things in. The bottom line is this: if the state wants to do all of this in education, we have to offer the opportunity to all the boys and girls, whether they're in a city setting of Lancaster, whether they're in Philadelphia, whether they're in Erie, or whether they're in any other district. I don't care if it's urban, suburban, or rural, every child is equal and should have a thorough and efficient system of public education. Thank you.

Sharron Nelson: I for one was certainly glad to hear the comments about changes in funding. I was also glad that he enlightened you that our district was not the one spending

\$14,000 per student. For a minute, I thought, wow, some people out there are going to get the wrong impression.

It's my distinct honor next to present a speaker who will touch on a subject that has raised great questions, interests, and concerns from all of us in the field. Mr. Benno Schmidt is going to speak on Opportunities in Public Education, precisely about the Edison project.

OPTIONS



Benno C. Schmidt, Jr.: ...Mann, we go back to Yale student days together for the honor of being part of this forum. There is no more fitting place to talk about the future of public education in Pennsylvania, whether Benjamin Franklin and the founding of the university or Thaddeus Stevens and the others who, in 1834, made Pennsylvania the Commonwealth, the first state in the nation, even before Massachusetts, to adopt a statewide public education system as a central priority, right down to today. Pennsylvania has been a great leader in public education reform. Indeed, only ten days ago, the *Sunday New York Times*, in an article about my partner at Edison's odd choice of bowties, began an editorial with this statement:

“The Commonwealth of Pennsylvania and the City of Philadelphia are embarked on an urban public education reform effort that is likely to be the most important effort of its kind in 100 years.”

Pennsylvania has been on the forefront, and remains on the forefront, of the great changes in public education that are shaping our country. It is an honor, not only to be here in the Commonwealth, but to share a podium with Senator Rhoades, who has been one of the architects in making this Commonwealth one of the country's great leaders in the revolution he spoke about, of high standards, of assessment, and of accountability in the drive to ensure that all children enjoy the benefits of a first-class public education. And Judge Corns is the architect of the great Kentucky reforms that, for us who work in this field, have been such an inspiration to those of us who know that public education can change. It can improve and adapt to meet the needs of all of our citizens.

I want to talk to you in a little different way about some of the issues that Senator Rhoades raised. I want to talk to you a bit about what I see as the great underlying historic forces that are the reason today we are facing this revolution that is gathering momentum in public education. And I want to talk a little bit about what I think is coming in the future, in terms of changes.

Let me start with this: all of us, at least those of us here of a certain age, have lived in our lives through what is undoubtedly one of the most important changes and developments in all human history. I think this is not an overstatement. The change is this: information has displaced land and energy and manufacturing as the foundation of human potential and economic development. And, in a global economy, nothing is so important to the destiny of individuals or the to the wealth of nations, the wealth of states and cities, as education, and especially the education of the young. Now, as education has become in our times the prime source of opportunity for individuals, the prime source of prosperity, of social cohesion, for cities and states and nations, the issue of the quality of public education in the United States and the issue of the equality of educational opportunity in the United States have become the most pressing domestic concern for most Americans. And, here in Pennsylvania, we have recently seen a survey that indicates most Pennsylvanians consider that public education is the most important responsibility of state and local government, and most citizens of this Commonwealth believe that concerns about education are the #1 priority and issue for our civic leaders and for citizens at all levels.

America, uniquely among all societies in the history of the world, I think, has been more concerned than any about problems of freedom and equality of opportunity. It is these concerns that first brought settlers to our shores. It is the search for freedom that settled our country, settled the frontier. We fought the bloodiest civil war in history over the most terrible and egregious denial of freedom and equal opportunity in our history in the Civil War. The Industrial Revolution and now the Information Age, the great changes in our economy and society are fueled by our continued drive for freedom and for opportunity. As education becomes more and more the only important source of opportunity in our country, and I think our citizens are increasingly dismayed by what they see as the inequalities of education Senator Rhoades touched on. Let me just give you a couple of statistics that I hope will give you a sense of the times in which we live.

In 1980, only a couple of decades ago, the salary gap between a high school graduate and a college graduate was 25%. In the year 2000, the salary gap had grown to 100%. A high school graduate will earn on average, in the year 2000, just one-half of what a college graduate will earn. Economists estimate that, by the year 2010, that gap will have grown from 100% to somewhere between 130% and 140%. And the way our economy is evolving suggests that education, high-quality education, will be more and more and more the great source of opportunity and promise for those who have a good education. And, for those who do not, their lives will be more and more stunted. High school dropouts make on average only about half of what high school graduates make. In the year 2000, high school graduates, the average was about \$24,000. High school dropouts, therefore, are below \$15,000. This is a life of poverty and frustration in a land that is devoted to equality of opportunity and democratic ideals.

Now, in the city in which I live, New York, 48% of our ninth graders who begin high school graduate four years later: 48%. In the next three years, in various forms of special schools or added programs or GED programs, another 20% or so will get themselves some kind of a diploma. But nearly one-third of the young people who begin our high schools in New York City will find themselves dropouts with no high school diploma, no GED diploma. The statistics

are not too different from those in most of our large cities. And, to exacerbate this problem of inequality, the lack of educational opportunity lines up in our society with poverty, with children of color, and with children who come from households in which the primary language is not English. Just two weeks ago, the Manhattan Institute published a new study on high school completion rates that found that nearly 80% of white youngsters in America complete high school. Only about 58% of African American youngsters complete high school. And only about 54% of our Hispanic youngsters are completing high school. Now, in an age in which educational opportunity is the prime source for the opportunities of a lifetime, these disparities, the fact that they line up in such a terrible way with poverty, with race, with the ethnic and linguistic background of our young people, pose, I think, a fundamental challenge to our democratic aspirations as a people. The fact is that these inequalities of educational opportunity are intolerable. And that is why, in the Commonwealth of Pennsylvania, the Empowerment Act ideas, the promotion of accountability, high standards, the requirement of assessment, that is why you have reached in this state the point where you are contemplating radical measures to deal with public schools and public school systems which are not providing, to a large enough percentage of the children whom they serve, the kinds of strong educational opportunity that ought to be the birthright of every youngster in the United States, no matter whether that youngster happens to be born in one of our great cities or in the suburbs, and no matter what that youngster's racial, social, ethnic, linguistic, or economic background.

Now, these great forces are what lie behind the solution of which the Senator spoke so eloquently, the requirement of accountability, of standards, of assessment. What this revolution is driving toward more than that, I think, it is driving also toward freedom and choice and competition. The demand for freedom has tended, in American history, to arise any time that opportunity is denied on an intolerable and an unjust basis. This is the force that fueled the civil rights movement that has fueled immigration that has fueled the drive for gender equality. This is the most powerful force in America: the demand for freedom and equality about things that really count. Well, in our age, nothing counts as much as education. And so, all over the country, people are asking for and demanding the kind of freedom and the kind of choice to send their children to successful public schools that wealthy Americans have taken for granted for generations. This is the drive that lies behind Charter School laws, which, to be sure, need attention. Charter Schools need oversight and accountability. But it is not an accident that, in only ten years, 37 states, including all the large population states in the United States, have passed Charter School laws. And the number of Charter School laws is growing across this country by leaps and bounds, at about 40% a year. This is the reason also that some school districts and some states are contemplating arrangements with groups such as Edison, to bring new ideas into public schools, innovative approaches, to broaden the choices that are available within public education for families and student, and, very important, for teachers. It is what is driving people to think of the possible benefits of competition. People remember what the Post Office was like before Federal Express, for example, or what the telephone company was like when it was a monopoly, as compared to the tremendous array of choice and the strive for innovation that competition has brought to telecommunications. Americans think that competition, so long as it is subject to proper public oversight and accountability, can be a force for progress, can be a force for innovation. And so you are seeing innovative pioneers in public education trying to bring choice, trying to broaden choices, trying to bring friendly, accountable competition into their system, not just to create broader choices but to help bolster the drive for

accountability, the drive for high performance, and to spread equality of opportunity in our public schools on a broader basis.

Ladies and gentlemen, these are hugely momentous changes. We are seeing, I think, the beginnings of this revolution in our time. But I believe the momentum behind accountability, behind greater freedom in choice in public education, behind bringing competition into a field that has been traditionally somewhat closed to it, this is a momentum that is not going to go away. These ideas have transformed the country many times over in its history. There are no more powerful ideas, I would argue, in American history than the ideas of freedom and equality. These ideas have arrived in public education, and we are beginning to feel the tremendous weight of their significance. I am tremendously optimistic about what consequences will come for public education from these great changes. America has always eventually tried to confront issues of freedom and justice in our society. We are committed to equality and especially to equality of opportunity. And, as we recognize that in our day the source of opportunity, the source of civil rights, the source of political and economic participation is our schools, we will see American commitment, American ingenuity, American dollars and American determination going into reform this most important element of our society.

Thank you very much. I look forward to your questions and the discussion.

Sharron Nelson: I have to compliment our second speaker on being ahead of the game. The program says at this point that we will take a short break. We will flicker the lights when you are to return. Before you do, I have to share with you the embarrassment of being the moderator. I was flipped a note saying that there was a green Miata in the first row of the parking lot with its lights on, and I looked at that, and I said, "Oh my, I think that's my car!" So, let try and me go and retrieve my keys while you enjoy about a five-minute break. Thank you.

Sharron Nelson: I would like to remind you that each speaker has 35 minutes. We are now on our third speaker, Judge Corns from the grand state of Kentucky. He is going to speak on reform there. And, at the end of his remarks, we will call for postcards with questions again. Students will go up the aisles. If you have questions on your card, if you would submit the card at that point to them. We will have questions that may be of interest to a particular panelist. That panelist will have three minutes to respond. If a question is a general one, we will give each panelist three minutes to respond to that.

Thank you, and it is my pride and pleasure to introduce Judge Corns from Kentucky.

OPTIONS



The Honorable Judge Ray Corns: As Elizabeth Taylor said to each of her husbands, I won't keep you long. I hope you can tell by now, I believe happiness is a choice, and I choose to be happy. A couple of stories, and I will get on with the assigned task. Art Mann called me last summer, and I accepted his collect call. He invited me to be on this program. I commended him on his long-range planning. It brought back to mind, doctor, the classic story of John Thomas Marshall and long-range planning. A fourth grade teacher said to her class, "Now, children, I would like for each of you to think about what you might want to be or do when you become adults, write a poem about it, and then stand up and recite what you have written." The first young man stood up, and he said, "My name is Dan, and, when I become a man, I'd like to be Emperor of Japan, if I can, and I think I can." A young lady stood up, and she said, "My name is Sadie, and, when I become a lady, I'd like to have a baby, if I can, and I think I can." The third student arose, and he said, "My name is Sam, and, unlike Dan, I don't want to be Emperor of Japan, because I much prefer Sadie's plan, and I want to help her if I can, and I think I can." Now, Art, that is long-range planning for a fourth grader.

Sort of like judges to give you a point of reference, although I doubt that that's necessary. A judge in New York City is having breakfast alone at a local restaurant. A stranger came in and sat down at the same table with the judge. They saw a big ad in that day's edition of the local paper. The ad read, "Caribbean Cruise—Miami and Return—Total Cost--\$50." The judge said, "That sounds too good to be true." The stranger said, "It surely does. Let's jet down there today and check this thing out." They caught the next flight to Miami, went out to the dock, paid the man the money. He hit them on the head with a stick of wood, knocked them out, tied them to a log, and pushed them out to sea. Half an hour later, they came to. The stranger asked, "I wonder, do they serve drinks on this cruise?" And the judge replied, "They didn't last year."

That gives you some idea of our sagacity and capacity, or lack of it. I think it is very appropriate that we meet here to talk about meaningful education reform during the season of Lent. I am a Methodist, and I have taught Sunday School and moderated for many decades at the First Methodist Church in Frankfort. But I have a little definition of the word "Lent". I use it as an acronym, and I think it would be very appropriate for what we are talking about tonight: Let's Eliminate Negative Thinking. We have so much negative thinking about education reform. Now, I'm going to talk about what we've done in Kentucky. I'll express opinions about Kentucky. You may not share those; that's fine. This is a smorgasbord presentation. Take what

you like. What you don't like, pass it by. And I'm not taking issue with anything going on in Pennsylvania. I have enough to do to try and help us in Kentucky.

And I want to talk with you on the subject of 3-D leadership. I say from the outset that it's not going to be easy. But, like Elizabeth who passed away four years ago, she and I traveled all over the country. For 37 years I have been on what we call the Knife and Fork Circuit as an avocation. Go out and give banquet talks, luncheon talks. Elizabeth and I would fly all over the country. If we had a little extra time, we would drive around the next day in a rental car and look the place over. And Dr. Schmidt, after a talk to the Chamber of Commerce meeting in northwestern Colorado some years ago, Elizabeth and I were out driving, came up to the entrance to a Dude Ranch. It had a big sign, a beautiful sign I loved, and I think it tells the story of life in a few words. The sign read, "For fast people, we have fast horses. For slow people, we have slow horses. And for people who have never ridden horses, we have horses that have never been ridden."

As we begin, let's just admit, it doesn't make any difference what our profession, trade, or occupation is. We're all going to get that third type of horse someday. Don't let it worry you. This too shall pass. So, with that caveat, we talk about the Kentucky Education Reform Act. I was circuit judge in the capital city of Frankfort, Kentucky, and I averaged 2,600 active cases all the time. These were many high-profile cases, but 2,600 is a lot of active cases to keep moving. And we had five motion hours a week. Every morning at 9:00, the lawyers would come in with the motions to be heard. The judge was to hear them and decide them, and so start the jury trials at 10:00. That's a lot of pressure, but everyone in court is so thrilled to be there, especially those called for jury duty, delighted and thrilled to do their civic duty. And then, in 1985, 66 property-poor school districts in Kentucky really added to my workload tremendously when they filed what later become known as the Education Reform suit in my division. Now, these 66 property-poor school districts had no money. They had no influence. They had no power. They had no organization. And people said their case would not go anywhere. They said the governor has all the power. The legislature has all the money. And they have each run on their magnificent campaign platform, very creative and innovative, "No new taxes". That's a beautiful, courageous platform. Now that's my opinion, but I believe I'm correct. So they sued the governor and the legislature to require them to comply with the section of our state constitution, which only had one sentence in it. "The General Assembly shall, by appropriate legislation, provide for an efficient system of common schools throughout this state." Well, when they filed that suit, here came the governor on a run, and the leadership of both the House and the Senate, and they said, "All that provision means is that the monies we send down to the school districts must be used prudently, efficiently, and we don't think we have any major problems in education in Kentucky. But, if we do, they're not our fault. It's the fault of those school board members and superintendents and administrators who are not using the monies we send wisely." That was hard for teachers and administrators to understand. In many districts, where they were having pie sales, cake bakes, donkey ballgames, car washes just to buy chalk literally, erasers, and, if you please, toilet tissue. That was hard for many students and parents to accept across the breadth and scope of Kentucky, where many schools in their area offered no Advanced Science in high school, no Advanced Math, no Advanced Foreign Language. And, in many districts, not even a course in Biology. It was hard to explain to people and parents who lived in southern Appalachia, Kentucky, the 5th congressional district, where children had the lowest education

performance scores in any congressional district in the 50 states. It was hard to explain to children who were going to school in dilapidated buildings built by the WPA during FDR's first term. But the governor and the General Assembly said, "It's not our responsibility." And they also said to the court, "By the way, we have a thing called the separation of powers. Judge, surely you learned in law school, with administrative, executive, and judicial branches, they are each separate and apart, and the judge cannot tell the rest of us what to do." I said, "Oh, you're correct on that, but, as we start our thinking, let me add this thought. The constitution adopted by our founding fathers governs all three branches, and it's our function to see that each of us does his or her responsibility. And that's what we are looking at in this case."

They didn't care much for that statement. But that's okay. So, I heard the evidence in this case from November 1985 until the spring of 1988. And I decided I was going to rule in favor of the plaintiffs. I had been, years earlier for eight years, legal advisor in the Kentucky governor's office. And I knew this opinion would not be well received over there. So I called in a former First Assistant District Attorney. For many years, I had been District Attorney also. That's a delightful job, sending people to the penitentiary. As a Circuit Judge, you divorce them. I was also a Commissioner of State Police. We cited a lot of people. I got into the business of helping a lot of people get redirected. But we had a lot of fun along the way. So I called in the First Assistant for the Commonwealth. I said, "Jim, I'm going to rule in favor of the plaintiffs in the school funding case. What do you think about it?" See, he wasn't going to influence my opinion, but you always like to get a little moral support. He said, "Ray, have you gotten a room over at Eastern State?" That's a mental hospital over at Lexington nearby. He said, "They have some rooms, and where you sit, behind the Circuit Judge's bench in Frankfort, Kentucky, you look out the window across the Kentucky River, and there's the Capitol Building on the hill." And Jim looked over there and said, "You see that building on the hill?" I said, "I certainly do." He said, "The first floor is occupied by the governor, and he is not for this." I said, "I know it." He said, "On the second floor, you find the General Assembly, and they certainly are not for it." And I said, "I know." He said, "On the third floor...[tape change]...a major tax increase. And he said, "Besides that, you probably won't get re-elected." I said, "Jim, I never thought public office was meant to be Social Security. And whether I get re-elected or not doesn't matter to me. I'm here to discharge my duties. I took an oath, and it's up to the governor, the legislature, and the Supreme Court to discharge theirs. If I don't do mine, they're never going to get an opportunity to do theirs, are they?" And then he said, "Well, as I leave you, remember this: I told you so." That was a great help. Well, as circuit judge in Frankfort, Kentucky, you're all alone. You cannot call out the National Guard, the militia, anything like that. There are only two of us in the office, the secretary and I. I didn't even have a law clerk. Now, Dr. here, serves as, I believe, law clerk to the former Chief Justice of the United States [Supreme Court] Earl Warren, and what a magnificent job he did and the chief justice. So, when you're on the firing line, you're the only one there. You've got to talk to yourself. By the way, I do that. Do you talk to yourself? I answer myself. Do you do that? That is fine. But, if you say, "Huh, what's that?" you need help.

So, I said, Corns, you've got to devise a plan to give the education reform case an opportunity to grow, to come of age. So, on May 31, 1988, I entered what is called an interlocutory judgement. That means an interim judgement. Findings of fact, conclusions of law and order, declaring the whole system of funding education of public elementary and secondary

schools in Kentucky unconstitutional. That created quite a bit of activity over in this building on the hill. They were kind enough, some members of the General Assembly, to suggest canine relationships on my mother's side. A beautiful time. As we say in Kentucky, the compost hit the fan. But, you see, I made it interlocutory. You can only appeal a final judgement, so this was not appealable. You can't do this forever, but I knew it had to have some time to come of age. So I said, I will make the judgement final on October 15. Well that really tore them up, because they said, "We're going to get that opinion up to the Supreme Court, and get that audacious opinion reversed immediately." Then I knew we had the family of the school people unified. You see, the greatest problem we had in Kentucky really was not from the governor, the legislature. Disunity was in the school family, because many school districts in Louisville and Lexington and northern Kentucky, they had nice schools, and they thought, "Well, they're going to take money from us to help these poor school districts." But I put in the opinion; we cannot have a school system that meets the mandate of the constitution by leveling down. I said, no school district in Kentucky could receive less money next biennium than they are receiving today. In other words, you can't take from the rich to give to the poor. And the press called that Corns' Robin Hood theory. But, boy, that got the school family united. People in Lexington and Louisville, northern Kentucky, in the education business, they got on board. They said, "We're very much in favor of meaningful education reform." They knew we were. I had a larger pie, and they wanted a piece of it, and thank God for that harmony.

Then I did another thing. You're scrambling when you're there all by yourself. It's called self-preservation. I appointed a SCOPE Committee. You'd say, what in the world is that? Does it have to do with halitosis? Well, in a way, I was dealing with those who had mental B.O., in my opinion, with all due respect. They thought I had it. SCOPE, a select committee on public education, that's what the acronym stood for. And I appointed five, only five, people, who had no axes to grind, no school board members, no superintendents, no one from the education community, to go all over Kentucky at public forums every two weeks or every ten days, if possible, and invite every citizen in Kentucky who wanted to come in and be heard, to state what they thought was a quality school program. Well, this sent the legislators into total disarray. They said extra-judicial, no authority. But you see, it wasn't appealable, ha, ha. They couldn't do a thing about it. It was a beautiful time. Well, we started having these forums all over Kentucky. We got standing room only crowds. Now, Kentucky had a population of 3.7 million, and 1.3 million had no high school diplomas. The legislators said that people who don't have education wouldn't support tax increases. They're no interested in good schools. Oh, how wrong they were. Give the people an opportunity to tell you what they'll do, and you'll be surprised. We got such large crowds, the legislature appointed their own fact-finding committee. They called it the Truth Squad. Ha, ha, beautiful thing. But every place our committee met, the following week they would have a meeting to, as they put it, set the record straight. And they got standing room only crowds, and I commended them publicly. I said, this is what we need, public conversation, and public dialog, to learn about our inadequate schools and how much we're dependent on a quality school program. I commend Art Mann and the foundation for starting this movement. Oh, how you need conversation and dialog. And, during the course of this 90-day period, the Louisville *Courier Journal* and the Lexington *Herald Leader*, our two largest metropolitan daily papers, started carrying full front-page stories about the inadequate school programs in Kentucky. The University of Kentucky did a study which showed that for every high school dropout we had (and we were #1 in the nation), it cost the Commonwealth of

Kentucky \$500,000 for the lost taxes that person would have paid with a reasonable job at a reasonable salary coupled with the public benefits and programs we had to provide. Of course, that got the attention of a lot of people, who said we could no longer subsidize and enjoy the luxury of ignorance. The Battell Institute did a study and showed that 90% of all desirable industrial clients who were looking for a state in which to locate their industry said even initially, we would not consider Kentucky, because of their poor education image. Boy, that got the Chamber of Commerce on board, the state and local chambers of commerce. State and local chambers of commerce said, we've got to do something about our terribly inadequate school programs. And, during this time, the Louisville *Courier Journal* took a poll. And it showed, to the surprise of the people in that building up on the hill, that a substantial majority of Kentuckians said we will pay a significant tax increase for meaningful education reform. And I said to my secretary, it's time to make this opinion final. I made it one day earlier, October 14. I said we can trust the education of Kentucky's children, the improvement of our teaching program, to the Supreme Court of Kentucky. And, on June 8 of the following year, they upheld our judgement by a vote of 5-2. And the legislators said, "We knew it all along." The practice, I believe, in deathbed salvation.

But now, I'd like to give the legislators and the governor a lot of credit. We had differing opinions, but I tell you it turned out to be a win-win for everyone. The legislators got busy, and they formed three committees, one on governance, one on curriculum, and one on finance, in August of that year after the Supreme Court ruling in June. They met in January a few months later. They adopted a 940-page Education Reform Act with the highest tax increase we've ever had, \$1.3 billion. And \$800 million in new dollars went directly from the state to local districts. And every district in Kentucky got a significant influx in new monies from the state. Some districts got as high as 25%. And you know, today you cannot find anyone in the city of Frankfort who has not been for education reform all along. Thank God for their long support.

But, oh, it has been a win-win for everyone. And there has been no political fallout. We have 138 combined members in the senate and the house, and only 2 who have lobbied for the largest tax increase in the history of Kentucky failed to win re-election. And every gubernatorial candidate and every candidate for the house and senate since then have been for the Kentucky Education Reform Act. It has been fully and completely funded. Does it make any difference? I wish you could come to Kentucky and see, because it may not take at first blush what I say. I'm telling it like it is the best I know. Does it make a difference? When the Education Reform Act was enacted in January 1990, we had dilapidated buildings, buses that would not run regularly, no equipment, no computers to speak of, poor training for teachers, poor salaries. Did you see what happened this year with regard to technology? This is fantastic. The schools of the Commonwealth of Kentucky are #1 in America in technology. You think they're making any improvement? I visited a little elementary school 12 miles north of Lexington off Interstate 75, Weston Elementary. Go there and look. I went into a kindergarten program. They were in an old building, leaking so badly the kids had to bring umbrellas, literally. I went into the kindergarten program. They had 16 new computers in the kindergarten, and there were little kindergarten children showing me how to use a computer. They did such a better job than I could; I went away realizing I was illiterate in what they were already knowledgeable in. Isn't that fantastic? And they told me at that school that they have more parents who want to be teachers' aides than they are able to use, because they are so thrilled with the great opportunities

education reform has brought. Thirteen industries in that county send to that school every week trained staff members to teach various courses in their specialty. For example, Toyota sends people over there to teach Computer Science classes. And Toyota pays for it. We believe in education reform. It's been a win-win for everyone.

There's a small school district named Science Hill down in southeastern Kentucky. In 1990, or a couple of years before that, they were just an elementary school district, one school building. They had a \$400 roof repair, which came upon them suddenly. And that moved them from a balanced-budget district to a deficit. Now you know how much money they had for teacher enrichment and curriculum enrichment with all that. They had no money. They had no building. They had no resources. In 1998, the highest education performance scores for elementary schools in the Commonwealth of Kentucky; you know what school district it was? Science Hill. They beat every school in Lexington, Louisville, and northern Kentucky, #1. They went from the bottom to the top. You go down and talk with those parents and teachers and children, and see if they don't believe it's working. Do you know, was this just a fluke? In 1999, what do you think, in the Commonwealth of Kentucky, was the #1 school district, elementary district, in education performance scores? Science Hill, Kentucky. Yes, it works, and it works wonders. We have what is called Family Service Centers on the grounds adjacent to every elementary school where there are at-risk school children. Where they have 20% or more of the children on the school public lunch program, they have additional tutorial services for those children. They have psychological and psychiatric services. They have medical services. They have nutrition services. They have programs for their parents to come in, and, if they have not completed that level of education, they are taught also. We have the same thing at the high school called the Youth Family Services at every at-risk high school. And they provide also, in addition to those other services, career placement, career development, teenage pregnancy, and all sorts of services. It's an extremely comprehensive program. Do I believe in it? I think you know I do. And the governor has been so much for this, he wasn't in office at the time but you'd think he was. But that's all right. When you go in there, any port of entry into the Commonwealth of Kentucky, where it used to say "Welcome to Kentucky, Paul Patton, Governor" it says "Welcome to Kentucky" (and this is what you would see), they have a state of the Commonwealth of Kentucky with a graduate silhouetted over it, and it says "Where Education Pays". The governor took his name down and put that up. "Welcome to Kentucky, Where Education Pays." Every state car has a bumper sticker with that on it. Every state park has a big sign, as big as these drapes over there, when you come in. You pick up a menu at the state park, and it says, "Kentucky: Where Education Pays". Are they for it? I think they are. You could do the same thing here in this state, and I just encourage you not to give up, not to become disappointed. But dare to dream big, decide to risk success, and determine to finish the course.

And I conclude with this story: you will recognize the person in a moment, but I was extremely close to this man for the last 40 years of his life, Harlan Sanders, the founder of Kentucky Fried Chicken. And I tell you this story. Every time you see his face, this should encourage you. Colonel Sanders operated a service station and a little restaurant along with it on US 25 South in Carbon, Kentucky. Interstate 75 came through and put him out of business, because people didn't go off that exit to frequent his station and restaurant. He was 65. He became bankrupt, couldn't pay his note. They sold his restaurant, sold all of his fixtures, to pay

the note and the taxes. He was 65 and broke. He had a GED certificate. And people said, Harlan, don't worry. You're going to get \$105 Social Security. He said, I have a recipe for frying chicken. Now, I think there's something on the horizon called fast food industry, and I believe I could make a go of that. They said, Harlan, you're an old man. You're 65. Isn't that horrible, the way we put people in boxes? Some people are old at 25; they just haven't been buried. They have that mental B.O. I was talking about. Harlan said, I've got this recipe. It's going to do wonders. They said, Harlan, everyone in this county has recipes for frying chicken. Don't be foolish. Sit down and take your \$105 a month and rust out the rest of the way. He and his wife, Claudia, got into their old car, which would hardly run. They put the fixings, the 11 secret herbs and spices, in the trunk, and they went all over Kentucky to try and sell a franchise of what later became the large and very successful international Kentucky Fried Chicken Corporation. They didn't sell a franchise in the entire Commonwealth of Kentucky. The colonel believed in the South. He believed in his product. He and Claudia kept going. They didn't sell that first franchise until they got to Provo, Utah. Is there anyone here who doesn't have a recipe for frying chicken? You have a car? Make \$105 a month? Why aren't you on the road to education reform? When Colonel Sanders died at age 90 in 1980 and lay in state in the state capitol, the national media of America said, "Harlan Sanders was the most easily recognizable person of any individual around the world." That's not bad for a fellow who didn't start his engine until 65, bankrupt, in a broken-down car with a chicken recipe. But, you see, he dared to dream big. He decided to risk. He determined to finish the course. And I hope you do that with education reform. And, one of these days, I'll come into Pennsylvania. I hope it says, "Welcome to Pennsylvania, Where Education Pays".

QUESTIONS AND ANSWERS

Sharron Nelson: If you haven't, you still have a moment to fill out the card with a question directed at one of the panelists or the panelists in general. The students will come down the aisle and pick up your card. We do have a panel from the Hourglass Foundation who are sorting the questions to make sure they are not repeated, so we can get to as many different ones as possible. While the new questions are being reviewed, we'll begin. This one is addressed to Mr. Schmidt. If there is a commitment to equal opportunity in the private parochial choice and competition movement, should private parochial schools that accept public dollars be required to admit any and all students that public schools accept? If no, where is the commitment to equal opportunity?

Benno C. Schmidt, Jr.: Well, that's a good question. I think one of the most important priorities for public education as it enters, as I believe it is going to, an era where there are more choices and competition, is to make sure that the array of broadened choices serve the children who need more choices the most. That's why I, for one, believe charter schools should be required to accept all children, and most especially their fair share of children with special needs. That's the policy, for example, in all of Edison schools. We have not had much experience in the United States with voucher programs. Vouchers have been something that economists and some education reform theorists have been interested in for decades. But, in fact, we have very little experience with voucher programs. My own belief, by the way, is that the Supreme Court will probably affirm the Cleveland voucher program, which is before the court. And, if that happens, I suspect we will see some voucher programs cropping up. When we do, my advice to

policy makers would be to make sure that the poorest children are the first ones who have the opportunity to avail themselves of vouchers. To be sure, in the second place, that any schools which accept public vouchers do so with an obligation to serve all children who apply. And, in the third place, to make sure that the voucher programs, if they do exist, do not take away the resources that the existing public schools will continue to need, because we don't have an alternative supply, ladies and gentlemen, of schools. Our public schools are going to be educating 80 or 90% of our students for the foreseeable future, and I think choice programs and competition are great. I think we have to take care as we fashion those programs to make sure that the public schools continue to have the resources that they need to do an adequate job for the majority of children who remain in them.

I agree with the implication of the question. Choice and competition are great, in my opinion, but we have to be certain that it will operate with equality of opportunity as a primary goal.

Sharron Nelson: Thank you. Each panelist will have three minutes to answer. This second question is directed at Senator Rhoades. Senator, what does the public need to do to keep school funding reform a top issue in the governor's election?

James J. Rhoades: I think one of the key things is to continue to bring that issue, not only at a local level, but also to share with all the associations across. A key thing, say we have a gubernatorial [election], where do the candidates stand on it? I think you've got to ask, and that's what you've got to do. When they come to your county, you ask them. From that standpoint, they've all said something about it, but I'm looking for a plan. The second thing is, you have senators, and you have representatives that are running for re-election to the General Assembly. I think you'll want to ask them where they stand on it, okay? I think the third thing is that you continue to work with your groups. As I said, this proposal is basically the Pennsylvania Association of Rural and Small School Districts, who took this to court, and had it set out about seven years later, that it's up to the General Assembly to do. You work with that group; you work with your school boards' association, with you administrators' association. You work with your taxpayers' association. You work with all of those particular groups. The only reason I'm doing this, I'm from Schuylkill County. Folks, I love you all, but you don't vote for me. They do back home, okay? But the end result is that I've been to Bucks County, I've been to Delaware County, Wally Nunn who's on the state board and a former commissioner is out there pushing this, and he's in Delaware County. And that's what we call one of the suburbs. I've got support in Bucks County for this proposal. I've been to Shippensburg. I've been to State College, to Indiana-Armstrong. And that's what I'm doing just from the standpoint of spreading the word and continuing to go. Put it this way, three years ago, when I said I was going to do this, someone said, "You're nuts." But I believed it had to be done. I'll tell you, you talk about the pendulum, it was out here on this side, and it's coming back over again. And the more I do this, the more you do this, the more we talk about it, the better it's going to be, this realization that it has to be done. It isn't a question of whether you want to or you don't. It has to be done. You can't be at 40th and put all these programs in and ask for the best. It's like I said, put your money where your mouth is. And I guess that's the question I'll ask anybody running. Are you willing to put your money where your mouth is? Next thing to help, if you

support those people, and I mean really get out and support them, that gives them a lot of confidence, too.

Sharron Nelson: The next question is directed at either Mr. Schmidt or Judge Corns. I will let them each take a crack at it, if you will. Is there, or should there be, a federal constitutional right to equality of education?

Judge Ray Corns: You're the constitutional law person.

Benno C. Schmidt, Jr.: Oh, no, but judge, we professors always defer to the bench on questions like this.

Judge Ray Corns: Under current law, education is basically a state function. And that's why all of these school-funding cases are brought in state courts and not in federal courts. And I like the idea of each state taking care of its own business.

Benno C. Schmidt, Jr.: And I'd like to second that. I don't think that the intervention of the federal judiciary in this area of equal educational opportunities is likely to be helpful. But I do strongly support what Senator Rhoades was talking about when he talked about the tremendous importance of the No Child Left Behind Act, which is the federal education reform act that the President signed in January of this year. In that statute, Congress laid out certain tests for public schools to receive federal dollars. Public schools, which receive federal dollars and continue to fail their students, must first offer those students a real choice to leave that public school and to go to some other public school that's not failing in the district, or the whole district is at risk of losing their federal dollars. If the school continues to fail, the remedies go beyond parental choice to required restructuring. And the school must be completely restructured by the school board, or it must be converted into a charter school, or there must be some other restructuring of the school that moves it out of its failing category. Now, the kind of federal legislation that tries to force schools to give better opportunities to children, I think it's a great idea. I think it's good for the Congress and the President to be there, but I don't think the federal judiciary should try to run public schools in the United States. The federal judiciary has got enough to do without that.

Judge Ray Corns: Dr. Nelson, I might add another footnote, please. Under the Kentucky Education Reform Act, local schools are held to a very high performance standard. And, if they don't meet these, the State Department of Education has the power to take over those school districts and send in a distinguished educator, and that has been done in some of our school districts which have not measured up. School children in those districts are now permitted to attend school in any district they so desire. So, we really have that in place at this moment.

Sharron Nelson: How will your bill or proposal provide adequate and equitable funding for Pennsylvania public education?

James J. Rhoades: When we look at it, this is one of the things I want to do, there is something called a GENI Coefficient, which is the chart down, and the line goes through, and then when you plot where all the funds go out, the closer you are to the line gives you the

greatest amount of equity. I think that fact that what we're looking at is taking 80% and ensuring there is a foundation ground for every student. The second part, the tier 2 it told you, is part of what we call the Aid Ratio, which is where we're taking the 60% of market value, 40% of the personal income. When you put that together, the higher your aid ratio, the poorer the district, and the more assistance you'll receive. So, putting a foundation in one and then using that aid ratio factor for 20% adding in, I think that's going to make a significant difference in terms of being equitable to everyone. Is there a true system of equity? I can give you all kinds of theoretical definitions of it. I think equity is going to be in the eye of the beholder. I think the fact is, once we can get ourselves above 50%, we begin to make it as equitable as we can. Let me add to that, there are other formulas that take the top ten spending districts and average that out and then use that as the multiplier. That would be taking someone who is spending \$14,000 and the rest. There are some that take the top 50 schools in the PSSA scores and divide the line and average what they're spending, too. The fact is, we looked at that, and, I'll tell you what, that'd be too expensive; we wouldn't be able to match that, because, to have to try to raise our PET to that level, we wouldn't be able to get sufficient votes to do that. Remember, it's 26 + 102 + the governor will sign it. So, I think we're using what I call a historical line of using that median. Let me also add this, as I went through the Internet searching through this and I happened to pull this piece out again. What I found is that, when we talk about median, when we put more money in, kids below the median make the gain and come up to the median. Above the median, we only see one- or two-point gains. It's not statistically significant enough to make the difference, but that new money underneath does make a significant difference. I think that's where we get what I'm going to say is part of the educational equity in the process, too.

Sharron Nelson: Thank you. The next question doesn't have a person designated as to whom it is to be directed, but I think it's pretty obvious. Mr. Schmidt, what makes an Edison school different from the normal public school?

Benno C. Schmidt, Jr.: Well, I'll be brief, because the answer is; there are actually a lot of things. We try to look at all of the things that, in our opinion, affect school performance, and the truth is that schools are very complex, and an awful lot of things affect their performance. Piecemeal reforms usually don't work. So, here are the main things: more time. Our school year is two to four weeks longer than the norm. Our school day is two hours longer. It doesn't sound like much, but it's more than one-third more time, so, by the time a youngster moves through the 8th grade, if that youngster has been in an Edison School, he has had almost four full additional academic years in terms of time. We do a lot more teacher training than most public school systems. We do a lot more assessment. We assess every child every month in all our core subjects, and we provide the information that that gives up to the teachers, the principals, to our support people. We try to intervene in real time, when children are not making adequate progress toward state standards. Our schools are rigorously accountable. Edison can be fired if we don't do a good job for the school districts for which we work or the charter school boards. But, we try to have performance-based compensation and promotion policies for all our principals and teachers. And, like Judge Corns, we think technology ought to be a part of first-class modern educations. We put computers in the homes of all our children at our expense, 3rd grade on up, network the homes to the schools. All our teachers of course have laptops, and our schools are fully networked. These are just a few of the changes that I think are particularly helpful, and I think particularly for children who may need some extra support, the added time

and the high standards and expectations and added assessment, I think, make a huge difference in creating a school where academic progress is pretty reliable, pretty predictable.

Sharron Nelson: The next question is for Judge Corns. You mentioned that three D's in education reform leadership. Can you elaborate on the leadership challenge?

Judge Ray Corns: I could spend quite a bit of time elaborating. My three D's were, first of all, Dare to Dream. Think unthinkable thoughts. The Wright brothers said trees can fly. People thought they were foolish, but we take them as gospel today, because trees do fly. So, dream, dream so big that you can't do it yourself, but literally it takes the invisible power that created to help you make it work. Dare to Risk. Be willing to risk success. If you don't do that, you guarantee failure. And then I talked about Colonel Sanders. Determine to Finish the Course. You're going to have a lot of long day and dark nights, and it won't be easy. It will be difficult. What a legacy, what a contribution, you will make, and you'll be so proud of what you have done for your Commonwealth, your community, your county, your city, your school district. And, by the way, I'd be remiss if I didn't congratulate you and her particularly on your new superintendent here, Vicky, who was with our State Department of Education. She helped make it work so wonderfully well in Kentucky. I don't know how you got her, but you have a good one.

Sharron Nelson: Mr. Schmidt, the next question is for you. How can the Edison school program be initiated into our school program? And, the "our" isn't defined, so take it from a couple of different perspectives, one an urban school and two a suburban school. I know both entities are represented this evening.

Benno C. Schmidt, Jr.: Well, most of our 136 schools are the result of contractual partnerships with school districts, where superintendents or school boards ask us to come in. It's not because they think Edison has the answer. I don't think anybody has "the" answer. But they think Edison's program will broaden the good choices that are available in their communities. They'd like to see some innovation. They'd like to give parents and teachers more choices. They'd like to be able to fire somebody if something doesn't work. And so the innovations and the choices and the higher accountability are what convince school districts. And it's usually reform-minded school districts that are the ones who are interested in contracting with us. We also operate charter schools around the country, and there, as you know, we're not working for school districts. There we're working for charter school boards of trustees and community leaders very much like you who think that, in the mix of education reform, having some independent public schools that can try things outside of the existing school system and bureaucracy and governing structure is a good thing. The third area that we have worked with, and one that I think is going to be increasing over time, is we're working for states in Michigan and Maryland, in Pennsylvania in fact, where states have had to intervene for the reasons Judge Corns said, most states now have tough accountability provisions that call for the state to intervene when schools or school districts aren't doing the job. So, in some of those cases, the states turn to us to bring in programs to districts that are perceived to need some help, and that's what we're doing right now in Chester, Pennsylvania. I guess, you know I've spent my whole career before Edison in higher education, and I guess, when it comes to K-12, I'm like the guy at the dude ranch who never rode and therefore got the horse who had never been ridden. But,

those are the three ways that we come in. We're always invited in by the public authorities and always subject to their oversight and accountability.

Sharron Nelson: The next question is for Senator Rhoades. Changing from property to income tax, what would expenditure per student be in the two school districts you mentioned, one at \$14,000 per student and the other at \$6,000 per student?

James J. Rhoades: One of the things we looked at, because there are some models when you want to study this in school finance, where you can cap the amount of money that could be spent. To secure the votes to do this, we have districts that do not want to do this, and representatives and senators said, "We don't want to do this." So, if they do want to spend more, they can. That would be their option. So that the district that wanted to spend \$14,000 can spend \$14,000 again. If they want to raise their taxes higher to spend more, they can. The only thing we're putting in is a dollar-for-dollar match. Any state money that comes in has to be reduced. And, if we're going with the PIT, the personal income tax, we're looking at the nuisance taxes, and we feel that we should first take those nuisance taxes out for those who are paying the PIT. If you're paying the PIT, and you're paying the occupational on top of that, you're going to end up paying more. We want to try and level that out a little bit and then go into the property tax to reduce that. I think the other thing we're looking at is putting a cap in there, which would call for the average weekly wage, the same as what you have in Act 50 right now, that your budgets couldn't exceed that particular limit. If you do, you do as what we used to call the backdoor referendum: you're going to have to go to the public to get approval to do that. Now, there will be exceptions, for acts of God or health or mandates or court rulings or whatever else there is, that you can raise it above that particular rate. But there has to be some control. There would never be sufficient support in the General Assembly to go beyond that, because it's going to look like we're just giving more and letting it roll. That's not the case. The big thing in terms of creating equity here is we are putting more money in to level it out, but the thing is to keep it that it grows at a particular rate, that it doesn't just spiral up that there's a whole new set of money in there. I know there are objections to that, to putting a cap on, but it's not going to go any other way. I don't want to be back here in five years or ten years saying, well, it would have worked if we would have done this or we would have done that. Sorry, folks, the only way it's going to go is with the cap in, with the control in, and moving on from there.

Sharron Nelson: The last question we have for this evening is again directed at Mr. Schmidt. How can Edison schools promote choice and freedom when the average admissions waiting list averages 140? Public schools, unfortunately, don't have a waiting list. We need to service all.

Benno C. Schmidt, Jr.: Well, I guess there should be more Edison schools. That would take care of our waiting list. Edison schools are all schools of choice. There are no admission requirements. We are all public schools. All children are welcome. The program that I described is often very attractive to parents, particularly in the kind of neighborhoods where our schools tend to be, where there are lots of children of color, children who come from families where the home's first language is not English, children where parents don't have a lot in the way of financial resources, and our program tends to look very good to those parents and others as well. So most of our schools do in fact have pretty long waiting lists. I'm sorry we can't

accommodate all the parents who would like to be in our schools, but I think the fact that choice schools attract parents sends a signal to other public schools. What are we doing over there that's attractive to parents? Again, it's not that we have the answer, but competition is good in that it helps people figure out what they need to do to do a better job for folks. So I take our waiting lists as a sign, and I think it sends a very strong positive signal to all the public schools to look in a fresh way at what they're doing, and maybe they should have a waiting list. If you don't have a waiting list, maybe you're not doing all you could possibly do to be as attractive in a substantive way to the parents and the community you serve.

CLOSING REMARKS



Donald K. Roseman, Jr.: On behalf of the Hourglass Foundation, I'm Donald Roseman, President. I'd like to acknowledge the fact that we've had some excellent speakers here this evening, and I'd like to thank personally the Honorable James Rhoades, Benno Schmidt, Judge Corns, and our moderator, Sharron Nelson. Will you all give them a round of applause? On our board of directors is one of Lancaster's leading historic structure illustrators, Mr. John Jarvis. On behalf of the Hourglass Foundation, as a token of appreciation for their work here this evening, John has created an illustration of Lancaster as it was back in the early 1700's. It is personally illustrated as well to each of our speakers this evening.

This evening we also took the time and energy to videotape this production. Mick Ranck of our Hourglass Advisory Board has videotaped it, and we will have available for anyone who would like to get a copy of it, a videotape of it. All you have to do is contact the Hourglass Foundation office. In addition this evening, we've had several students from McCaskey High School. I'd like to thank them very much for their participation in helping us to collect the questions.

Obviously, in any organization that's basically volunteer-run, this thing came off because of a lot of good volunteers and a lot of effort, particularly Joan Henderson, who is the newest member of our board, put in a lot of professional addition to it, and I would like to thank her very much for her input. In addition to that, Jennifer Mundy, our Office Manager, who has produced everything you have this evening in a very timely manner. So thank you folks very much. Then of course, as Art said at the beginning, you couldn't put this on without the sponsorship and support of both the James Hale and John Frederick Steinman Foundations and, most importantly, the Sterling Financial Trust Company and the Bank of Lancaster County.

Lancaster County is a special place. Our once-rustic community is undergoing dramatic change. At the Hourglass Foundation, we don't object to the new developments, but instead we

remain committed to find solutions for the problems that growth is often creating in land use, resource allocation, and other vital quality of life issues. Our primary mission is to raise civic awareness, to help ensure a legacy as rich as the one we so gratefully inherited. We invite all of you to join us as an organization. In your packets this evening are membership cards. As you leave this evening, and you're sitting around the house tomorrow, think about it, and fill one of those out and return it. We'd appreciate it very much. Stay in touch with us. Read our publication. This would be a part of your membership, *County Matters*, once every two months we bring you our position, our feelings, on what is going on in the community. Attend our forums. The next one will be on water. We will have the Secretary of the Pennsylvania Department of Environmental Protection, Mr. David Hess, with us at the Woods Room on May 16. You know obviously water has become a very serious issue, locally, regionally, and nationally. I have just returned from Calgary, Canada. Even our border is suffering from a drought. It's imperative that all of us do water conservation. In our latest issue of *County Matters*, there are some great tips on how to deal with this issue.

We again thank you very much for coming this evening. We wish you all a safe trip home. Thank you.