

The State of Education in Orange County 2010
Education and Business, Facing Challenges, Seizing Opportunities
Orange County Department of Education
February 25, 2010

Ron Bennett: President and CEO, School Services of California
Report by Corri Roe

Mr. Bennett is a retired Air Force Lt. Col. and has an extensive background in negotiations and position control. His entire extended family resides in Orange County. He presented an overview of California's budget and fiscal report.

“No matter how dismal, O.C. and California are the brightest spots in the Nation”
(uh-oh)

1. School Services of California is the premier business, financial, management, and advocacy resource for educational agencies in California.

2. Outlook/Advisement to School districts regarding economic activity for Orange County:

A. December 2007 was the start of the recession, Spring 2010 was thought to be a stabilization period, but it is still not “stable”. Economic cycles of the past would predict recovery in 2015. (Recovery = economic activity equal to prior-2007). O.C. saw an 18% decline of economic activity in 2 years. It could easily take 5 years from stabilization to recovery.

B. SSC is advising school districts/boards to focus long-term. Question must be “how do we deliver education with a fundamental restructure for at least 5 years”?

C. State Funding loss during the recession to date has been \$18 billion (\$102B in '07 to current and still declining, \$84B). Job loss weighs VERY heavily on state funding issues. No jobs, no income taxes collected, corporate taxes, or taxes on purchases as they also fall off. This hurts Ed funding more in this state than almost any other state in the union. The taxes CA collects are similar to stocks in a volatile market. Other states use property taxes for the majority of Ed funding, which could be compared to a bond in that there is less risk, less volatility and more predictable return.

D. Average per pupil spending has gone from \$5802 in '07-08 to \$4966 in '09-10. Education funding represents 41% of the state budget and has taken 45% of the reductions, amounting to \$500 million in cuts to O.C. schools. Actual funding vs. where it should be this year (COLA) is negative \$1373 per student.

E. Who's responsible? No one person or group, however our Legislators are elected to deal with these issues, and should be presenting solutions.

F. Locally, we should be thanking school boards for NOT taking away programs like music, art and athletics. We should all try to keep adult issues away from the kids in the classrooms. The kids don't know there's millions less in education, they're just happy to have their best friend in the class since the classes got bigger J

G. What can you/we do? GET INVOLVED! Stay informed. Talk to your legislators, volunteer in the classrooms and on the campuses!

Lucy Dunn: President and CEO, Orange County Business Council
Report by Kathy Fischer

Lucetta "Lucy" Dunn leads a dynamic organization of business members, working with academia and government, to ensure the county's economic prosperity and high quality of life. Before joining the Business Council, Lucy was appointed by Governor Arnold Schwarzenegger, in 2004, to service as Director of the California Department of Housing and Community Development and, in 2008, was appointed to the California Transportation Commission. Lucy is an attorney admitted to the practice before the California State Bar, the Federal Bar, and the U.S. Supreme Court. Lucy Dunn is a graduate of CSU Fullerton (B.A. Political Science).

Lucy Dunn started her presentation by saying it was sponsored by the letter "R" (as in Sesame Street) for recession, reduction, regulations, reorganization, etc. She then went on to discuss the mission of the Orange County Business Council (OCBC).

The OCBC works to enhance Orange County's economic development and prosperity to preserve a high quality of life and accomplishes its mission by leading a high profile, proactive advocacy program for business interests throughout California and the nation, focusing on four core initiatives:

INFRASTRUCTURE

Roads, freeways, toll roads, office space, adequate clean water supply are just some examples of infrastructure. An adequate infrastructure system is critical to meeting the demands of a growing population and expanding economy for Orange County's residents and businesses.

WORKFORCE HOUSING

OCBC strongly believes that the cities within Orange County must plan to meet

current and future housing needs. A diverse housing market is critical to the long-term success of Orange County.

WORKFORCE DEVELOPMENT

Orange County, like the nation, has transformed from an industrial-based economy to a high-technology, innovation-based economy. The result is an ever-increasing need to provide educational and workforce development programs that prepare and motivate students for high-skill, high-wage careers.

ECONOMIC DEVELOPMENT

Up until recently, Orange County has not had to worry about keeping jobs in the county. With the current economic crisis, that has changed. Job creation and retention have become bigger concerns and priorities.

Lucy then went on to focus in on four “R”s.

RESIDENCE

With regards to population, O.C. is the 5th largest county in the United States and is home to more people than 22 states. While we have long been in the shadow of Los Angeles, today more people commute from L.A. to O.C. for work than vice versa.

Orange County Information

- The county is small in geography and urbanized
- We have a “minority majority” with Hispanics as the largest ethnic group in the county.
- O.C. is not dominated by a single industry but we are a leader in several and the capital of the medical device industry.
- Innovative – i.e. ground water replenishment, road construction funding via toll roads.
- An expensive place to live with the number of residents in the 25-34 age range dropping by 21%.
- Orange County is an aging county.

Careers and jobs in the United States are changing at a rapid rate. The top 10 fastest growing jobs in 2010 did not exist in 2004. However, at the same time, the fastest growing industries offer low paying jobs i.e. food services and hospitality. The key development factors for career preparation and business success in the future include:

- Language acquisition and usage for students and workers
- Lowering the high school drop-out rate
- Closing the Achievement Gap

- College preparation for high school students
- STEM – Science, technology, engineering, math education

However, California as a place to live and work is currently down in polls for all categories except climate. Factors causing California to be less attractive include:

- A loss of 7 million jobs since 2007
- Defaults on home mortgages
- Unemployment of 12% or higher.
- Gasoline prices 43 cents higher per gallon than other states.
- Continued increase in traffic
- The regulatory environment is the toughest in the U.S.

RECOVERY

Statewide unemployment is 12.4% with Orange County's rate at 9%. Other counties are having more difficult times with the central region/farming areas of the state being hardest hit. When the underemployed and those who have stopped looking are factored in, unemployment rates are closer to 20% in the U.S. and California.

The immediate outlook from this recession (3 years) is a slow, “wiggly” recovery. Companies have been borrowing less money because banks are reluctant to lend funds. Manufacturing jobs in the U.S. are not likely to return and output of products will be down 10%. Consumer spending is down 35%. However, investments are starting to rebound and house prices are stabilizing.

REFORM

Lucy told us the “Squirrel” story from the movie, “Up”. Dug is a dog who has a special collar that allows him to speak. He helps out on adventures throughout the film, but does have one tragic flaw: Dug gets distracted by squirrels. He may be on the most important mission of his life, but when he sees a squirrel out of the corner of his eye, his attention is completely diverted and—“SQUIRREL!”—he says. Off he runs to chase it.

This story is reminiscent of state legislators whose mission must be job creation in the private sector. This is done in three ways: reduce taxes and fees; reduce the glut of regulations business faces every day; and reduce opportunities for frivolous lawsuits. Instead, what we are seeing out of Sacramento are proposals to INCREASE gas taxes and lose taxpayer protections for secure transportation improvements—SQUIRREL! They pass bills to create Blueberry Commissions, Fertilizer Commissions, cow-tail docking or ferrets-as-pets legislation—SQUIRREL! Lucy Dunn says, “Let’s make a pact—anytime you hear a legislator or state official of any kind talk about anything

other than reducing taxes and fees, regulations or litigation, just politely look at him and say ‘SQUIRREL!’ If enough of us do this together, perhaps we can eliminate the nuts and actually get to real jobs creation.”

Confidence in the State Legislature is down 67%. The governor’s approval rating is also low. California has the highest tax rate in the U.S. with 144,000 people paying 50% of the income tax revenue to be support programs and services for 37,000,000 residents.

The trend of government should be local and decentralized. Measure M and school bonds are examples of local measures which have been very successful in helping the State grow.

RESILIENCE

Orange County is the home of innovation. When Orange County thrives, California thrives. When California thrives, the nation thrives. Orange County is filled with innovative, optimistic people who will be at the forefront of economic growth and opportunity.

To cultivate a workforce fit for an increasingly interdependent and competitive global economy, Orange County must promote initiatives that prepare its high school and community college students for vocational training, higher education, and successful careers.

Bill Habermehl: Orange County Superintendent of Schools

Report by: Lori Abbott

- In these economic times, resourcefulness is as important as resources.
- We’ve had hard times in the past, and we will come through this even better.

Where are we today?

- We are still doing a fantastic job educating our children.
- Displayed a chart showing California’s rank in staff per pupil ratio in CA in the 2006/2007 school year.

Rank: 51 Total School Staff to Students

Rank: 50 Certificated School Staff

Rank: 48 School principals and assistant principals

Rank: 50 Guidance counselors

Rank: 51 Librarians

Rank: 49 All teachers

- OC has lost 17,000 students from the peak a few years ago
 - Displayed a pie chart showing OC student diversity
 - 44.7% Hispanic (CA is 46%)
 - 32.8% White
 - 13.9% Asian
 - 4.1% Multiple or no response
 - 1.8% Filipino
 - 1.7% African American
 - 0.5% Pacific Islander
 - 0.5% American Indian or Alaskan Native
- OC demographics very similar to CA
- The target API is 800; 61% of OC schools were 800 or higher in 2008/2009
 - We are over-regulated and under-funded
 - The drop-out rate (accumulated over a 4 year period of grades 9-12) was 11% for the 2007/2008 school year. This number will increase due to the shortage of counselors and other staff members who may have been able to help catch the students at risk.
 - Displayed a graph showing the Latino/White achievement gap, using the NAEP Reading for 9 year olds. The gap is shrinking slightly. However, the trend is fairly flat, leading to the conclusion that the reading level of students is not improving.

What does the future hold?

- Robust schools = Robust CA
- It is time to attract more businesses
- Recovery is years away
 - We need fewer regulations
 - Bring back the economy quickly
 - More local control
- Race to the Top
 - NCLB has forced a narrowing of curriculum; science is only tested in 3 grades.
 - RTTT consists of a \$4.3 billion pot of money
 - California's plan must include:
 - higher common standards and core assessments
 - data systems
 - recruit, reward, retain effective teachers and principals
 - turn around low performing schools
 - California's share is \$700 million

- OC is cutting \$200 million from schools this year, and has cut \$500 million in the prior two school years
- Special Education encroachment from 02/03 through 08/09 totals \$1.75 billion for OC. Pay us the money you owe us first, or give us relief.

Opportunities Ahead

- Flexibility: 73% of state categoricals are not flexible; we don't need more studies; we do need more local control
- California Business/Industry Leaders want:
 - critical thinking and problem solving
 - teamwork and ability to influence
 - effective oral and written communication
 - assess and analyze
 - curiosity and imagination
- Businesses of the future will be small teams of people; 75% of all businesses are small
- Invest in our teachers and bring them up to speed
- Control our own destiny–BHAD (Big Hairy Audacious Goals)–out of the box:
 - Eliminate tenure
 - OC is underfunded (state and federal government owe us)–create a Measure E
 - Flexibility from legislature (Sacramento is not the wisdom of education)
 - Invest in quality preschool
 - Start kids in preschool at age 4 to capture language development years and have school go from P-11 instead of K-12
- Is this a great recession or a recession that will make us great?
- We need concessions from unions and legislatures
- The state of OC depends on all of us