

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 COUNTY OF SAN FRANCISCO

3 UNLIMITED JURISDICTION

4 -----

5 ELIEZER WILLIAMS, a minor, by)

6 SWEETIE WILLIAMS, his guardian)

7 ad litem, et al., each)

8 individually and on behalf of)

9 all others similarly situated,)

10 L.P., et al.,)

11 Plaintiffs,)

12 vs.) No. 312236

13 STATE OF CALIFORNIA, DELAINE) VOLUME III

14 EASTIN, State Superintendent of)

15 Public Instruction, STATE)

16 DEPARTMENT OF EDUCATION,)

17 STATE BOARD OF EDUCATION,)

18 Defendants.)

19 -----

20 Deposition of LUIS HUERTA, at 400

21 South Hope Street, Los Angeles,

22 California, commencing at 9:45 A.M.,

23 Wednesday, March 19, 2003, before Lana

24 L. Loper, RPR, CRR, CSR No. 9667, CCR No. 690.

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1 LUIS HUERTA,
 2 the witness, having been previously administered an
 3 oath in accordance with CCP Section 2094, testified
 4 further as follows:
 5
 6 EXAMINATION (CONTINUING)
 7 BY MR. SIMMONS:
 8 Q Good morning, Dr. Huerta.
 9 A Good morning.
 10 Q Just remind you, you're still under oath
 11 today. 9:45AM
 12 How do you define "New" School Finance?
 13 A "New" School Finance is a conceptual frame
 14 that, together with my colleague Norton Grubb and I,
 15 we developed over about a two-year period, which 9:45AM
 16 specifically looks at -- specifically outlines a new
 17 approach on how to both define equity and fund
 18 schools according to their needs.
 19 I can point you to the specific defines of
 20 "New" School Finance, beginning on section 3 of --
 21 I'm sorry -- 2 of the report. 9:45AM
 22 An important part of the "New" School
 23 Finance framework is to first engage in a wide-scale
 24 local assessment of what needs are, which would
 25 include identifying best practices; how money is

<p style="text-align: right;">Page 343</p> <p>1 being spent by some schools; those schools who may 9:46AM 2 be using money effectively; identifying schools that 9:46AM 3 have high needs and beginning the process of funding 4 to the needs. 5 "New" School Finance also includes the 6 setting of standards at the state level, together 9:47AM 7 with local actors, and the monitoring of standards 8 by the state if schools fall outside the minimums. 9 That's it in a nutshell. 10 Let me point you to the exact page again. 11 Q I believe it's probably 34. 9:47AM 12 A Yeah. In the first paragraph beginning on 13 page -- section 2, page 33 and 34, the first 14 paragraph is the summary of the idea of "New" School 15 Finance. 16 Q Are you aware of scholars, other than 9:48AM 17 yourself and Dr. Grubb, who do any writing about 18 "New" School Finance? 19 A In the context of the framework that we 20 have written, no. This is something that we have 21 published as a working paper and will be submitting 9:48AM 22 for publication within the next month and a half to 23 two, to a journal, to an academic journal. 24 Q The paper you're referring to now, is that 25 different than the Straw into Gold paper?</p>	<p style="text-align: right;">Page 345</p> <p>1 the framework we have written, no." 9:51AM 2 THE WITNESS: Specifically the context 9:51AM 3 that we have developed is -- includes the beginnings 4 of defining adequacy, in terms of defining what 5 needs are, and funding to the needs, and identifying 6 best practices; but more importantly, also the 9:51AM 7 addition of setting standards at state level and 8 holding schools accountable for meeting those 9 standards. And these standards would be set in 10 concert from both the bottom up and top down 11 approach, involving actors at all levels. 9:52AM 12 And we also speak to the idea of 13 monitoring and incentives along with monitoring to 14 make sure that schools are providing the minimum set 15 standards. 16 BY MR. SIMMONS: 17 Q Are there any individuals you're aware of 18 who, outside of the context you have just described, 19 write about "New" School Finance? 20 A Yes. 21 Q Who are those individuals? 9:52AM 22 A Over the last five to six years, a growing 23 literature in school finance that has focused on 24 school finance adequacy; have written about the idea 25 of redefining equity to specifically look at issues</p>
<p style="text-align: right;">Page 344</p> <p>1 A No. That is the working paper I'm 9:48AM 2 referring to, published by PACE. 9:48AM 3 Q Exhibit 8. After you have a moment to 4 review the document that I've put in front of you, 5 which is Exhibit 8, I would like you to tell me if 6 this is the report we're referring to? 9:49AM 7 A Yes, it is. 8 Q And the copy that we have is from 9 April 2001. Is that correct? 10 A Yes, that is the latest working draft of 11 the paper that is published. 9:50AM 12 Q So there's no -- there haven't been any 13 additional working drafts since this one that was 14 published or that is dated as of April 2001? 15 A That have been published, no. 16 Q Now, when I asked you if there were other 9:50AM 17 individuals who had -- who were writing about "New" 18 School Finance, I think you qualified your answer by 19 trying to place it in some context. What was that 20 context, again? 21 A Can you repeat what I said, please? I 9:51AM 22 believe my answer was no, wasn't it? 23 Q I think it was no, but there was some 24 qualification. 25 MR. POULOS: You said, "In the context of</p>	<p style="text-align: right;">Page 346</p> <p>1 of adequacy, which is defining or looking at equal 9:53AM 2 education opportunity, both through examining inputs 9:53AM 3 and outputs, rather than the long-standing 4 definition of equity, which has always focused only 5 on inputs. Those individuals would include, as 6 cited in the report, William Clune, Minorini and 9:53AM 7 Sugarman, M-i-n-o-r-i-n-i. 8 There's been a couple of volumes that have 9 been published by the National Research Council that 10 have specifically looked at the issue of adequacy 11 and some of the early developments in some of the 9:53AM 12 states that have begun to implement adequacy 13 provisions in school finance formulas. 14 Q How does the context in which you write 15 about "New" School Finance differ from the other 16 individuals whom you've identified? 9:54AM 17 A I think I answered that about two 18 questions ago, when I stated that our approach goes 19 beyond identifying adequacy, but also the 20 identification of best practices, et cetera. 21 Q At page 34 at the top, where it says it is 9:55AM 22 first necessary to ascertain those practices and 23 instructional conditions within schools and 24 classrooms that enhance learning, that's the portion 25 of "New" School Finance that deals with a wide-scale</p>

<p style="text-align: right;">Page 347</p> <p>1 assessment. Is that correct? 9:55AM</p> <p>2 A That's one component of the wide-scale 9:55AM</p> <p>3 assessment, yes.</p> <p>4 MS. LHAMON: Just to be clear, that was on</p> <p>5 page 34 of Exhibit 1, and not Exhibit 8?</p> <p>6 MR. SIMMONS: Yeah. Thank you. 9:55AM</p> <p>7 THE WITNESS: Oh, yeah.</p> <p>8 BY MR. SIMMONS:</p> <p>9 Q And correct me if I'm wrong, but the</p> <p>10 wide-scale assessment entails identifying a bundle</p> <p>11 of educational goods that are necessary for an 9:55AM</p> <p>12 adequate education. Is that correct?</p> <p>13 MS. LHAMON: Mischaracterizes prior</p> <p>14 testimony.</p> <p>15 THE WITNESS: That would be -- that could</p> <p>16 be a potential approach. In the context of 9:56AM</p> <p>17 California, as I indicated in testimony yesterday,</p> <p>18 that may not be applicable simply because of the</p> <p>19 scale of California. However, there are other</p> <p>20 approaches at -- there are a variety of other</p> <p>21 approaches to the wide-scale assessment. Wide-scale 9:56AM</p> <p>22 assessment would include both examining what we</p> <p>23 identify as best practices, but more importantly,</p> <p>24 would also entail identifying the needs and wherever</p> <p>25 needs are not being met.</p>	<p style="text-align: right;">Page 349</p> <p>1 funding levels and resource use patterns at local 9:58AM</p> <p>2 levels; how money is flowing from the state to local 9:58AM</p> <p>3 districts and schools, and how schools are using --</p> <p>4 how districts and schools are using money at the</p> <p>5 local level for teaching, instruction and for other</p> <p>6 essential resource categories. Best practices 9:59AM</p> <p>7 identified is not only best teaching and learning</p> <p>8 practices, but also identifies practices in resource</p> <p>9 use.</p> <p>10 Q Are there any other aspects involved in</p> <p>11 that first step of "New" School Finance involving 9:59AM</p> <p>12 ascertaining the practices and instructional</p> <p>13 conditions within schools and classrooms that</p> <p>14 enhance learning?</p> <p>15 A Certainly there are a variety of other</p> <p>16 variables that would be -- that would need to be 9:59AM</p> <p>17 identified in ascertaining what -- both resource use</p> <p>18 patterns and best practices, and these would be the</p> <p>19 variables that would fall outside the schools,</p> <p>20 monitoring what local conditions may be political</p> <p>21 local conditions. So it's not just about examining 9:59AM</p> <p>22 what is going on within the schoolhouse, but also</p> <p>23 what is going on in the local environment as well,</p> <p>24 which are conditions that obviously affect schools.</p> <p>25 Q Are there any other steps involved or --</p>
<p style="text-align: right;">Page 348</p> <p>1 ///</p> <p>2 BY MR. SIMMONS:</p> <p>3 Q And can you give me examples of what you</p> <p>4 mean by "needs," as you're using it in that last</p> <p>5 answer?</p> <p>6 A In any sort of wide-scale assessment, it 9:57AM</p> <p>7 would be a matter of identifying where -- first of</p> <p>8 all, where the basic essentials for schools may not</p> <p>9 be present, where students may be attending schools</p> <p>10 with inadequate facilities. There may not</p> <p>11 necessarily be learning materials. Certificated and 9:57AM</p> <p>12 qualified teachers may not be present either, along</p> <p>13 with other basic needs that may be missing. The</p> <p>14 identification of basic needs would also look at</p> <p>15 student characteristics.</p> <p>16 Q Aside from this wide-scale assessment that 9:58AM</p> <p>17 you have just described, what else is involved in</p> <p>18 that first step of "New" School Finance, mainly that</p> <p>19 it's first necessary to ascertain practices and</p> <p>20 instructional conditions within schools and</p> <p>21 classrooms that enhance learning? 9:58AM</p> <p>22 A The next important step would be to</p> <p>23 examine the funding levels that are flow -- strike</p> <p>24 that. Let me start over.</p> <p>25 The next step would begin to identify</p>	<p style="text-align: right;">Page 350</p> <p>1 strike that. 10:00AM</p> <p>2 Are there any other processes involved in 10:00AM</p> <p>3 that first step of "New" School Finance?</p> <p>4 A If I haven't mentioned it in the last five</p> <p>5 minutes, one of the key final steps on this</p> <p>6 conceptual frame is to begin to identify -- and also 10:00AM</p> <p>7 the level of outputs, the minimum level of outputs</p> <p>8 or goals that are necessary to encourage schools to</p> <p>9 meet. So once we identify what needs are at local</p> <p>10 level, then we begin to speak to levels of</p> <p>11 performance, which we might expect set by specific 10:01AM</p> <p>12 standards, and which we will, and which any "New"</p> <p>13 School Finance formula will, will fund in hopes of</p> <p>14 meeting.</p> <p>15 Q Once the steps that you have just</p> <p>16 identified, they are taken, are there any other 10:02AM</p> <p>17 steps to take before moving on to that second aspect</p> <p>18 of "New" School Finance, which is allocating</p> <p>19 resources to those practices, instructional</p> <p>20 conditions within schools and classrooms that</p> <p>21 enhance learning, rather than to ineffective uses? 10:02AM</p> <p>22 A No. However, part of -- actually, can you</p> <p>23 repeat your question? I want to make sure where we</p> <p>24 are in the step.</p> <p>25 MR. SIMMONS: Sure. Could you read it</p>

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1 back, please. 10:02AM
 2 THE WITNESS: And strike my answer, 10:02AM
 3 please.
 4 (The question was read as follows:)
 5 "Q Once the steps that you have
 6 just identified, they are taken, are 10:03AM
 7 there any other steps to take before
 8 moving on to that second aspect of
 9 "New" School Finance, which is
 10 allocating resources to those
 11 practices, instructional conditions 10:03AM
 12 within schools and classrooms that
 13 enhance learning, rather than to
 14 ineffective uses?"
 15 THE WITNESS: No. However, the step that
 16 would flow directly after that would be the 10:03AM
 17 monitoring and communication that would have to
 18 occur between state and local levels to make sure
 19 that any basic minimums that have been set are being
 20 met.
 21 BY MR. SIMMONS:
 22 Q Does that last answer mean that before
 23 moving on to the step that involves allocating
 24 resources, there ought to be monitoring and
 25 communication between the state and districts to

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1 first identify whether the standards that have been 10:04AM
 2 set are being met? 10:04AM
 3 A That's a step that would come directly
 4 after, as resources begin to flow to local levels
 5 and as schools begin to use, presumably under the
 6 model, use school resources differently. 10:04AM
 7 Q I guess I'm a little unclear about the
 8 answer. I thought you said this step involving
 9 monitoring and communications between state and
 10 districts comes before the step involving the
 11 allocation of resources. 10:05AM
 12 A No. It's a step that would come after.
 13 Q After the allocation of resources?
 14 A Yes. In implementing any kind of new
 15 school finance approach, the step I just identified
 16 would occur under the conditions of a pilot program, 10:05AM
 17 where monitoring would actually be occurring at that
 18 level before going wide scale, so I think it's
 19 important to be careful not to isolate steps of the
 20 process without the wider context in mind.
 21 Q Correct me if I'm wrong, but my 10:06AM
 22 understanding is that you don't have a proposal, as
 23 you sit here today, about how the State of
 24 California should go about ascertaining the
 25 practices and instructional conditions within

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1 schools and classrooms that enhance learning. 10:06AM
 2 A You're correct. We don't have a specific 10:06AM
 3 model that would address the existing
 4 characteristics of schools in California because we
 5 don't have -- because what we've outlined is a
 6 conceptual frame on approaching this challenging 10:07AM
 7 issue.
 8 The next step for attempting to begin to
 9 implement the idea of "New" School Finance would be
 10 to engage -- to begin to engage in this wide-scale
 11 assessment, which would involve a wide, large effort 10:07AM
 12 in collecting all existing data on school finance at
 13 the state level, as well as local levels, and then
 14 begin the process of actually entering schools to
 15 identify practices and identify needs. What we've
 16 outlined is the -- is the conceptual frame, not the 10:07AM
 17 detailed plan.
 18 Q Correct me if I'm wrong again, but isn't
 19 it also true that, as you sit here today, you don't
 20 have a specific proposal for allocating resources to
 21 instructional conditions within schools and 10:08AM
 22 classrooms that enhance learning as opposed to
 23 ineffective uses?
 24 A I do not have a specific plan because I
 25 have not engaged in the wide-scale assessment of

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1 needs and teaching practices that is necessary at 10:08AM
 2 the local level. 10:08AM
 3 Q Do you have any specific set of input
 4 standards that you think the State of California
 5 should adopt in the management of its public
 6 schools? 10:09AM
 7 MS. LHAMON: Vague and ambiguous.
 8 BY MR. SIMMONS:
 9 Q Do you understand the question?
 10 A I don't understand what you mean by "input
 11 standards" or what you characterize as "input 10:09AM
 12 standards."
 13 Q Well, then, first, what would you
 14 characterize as an input standard?
 15 A Well, inputs, as I characterize inputs,
 16 would comprise of the entire gamut of resources that 10:09AM
 17 are allotted to schools by the state, and the
 18 resource categories that are identified or that
 19 are -- that fund -- that are funded by these
 20 dollars, including the bare essentials or the basic
 21 essentials of facilities and quality teachers and 10:10AM
 22 books and materials and the variety of other
 23 essentials that are necessary to provide basic
 24 instruction.
 25 Q With that definition of "inputs" in mind,

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1 do you have any set of standards that the State 10:10AM
 2 should adopt, the State of California should adopt, 10:10AM
 3 with respect to inputs for its California public
 4 schools?
 5 MS. LHAMON: Vague and ambiguous. Are you
 6 asking if Dr. Huerta can identify with specificity 10:10AM
 7 the wording of standards for each of the kinds of
 8 inputs, or are you asking if he has ideas about the
 9 list of inputs the State should set standards for?
 10 BY MR. SIMMONS:
 11 Q I'm comfortable with that standard. 10:11AM
 12 Can you answer the question, Dr. Huerta?
 13 A Your question or Catherine's question?
 14 Q My question.
 15 A I'm not prepared to identify the very
 16 large list of inputs that would be necessary, absent 10:11AM
 17 any full assessment of what is necessary at the
 18 local level. I've already identified general
 19 resource categories; the three general categories
 20 I've identified, along with a variety of other
 21 categories that are necessary to provide a basic 10:11AM
 22 education in California.
 23 Q But you don't have any standard you would
 24 propose in connection with those categories of
 25 inputs?

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1 MS. LHAMON: Objection. Vague and 10:12AM
 2 ambiguous. 10:12AM
 3 THE WITNESS: Consistent with the
 4 conceptual frame of "New" School Finance, before
 5 setting any standard, it's necessary to first
 6 ascertain what is actually occurring at the local 10:12AM
 7 level, so I would not be prepared to identify any
 8 state standards, independent of having a full
 9 working knowledge of what is actually happening at
 10 local levels.
 11 BY MR. SIMMONS: 10:12AM
 12 Q Would the same be true with regard to
 13 educational outputs?
 14 MS. LHAMON: Objection. Vague and
 15 ambiguous. No idea what you're asking now.
 16 MR. SIMMONS: The witness seems to be 10:13AM
 17 answering fine.
 18 MS. LHAMON: But you're not questioning
 19 fine, is the problem.
 20 THE WITNESS: I would provide the exact
 21 answer that I previously did for that question; with 10:13AM
 22 the qualifier it's also important to realize that we
 23 already have some level of working standards or
 24 levels of outputs that are required at the state
 25 level.

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1 Actually, I want to return to that. Can 10:14AM
 2 you read back what I replied in the last one, 10:14AM
 3 please?
 4 (The answer was read as follows:)
 5 "THE WITNESS: I would provide the
 6 exact answer that I previously did 10:14AM
 7 for that question; with the
 8 qualifier it's also important to
 9 realize that we already have some
 10 level of working standards or levels
 11 of outputs that are required at the 10:14AM
 12 state level."
 13 THE WITNESS: And I would like to add,
 14 while we already have certain levels of outputs that
 15 are set by state level standards, it's not clear
 16 whether, under the current conditions, schools 10:14AM
 17 throughout the state actually have the working
 18 capacity to meet those standards. And again, that's
 19 why it's necessary to first ascertain what is going
 20 on at the local level and engage this wide-scale
 21 assessment that is proposed. 10:15AM
 22 BY MR. SIMMONS:
 23 Q On what do you base your opinion that
 24 schools throughout California do not have the
 25 working capacity to meet current state educational

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1 output standards? 10:15AM
 2 MS. LHAMON: Mischaracterized the 10:15AM
 3 testimony.
 4 THE WITNESS: I have not engaged in any
 5 research or field work that looks at whether schools
 6 have what is necessary to meet the standards. 10:15AM
 7 However, some of the expert reports speak to the
 8 inability of some schools to actually assist
 9 students in meeting the state -- the standards that
 10 are set by the state level.
 11 There's also lots of evidence that points 10:15AM
 12 to how schools that are in low-income areas are
 13 being predominantly -- low-income minority students
 14 have not been able to meet standards or growth
 15 targets at a disproportionate level compared to
 16 other schools. And these are some of the schools 10:16AM
 17 that also have -- that share characteristics in that
 18 they have the highest level of uncredentialed
 19 teachers. They're housed in delapidated buildings,
 20 and they also lack the necessary teaching materials.
 21 And some of that evidence is clearly outlined in the 10:16AM
 22 expert reports.
 23 BY MR. SIMMONS:
 24 Q Have you made any efforts to verify the
 25 accuracy of any of the information reported in the

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1 sources that you have just identified? 10:16AM
 2 A No, but the sources are very reliable. 10:16AM
 3 Q On page 34 it says, "Adequacy is sometimes
 4 measured by the resources necessary to achieve
 5 certain levels of performance, thereby linking
 6 funding with outcomes." 10:17AM
 7 Do you see where it says that?
 8 A Yes.
 9 Q And then there's cites to Clune and to
 10 Minorini and Sugarman?
 11 A Yes. 10:17AM
 12 Q Did either of the papers that are cited
 13 there attempt to measure the resources that are
 14 necessary to achieve certain levels of performance?
 15 A I would have to refer back to the papers.
 16 I believe the Minorini and Sugarman paper begins to 10:18AM
 17 identify the Wyoming case. However, I would have to
 18 look back at the details of the paper that I do not
 19 have in front of me. The Minorini and Sugarman
 20 paper provides a landscape description of
 21 educational adequacy in the 1990s. It does identify 10:18AM
 22 the new paradigm of educational adequacy compared to
 23 educational equity and has a full review of many of
 24 the court cases that developed in the 1990s.
 25 Q It looks like you may be looking at a

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1 specific footnote in the report in giving your last 10:19AM
 2 answer. 10:19AM
 3 A I was looking at the title of the report
 4 in the bibliography.
 5 Q On what page is that?
 6 A 79. 10:19AM
 7 There are two, Minorini and Sugarman
 8 citations. That's 1999A, which is next to 1999B.
 9 Q Is it correct that the "New" School
 10 Finance perspectives are not yet widespread in the
 11 academic research community? 10:19AM
 12 A To the extent of any state or local
 13 district adopting the "New" School Finance
 14 conceptual frame, yes, your point is correct.
 15 Q But let's look at that sentence on page 34
 16 that says, "But even if the "New" School Finance is 10:20AM
 17 not new, its perspectives are not yet widespread,
 18 either in the research, or in the practices of
 19 administrators and school reformers, or in
 20 legislations and policy making."
 21 Do you agree with that statement on 34? 10:20AM
 22 A Yes. I think that statement restates what
 23 you just asked me.
 24 Q But I think my question was just whether
 25 the perspectives of "New" School Finance are

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1 widespread in just research circles. 10:20AM
 2 A Since the publication of the working paper 10:20AM
 3 two years ago, this paper has been reviewed and well
 4 accepted in the academic community, and well
 5 received. Excuse me.
 6 However, there is no wide-spread adoption 10:21AM
 7 of the "New" School Finance conceptual frame yet,
 8 either in research or in practice.
 9 Q In discussion of the conceptual "New"
 10 School Finance conceptual frame that you're
 11 referring to, it has only been ongoing for 10:21AM
 12 approximately two years. Is that correct?
 13 A The specific conceptual frame that we
 14 identify, yes. However, it's important to note that
 15 the conceptual frame is built upon, strongly built
 16 upon, the adequacy component that has been well 10:21AM
 17 developed over the last ten years in school finance
 18 literature, and in practice and policy as well.
 19 Q Are there any states in the United States
 20 that you would characterize as employing the "New"
 21 School Finance conceptual framework? 10:22AM
 22 A There are states that have employed
 23 components of the "New" School Finance framework. I
 24 have talked about specifically the states like
 25 Wyoming, who have engaged in a wide-scale assessment

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1 of local needs and developed, through professional 10:23AM
 2 development, through professional judgment models, 10:23AM
 3 the idea of a basket of goods. There are states
 4 like Ohio, who have engaged in the identification
 5 of, or limited identification of, best practices,
 6 but there is no state that has adopted the full 10:23AM
 7 model that is developed in the "New" School Finance
 8 conceptual frame that Norton Grubb and myself
 9 developed.
 10 Q Can you -- as you sit here today, can you
 11 think of any other states, other than Wyoming or 10:23AM
 12 Ohio, that have implemented at least a part of the
 13 "New" School con -- "New" School Finance conceptual
 14 framework?
 15 A The state of Oregon has also been in the
 16 process of assessing local needs and trying to 10:24AM
 17 develop a "New" School Finance formula to
 18 identify -- that match, identify "New" School
 19 Finance formulas more consistent with local needs.
 20 Kentucky, throughout the 1990s, also
 21 adopted some of the characteristics of the "New" 10:24AM
 22 School Finance formula by attempting to better or
 23 more strongly identify local needs in providing
 24 additional resources, together with incentives for
 25 schools to meet specific output goals. Those are a

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1 few other examples. 10:25AM

2 Q Are there any others that you can think 10:25AM

3 of?

4 A I would have to go back to the literature,

5 but those are four primary examples.

6 Q Turning to Wyoming, which I believe is a 10:26AM

7 state that you identified as having conducted the

8 wide-scale assessment contemplated by "New" School

9 Finance using the professional judgment approach to

10 develop a bundle of educational goods, has Wyoming

11 moved on to the next step in "New" School Finance, 10:26AM

12 to allocate resources to the bundle of goods that it

13 has identified?

14 A Yes.

15 Q How has Wyoming gone about doing that, if

16 you know? 10:26AM

17 A The "New" School -- strike that.

18 The school finance formula that was

19 developed after the basket of goods were identified

20 in model schools throughout the state was followed

21 by the creation of a finance formula that 10:27AM

22 specifically funded the basket of goods that were

23 unique to school characteristics.

24 There is some new literature that has only

25 recently been published that begins to examine what

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1 has happened over the last two to three years in 10:27AM

2 Wyoming, after the creation of a new formula. 10:27AM

3 However, I have not had ample time to review that

4 literature yet.

5 Q When did the state of Wyoming begin its

6 wide-scale -- strike that. 10:27AM

7 When did Wyoming begin the process of its

8 wide-scale assessment, if you know?

9 A I don't remember specifically. I do know

10 it was in the latter part of the '90s, sometime

11 between '97 and '98, I believe. I would have to go 10:28AM

12 back to give you a specific date.

13 Q Do you know about how long it took Wyoming

14 to conduct that assessment?

15 A I do not recall. I would have to go back

16 to the literature. 10:28AM

17 Q Are you able to give an estimate, as you

18 sit here today?

19 A No, not without reviewing the literature.

20 Q Once the wide-scale assessment was

21 completed in Wyoming, do you know how long it took 10:28AM

22 the state to develop its "New" School Finance

23 formula?

24 A I would have to review the specific

25 details of the literature.

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1 Q Do you have any estimate, as you sit here 10:29AM

2 today? 10:29AM

3 A Not without reviewing the literature.

4 Q You mentioned some relatively new

5 literature that is trying to examine what's happened

6 in Wyoming since it's taken the steps that are 10:29AM

7 consistent with the "New" School Finance conceptual

8 framework.

9 Have you, yourself, done anything to

10 determine the effects, if any, of Wyoming adopting

11 its "New" School Finance formula? 10:29AM

12 A I think your question mischaracterizes

13 what I had indicated. I did not say that the new

14 literature has adopted the "New" School Finance

15 framework. I said the new literature has examined

16 what has happened over the last few years in 10:30AM

17 Wyoming, after the adoption of the professional

18 judgment in the basket of goods technique for

19 adequacy.

20 MR. SIMMONS: Could you read my question

21 back, please? 10:30AM

22 (The question was read as follows:)

23 "Q You mentioned some relatively

24 new literature that is trying to

25 examine what's happened in Wyoming

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1 since it's taken the steps that are 10:30AM

2 consistent with the "New" School 10:30AM

3 Finance conceptual framework.

4 "Have you, yourself, done anything

5 to determine the effects, if any, of

6 Wyoming adopting its "New" School 10:30AM

7 Finance formula?"

8 MR. SIMMONS: Can you answer that

9 question?

10 MS. LHAMON: Asked and answered.

11 THE WITNESS: My answer is what I 10:31AM

12 provided, with the qualifier that that's not what I

13 had indicated. I only indicated that the new

14 literature has examined what's happened in the last

15 three years in Wyoming.

16 As far as myself engaging in any 10:31AM

17 assessment of what has been going on in Wyoming, I

18 have not conducted any field work in Wyoming, other

19 than reviewing the literature that exists.

20 BY MR. SIMMONS:

21 Q What, to your knowledge, does the 10:31AM

22 literature say about the effects attributable to

23 Wyoming adopting the "New" School Finance formula?

24 A I want to -- again, I object to the fact

25 that you're mischaracterizing what I said.

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1 Q In -- 10:32AM
 2 A I didn't say that the new literature has 10:32AM
 3 adopted the "New" School Finance formula. I only
 4 said that the new literature has looked at what has
 5 happened in Wyoming over the last three years.
 6 MR. SIMMONS: I think you may be 10:32AM
 7 mishearing my question.
 8 Could you read it back once more?
 9 (The question was read as follows:)
 10 "Q What, to your knowledge, does
 11 the literature say about the effects 10:32AM
 12 attributable to Wyoming adopting the
 13 "New" School Finance formula?"
 14 MS. LHAMON: Just to be clear --
 15 THE WITNESS: A new --
 16 MS. LHAMON: New school finance, are you 10:32AM
 17 using small "n," not "New" School Finance formula,
 18 as described in the report, but new to Wyoming?
 19 THE WITNESS: That's my point --
 20 MR. SIMMONS: That's --
 21 MS. LHAMON: That's all you meant by that 10:32AM
 22 new school finance formula?
 23 BY MR. SIMMONS:
 24 Q His point was that I had said the -- well,
 25 I'm not sure what his point was, to be frank, but...

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1 A My point was it sounded like to me you 10:32AM
 2 were asking me what has happened in Wyoming after 10:32AM
 3 they adopted the "New" School Finance formula which
 4 I developed with Norton Grubb, not their new school
 5 finance formula they created.
 6 BY MR. SIMMONS: 10:33AM
 7 Q I think that's a different concern. Let's
 8 just see if we can get an answer to the question.
 9 Would you like for the reporter to read it
 10 back once more?
 11 A (No verbal response.) 10:33AM
 12 (The question was read as follows:)
 13 "Q What, to your knowledge, does
 14 the literature say about the effects
 15 attributable to Wyoming adopting the
 16 "New" School Finance formula?" 10:33AM
 17 THE WITNESS: Please, if you can please
 18 clarify which school finance formula you're talking
 19 about.
 20 BY MR. SIMMONS:
 21 Q The -- whichever -- well, do you know what 10:33AM
 22 school finance formula, new school finance formula
 23 specifically, Wyoming adopted?
 24 A Yes.
 25 Q What is that formula?

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1 A It's the finance formula that has used 10:33AM
 2 both the professional judgment of actors throughout 10:33AM
 3 the state and the basket of goods approach to the
 4 new formula.
 5 Q Is that the finance formula that the
 6 literature you have been referring to assesses the 10:34AM
 7 effects of?
 8 A Yes. And I have not had a chance to
 9 review it, as I indicated.
 10 Q You also, I think, indicated that Ohio had
 11 employed some of the aspects of the "New" School 10:34AM
 12 Finance conceptual framework that you and Dr. Grubb
 13 have produced. What aspects of that framework has
 14 Ohio employed?
 15 A Ohio has employed a small component of the
 16 "New" School Finance approach in a different -- 10:35AM
 17 through a somewhat different approach in that they
 18 engaged in what is known as the outlier approach to
 19 adequacy, where they identify performance levels of
 20 schools throughout the state and throughout the
 21 most -- or the highest performing and lowest 10:35AM
 22 performing schools, and came up with an average
 23 performance level, and then identified an average --
 24 or the funding level of those schools that were
 25 performing at an average level, and then

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1 conceptualized a formula that would attempt to fund 10:35AM
 2 schools, all schools at that level, especially the 10:35AM
 3 schools that were below that set per pupil allotment
 4 amount.
 5 Q Do you know when Ohio began the process of
 6 its outlier approach? 10:36AM
 7 A That also took place during the late '90s.
 8 I don't recall the exact year.
 9 Q Do you know about how long it took for
 10 Ohio to complete the outlier approach?
 11 A I have to return to the literature to give 10:36AM
 12 you an exact time frame.
 13 Q After conducting the outlier approach,
 14 Ohio used the information gathered to develop a
 15 formula for school finance. Is that correct?
 16 A Yes. 10:36AM
 17 Q Do you know about how long it took Ohio to
 18 develop that formula after completing its outlier
 19 approach?
 20 A I don't know the exact time frame. I
 21 would have to return to the literature. 10:36AM
 22 Q Is there any estimate you feel comfortable
 23 giving?
 24 A No.
 25 Q Is there any literature that you're aware

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1 of which examines the effects of the school finance 10:37AM
 2 formula that Ohio adopted as a result of its outlier 10:37AM
 3 approach?
 4 A There's literature that from the state
 5 level that has begun to identify how Ohio's new
 6 finance formula has played out in their schools. I 10:37AM
 7 don't know what the results are. I would have to go
 8 back to the literature. I do not know of an
 9 academic journal article or research project that
 10 has specifically looked at Ohio post the
 11 implementation of the new adequacy formula. 10:38AM
 12 Q Have you conducted any research of your
 13 own concerning the effects of Ohio's school finance
 14 formula that was adopted as a result of its outlier
 15 approach?
 16 A No, other than reviewing some of the 10:38AM
 17 general descriptions of what literature --
 18 literature that has general descriptions of what
 19 happened in Ohio, no.
 20 Q You mentioned that Oregon had -- strike
 21 that. 10:39AM
 22 You mentioned that Oregon had conducted an
 23 assessment of local needs, at least in part
 24 consistent with the conceptual framework in the
 25 "New" School Finance, in "New" School Finance as you

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1 and Dr. Grubb define it. 10:39AM
 2 Can you tell me a little bit more about 10:40AM
 3 the type of assessment that Oregon conducted?
 4 A The Oregon model -- the Oregon model
 5 attempted to identify schools also that were
 6 engaging in identified best practices, and then 10:40AM
 7 began creating a model of average schools that
 8 adopted, in modified forms, the idea of a basket of
 9 goods, as far as -- as far as identifying what the
 10 basic minimums for average schools would be, average
 11 schools being identified by what the minimum bare 10:40AM
 12 essentials are necessary to meet any state level
 13 output goals. That's the extent of the detail I can
 14 give you right now, without going back to the
 15 literature. The Oregon model is a bit -- has
 16 adopted a combination of some of the other different 10:41AM
 17 adequacy models that have been attempted.
 18 Q And as a result of that wide-scale
 19 assessment conducted in Oregon, has Oregon developed
 20 a "New" School Finance formula?
 21 A Yes. Schools were funded -- the resources 10:41AM
 22 that would flow in to schools was different after
 23 the adoption of their -- their conception of "New"
 24 School Finance formula -- I'm sorry of a new
 25 adequacy formula.

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1 Q And was it a specific formula that Oregon 10:41AM
 2 adopted? 10:41AM
 3 A I don't recall the details of the formula
 4 in Oregon. I do know that the formula was linked to
 5 the identification of what the minimums required at
 6 school level were to meet the state level 10:42AM
 7 educational objectives.
 8 Q Are you aware of any problems that Oregon
 9 may have in implementing the new finance formula
 10 that it established as a result of engaging in the
 11 assessment? 10:42AM
 12 A Other than the very recent news that
 13 Oregon, like many other states throughout the
 14 country, are running extreme budget deficit, no.
 15 Q How about with respect to Ohio. Are you
 16 aware of any difficulties that Ohio has had in 10:42AM
 17 implementing the school finance formula that it came
 18 up with after conducting the outlier approach?
 19 A Without reviewing the literature, I
 20 couldn't give you a specific example, but there has
 21 been some work that has identified what has happened 10:43AM
 22 in Ohio as -- or the changes in the finance formula
 23 of Ohio not being sufficient to actually meet the
 24 needs. I should qualify it by saying still not
 25 being sufficient to meet the needs.

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1 Q And the same question with respect to 10:43AM
 2 Wyoming, if you know. 10:43AM
 3 A That's one of the themes of the new
 4 literature that's being developed right now, and I
 5 would have to review the literature. In the case of
 6 Wyoming, there was for many -- most schools a 10:44AM
 7 significant increase of resources and funds that
 8 began to flow to schools after the adoption of the
 9 basket of goods and professional judgment approach.
 10 Q To your knowledge, has that increase in
 11 resources led to any improvement in students' 10:44AM
 12 educational outcomes in Wyoming?
 13 A That's the theme of some of the new
 14 literature that has just been developed. I would
 15 have to review the literature.
 16 Q You also pointed to Kentucky as a state 10:45AM
 17 that had implemented at least part of the "New"
 18 School conceptual framework we've been discussing.
 19 A Yes.
 20 Q Has Kentucky developed a -- strike that.
 21 It's so tough to say "new school finance" without -- 10:45AM
 22 MS. LHAMON: Small "n," new school
 23 finance.
 24 THE WITNESS: Or just say your "New"
 25 School Finance. Sorry. Sorry.

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1 ///

2 BY MR. SIMMONS: 10:45AM

3 Q Has Kentucky developed a small "n," new
4 school finance formula?

5 A Sorry. Now I'm confused which is which.

6 MS. LHAMON: Yours -- the school finance 10:46AM
7 formula, you and Dr. Grubb use --

8 THE WITNESS: I get the God.

9 MS. LHAMON: -- is capitalized.

10 THE WITNESS: Sorry, Shaun. Ask again.

11 BY MR. SIMMONS:

12 Q My question is just has Kentucky adopted a
13 small "n," new school finance formula?

14 A Beginning in 1990, Kentucky passed an
15 extremely comprehensive statewide school reform that
16 not only included a new finance formula, but 10:46AM
17 included new assessments for students that went from
18 normal-referenced standardized test to open
19 assessment; included also incentive program with
20 awards and sanctions; but then also included a fair
21 amount of additional resources necessary to build 10:47AM
22 capacity at the local level for schools to begin
23 meeting some of the new set outputs that were
24 identified by state standards.

25 The history in Kentucky, however, has been

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1 that because of political decisions and budget 10:47AM
2 shortfalls, that most of the ideas that was advanced 10:47AM
3 by the reform in Kentucky in 1990, known as the
4 Kentucky Education Reform Act, KERA, most reforms
5 have faded or fizzled.

6 However, Kentucky is recognized as one of 10:47AM
7 the first states to attempt this sort of wide-scale
8 reform that included certain aspects of looking
9 at -- looking at equity in terms of finance beyond
10 simple dollar equity, but beginning to identify or
11 beginning to create a school finance formula that 10:48AM
12 was linked directly to outputs as well.

13 MS. LHAMON: Shaun, I could use a break,
14 if you don't mind.

15 MR. SIMMONS: I could, too.
16 (Discussion off the record.) 10:48AM

17 BY MR. SIMMONS:

18 Q Dr. Huerta, I forgot to ask you concerning
19 literature relating to Oregon.

20 I wonder if you're aware of any literature
21 examining the effects of the adoption of a revised 11:04AM
22 finance formula by Oregon.

23 A I don't know of any -- I have not read any
24 literature that has talked about the effects after
25 the implementation of the new formula in Oregon.

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1 However, some of the new literature which I have 11:05AM
2 alluded to will cover some of the issues that have 11:05AM
3 come up in Oregon.

4 Q When you say that that literature will
5 cover some of the issues that come up in Oregon, is
6 that because you expect the states that are 11:05AM
7 employing a finance formula consistent with "New"
8 School Finance might experience the same effects?

9 A Yes. I think the work will not only look
10 at Wyoming, which is the main theme of the new work
11 I'm speaking about, but also look at other states 11:06AM
12 that have employed adequacy formulas.

13 Q All right. I think I misunderstood then.
14 I guess it's your testimony that the new literature
15 that is coming out will most likely deal with
16 Oregon, in addition to the other states that you 11:06AM
17 have identified as having dealt with?

18 A No. It will deal with Wyoming, in
19 addition to other states.

20 Q Okay.

21 A Wyoming will be the primary theme. 11:06AM

22 Q Thank you.

23 Are you aware of any academics that
24 continue to be proponents of -- well, first of all,
25 how do you define "old school finance"?

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1 A Old school finance is the idea that dollar 11:06AM
2 equity -- strike that. Let me start over. 11:06AM

3 The old school finance approach is dealt
4 primarily with defining equity by equal level of
5 inputs, absent any connection to what those inputs
6 buy in terms of expected outcomes or outputs, in the 11:07AM
7 context of either state standards or other learning
8 minimums.

9 Q And in that last answer -- correct me if
10 I'm wrong -- but when you were referring to inputs,
11 you were speaking solely of dollar inputs. Is that 11:07AM
12 correct?

13 A Specifically dollars and the resources the
14 dollars buy.

15 Q Are you aware of academics that are still
16 proponents of which you characterize as old school 11:07AM
17 finance?

18 A Yes.

19 Q What academics would those be?

20 A Some of the work by Eric Hanushek does
21 speak to the idea that schools should be able to 11:08AM
22 perform at the current level of funding, and equity
23 should be defined by equal level of inputs.

24 Q And again, when you refer to "inputs" in
25 the phrase of "equal level of inputs," you're

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1 referring to inputs as dollars and the resources 11:08AM
 2 that they buy. Is that correct? 11:08AM
 3 A Yes.
 4 Q Is Mr. Hanushek a professor of education?
 5 A Mr. Hanushek is an economist who is -- I
 6 don't know what his current post is. I do know that 11:09AM
 7 he's a scholar at the Hoover Institute at the
 8 Stanford University, but I do not know if he's a
 9 current professor or only a visiting scholar. I'm
 10 not sure what his post is.
 11 Q Are you familiar at all with his 11:09AM
 12 reputation in the academic community?
 13 A Yes.
 14 Q What is that reputation?
 15 A Mr. Hanushek has published widely on the
 16 issue of resource, how resources affect student 11:09AM
 17 achievement and whether more resources are necessary
 18 and how -- the relationship between resources and
 19 student achievement.
 20 Q Do you know what level of respect others
 21 in the academic community have for his work 11:10AM
 22 concerning education?
 23 MS. LHAMON: Calls for speculation.
 24 Overbroad and vague and ambiguous.
 25 THE WITNESS: I'm not prepared to comment

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1 on what others or how others interpret his work. 11:10AM
 2 BY MR. SIMMONS:
 3 Q I'm just curious if he has a general
 4 reputation in the academic community, that you're
 5 aware of.
 6 MS. LHAMON: Same objections. 11:10AM
 7 THE WITNESS: He has the reputation of
 8 being widely published in this area. And his --
 9 he's recognized by the work that he has written.
 10 BY MR. SIMMONS:
 11 Q His work is cited, too, in your expert 11:11AM
 12 report, is it not?
 13 A Yes, it is.
 14 Q Other than Dr. Hanushek, is there -- are
 15 you aware of any other academics who are proponents
 16 of old school finance, as you define it? 11:11AM
 17 A Not that I can think of at the moment, no.
 18 Q Do you know whether Professor Grubb was
 19 ever an advocate of old school finance?
 20 A I'm not prepared to speak about whether he
 21 was at some point or not. 11:11AM
 22 Q So as you sit here today, you're not sure.
 23 Is that your answer?
 24 A I don't know what his feelings were
 25 about -- yes, is the answer.

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1 Q Does anybody know what number we're up to? 11:12AM
 2 THE REPORTER: 14. 11:13AM
 3 (Defendants' Exhibit 14 was marked
 4 for identification and annexed
 5 hereto.)
 6 BY MR. SIMMONS:
 7 Q What has been marked as Exhibit 14 is an
 8 excerpt from "States and Schools: The Political
 9 Economy of Public School Finance," the authors of
 10 which are W. Norton Grubb, and I believe it's either
 11 Stephan -- or Stephan Michelson. 11:13AM
 12 MS. LHAMON: Shaun, for clarification, the
 13 excerpt doesn't include the publication date of the
 14 book. Would you mind just letting us know?
 15 MR. SIMMONS: Yes. I believe it's 1974.
 16 THE WITNESS: Yes. 11:13AM
 17 MR. SIMMONS: A copyright date is listed
 18 as '74.
 19 MS. LHAMON: Thank you.
 20 BY MR. SIMMONS:
 21 Q And I have the entire book here if you 11:13AM
 22 want to peruse it at any time, Dr. Huerta, but I
 23 thought it would just be easiest for us to handle
 24 these pages 5 and 6 for now.
 25 A Okay.

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1 Q Have you had a chance to review? 11:14AM
 2 A No, I didn't know what -- 11:14AM
 3 Q I'm sorry. If you could review just
 4 pages -- it's 5 and 6, and just from the -- on
 5 page 5, where it starts with, "The importance of
 6 school revenues," in bold there, and just from there 11:14AM
 7 through where it says "concepts of equality," on
 8 page 6.
 9 A Okay.
 10 Q First of all, do you know who Stephan
 11 Michelson is? 11:16AM
 12 A I have read some of his work. I've never
 13 met him. "Some of his work" being this book, I've
 14 read.
 15 Q In the section of the book that -- of the
 16 book that I just asked you to peruse, is the concept 11:16AM
 17 of old school finance being advocated in that
 18 portion of the book?
 19 A I don't think the concept of only looking
 20 at equity through the perspective of inputs is
 21 exclusively advocated for in this section. And I 11:17AM
 22 think there are clear qualifiers for why the
 23 objectives that are being outlined in this paragraph
 24 of the themes that will be covered in this book will
 25 focus more on inputs than on outputs.

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1 Q How are you using the term "inputs" in 11:17AM
 2 that last answer? 11:18AM
 3 A The same way I have in the last couple of
 4 answers.
 5 Q Meaning resources and/or meaning dollars
 6 and the resources they can buy? 11:18AM
 7 A Yes.
 8 Q You said that you see a couple of
 9 qualifiers --
 10 A Yes.
 11 Q -- in that section. 11:18AM
 12 What qualifiers are you referring to?
 13 A I think the qualifiers are actually
 14 explicit and implicit throughout the three
 15 paragraphs. At the second sentence, in the first
 16 paragraph, beginning with "The focus on revenues." 11:18AM
 17 Q What about that sentence do you believe --
 18 or leads you to characterize it as a qualifier?
 19 A That sentence recognizes that even three
 20 decades ago, there was already an initial thinking
 21 that began to appear which was more focused on 11:18AM
 22 outputs than on inputs, but continues then to
 23 indicate that while the authors are conscious of
 24 that new developing thinking, that first they need
 25 to -- that this book will only look at specifically

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1 inputs. 11:19AM
 2 Q And the report offers or -- excuse me. 11:19AM
 3 The portion of the book that's been marked
 4 as Exhibit 14 provides some justification for
 5 focusing on revenues or inputs, as you define it;
 6 does it not? 11:19AM
 7 A I'm sorry. Repeat the question.
 8 (The question was read as follows:)
 9 "Q And the report offers or --
 10 excuse me.
 11 "The portion of the book that's been 11:19AM
 12 marked as Exhibit 14 provides some
 13 justification for focusing on
 14 revenues or inputs, as you define
 15 it; does it not?"
 16 MS. LHAMON: I think the document speaks 11:20AM
 17 for itself.
 18 THE WITNESS: I think the document
 19 provides an explanation on why the focus of inputs
 20 is important. I don't think the document qualifies
 21 that that is the most important focus in this 11:20AM
 22 general issue of defining equity.
 23 I would like to point out for the previous
 24 question, also, that the last sentence on page 5
 25 also indicates that, quote: "Revenue flows may not

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1 be the best items to equalize, but they can be 11:20AM
 2 measured accurately" -- "but they can be measured 11:20AM
 3 accurately and can be observed systematically
 4 quickly as opposed to lifetime return, say, and
 5 without much equivocation."
 6 I think that is a very clear indication 11:20AM
 7 that these authors don't intend to defend the idea
 8 that inputs is the most prudent way of analyzing
 9 equity.
 10 BY MR. SIMMONS:
 11 Q But that certainly is a justification for 11:21AM
 12 the emphasis on focusing on revenues in this work,
 13 is it not?
 14 MS. LHAMON: Well, calls for speculation
 15 as to the focus on revenues in the rest of the work.
 16 And the document speaks for itself. Whole lack of 11:21AM
 17 foundation about what the rest of the work stands
 18 for.
 19 THE WITNESS: I think that that sentence
 20 unequivocally speaks to the authors' recognition
 21 that, as I indicated, that resource flows, or 11:21AM
 22 revenue flows, which is implicitly refers to inputs
 23 may not be the best items to equalize, which is very
 24 consistent with the "New" School Finance approach.
 25 BY MR. SIMMONS:

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1 Q Pages 5 and 6 do identify benefit to 11:21AM
 2 focusing on revenue flows, though, do they not? 11:22AM
 3 MS. LHAMON: Again, the document speaks
 4 for itself.
 5 THE WITNESS: I think the identification
 6 of the benefit or the potential benefit of looking 11:22AM
 7 at inputs has to be taken -- or has to be looked at
 8 in the context of this document, when it was
 9 written, what the thought -- the frame of thought
 10 was, and the development of thought on this issue of
 11 dollar equity. 11:22AM
 12 This book was written in 1974. I was not
 13 part of any of this writing. I cannot speak for the
 14 mind frame of Dr. Grubb or Dr. Stephenson -- or
 15 Michelson. However, the current context of school
 16 finance throughout the country, and especially in 11:22AM
 17 California in 1974, was a completely different
 18 context than what we are in today.
 19 BY MR. SIMMONS:
 20 Q Is one of the justifications provided --
 21 strike that. 11:23AM
 22 Is one of the justifications for focusing
 23 on revenues on pages 5 and 6 the fact that revenue
 24 flows... are an issue that courts have the
 25 institutional competence to manage?

<p style="text-align: right;">Page 387</p> <p>1 MS. LHAMON: The document speaks for 11:24AM 2 itself. 11:24AM 3 THE WITNESS: I think the document speaks 4 for itself, and I'm not clear where you're deriving 5 that conclusion from, that that's what is spoken to 6 here. 11:24AM 7 BY MR. SIMMONS: 8 Q That first paragraph, it says under the 9 importance of school revenues, the last sentence 10 says, "Hence our emphasis on revenues require some 11 justification." 11:24AM 12 Then if you go down to the next paragraph, 13 it says, "Legislatures can set standards according 14 to reasonable, that is not unconstitutional, whims. 15 Courts, however, try to justify their actions by 16 rigorous logic as opposed to popular demand and must 11:24AM 17 keep in mind the consequences of setting precedence. 18 Revenue flows may not be the best items to equalize, 19 but they can be measured accurately and can be 20 observed systematically, quickly, as opposed to a 21 lifetime return, say, and without much 11:25AM 22 equivocation." 23 Do you understand that portion of the 24 paper we just read? 25 A Yes. And I will happily put that in</p>	<p style="text-align: right;">Page 389</p> <p>1 Q And this is somewhat toward the bottom: 11:27AM 2 "Principals and other school leaders seem to lack 11:27AM 3 the capacity to make cost-effective spending 4 decisions, spending in piecemeal ways that respond 5 to immediate needs rather than driving spending, 6 despite school-based management and other changes 11:28AM 7 that give them some greater power." 8 First of all, what other school leaders 9 are being referred to in that sentence on page 34 of 10 Exhibit 1? 11 A Other school administrators, perhaps other 11:28AM 12 in the context of site-based management teams. You 13 have teacher leaders that lead, small groups of 14 teachers in quasi administrative roles. 15 Q Is it your position that these individuals 16 seem to lack the capacity to make cost-effective 11:28AM 17 spending decisions? 18 A I think it's important to look at that 19 sentence in the context of the whole paragraph, 20 which I want to take a moment to read. 21 Q Sure. 11:28AM 22 A I also think it's important to recognize 23 that that is a direct citation to work by Boyd and 24 Hartman and reflects what they've observed in the 25 context of school-based management, and not only</p>
<p style="text-align: right;">Page 388</p> <p>1 context again, in that it's important to recognize 11:25AM 2 that the latter two sentences are speaking 11:25AM 3 specifically to why legislators are best suited to 4 address the issue of inequities as opposed to 5 courts. 6 However, I do not believe that that 11:25AM 7 statement is unequivocally recognizing that one is 8 better than the other. I -- my interpretation of 9 that statement is that in school finance litigation, 10 up to this point in the history of school finance, 11 that legislators were responsible for engaging in 11:26AM 12 defining equity as ordered by the courts. 13 But I, in no way, interpret that as 14 stating that one is better than the other or that 15 courts or legislators -- strike that last part. 16 I simply don't interpret this as stating 11:26AM 17 one is better than the other. 18 Q And when you say one is better than the 19 other, who is the one and who is the other that 20 you're referring to? 21 A Legislators versus courts. 11:26AM 22 Q On page 34 of the report, it 23 says, "Principals" -- I'm sorry. I'll wait. 24 Are you on page 34? 25 A Yes.</p>	<p style="text-align: right;">Page 390</p> <p>1 looking at the model of school-based management, but 11:29AM 2 also conscious of whether the resources that schools 11:29AM 3 need to engage in these type of decision-making even 4 exists. 5 Let me take a moment. 6 Q Let me know when you're done, and then 11:29AM 7 I'll restate my question. 8 A Okay. 9 Q So is it your opinion that principals and 10 other school leaders seem to lack the capacity to 11 make cost-effective spending decisions? 11:30AM 12 A It's my opinion that in the context of the 13 resources that schools have, that school leaders are 14 extremely challenged to make decisions many times 15 because of the strained budgets they're working 16 within. 11:30AM 17 Part of the challenge is also, in many 18 instances, the lack of clearly articulated goals and 19 outputs that that schools are shooting for. In the 20 context of "New" School Finance, as the next 21 sentence -- as the next paragraph begins to 11:30AM 22 describe, that part of the idea of empowering school 23 leaders to make better decisions would entail first 24 identifying the conditions under which they're 25 working and the needs which they have as far as</p>

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1	meeting any sort of set objectives.	11:31AM
2	Q Is there any entity or individual that you	11:31AM
3	believe is better equipped than principals and	
4	school leaders to make cost-effective spending	
5	decisions?	
6	A I think that principals and other school	11:31AM
7	leaders, as well as parents and community leaders,	
8	as well as state actors, state level actors working	
9	in concert, can begin to first identify not only the	
10	local needs, but also how local -- or the level of	
11	set standards that they may be shooting for. So I	11:32AM
12	think the decision-making process involves not only	
13	local leaders, but other actors as well.	
14	Can you read back that statement I said,	
15	please -- I want to be clear -- beginning with his	
16	question.	11:32AM
17	(The record was read as follows:)	
18	"Q Is there any entity or	
19	individual that you believe is	
20	better equipped than principals and	
21	school leaders to make	11:31AM
22	cost-effective spending decisions?	
23	"A I think that principals and	
24	other school leaders, as well as	
25	parents and community leaders, as	

		Page 392
1	well as state actors, state level	11:31AM
2	actors working in concert, can begin	11:31AM
3	to first identify not only the local	
4	needs, but also how local -- or the	
5	level of set standards that they may	
6	be shooting for. So I think the	11:32AM
7	decision-making process involves not	
8	only local leaders, but other actors	
9	as well."	
10	THE WITNESS: Can you read back the third	
11	to the last sentence, please?	11:33AM
12	(The question was read as follows:)	
13	"Q Is there any entity or	
14	individual that you believe is	
15	better equipped than principals and	
16	school leaders to make	11:33AM
17	cost-effective spending decisions?"	
18	THE WITNESS: I just wanted to rephrase	
19	that sentence. Actually, let's just strike that	
20	whole sentence, please.	
21	BY MR. SIMMONS:	
22	Q Why did you strike that last sentence?	
23	A Because it didn't make sense.	
24	Q In what way didn't it make sense?	
25	A It's not what I wanted to articulate. And	

		Page 393
1	I would like you to ask me the question again, and I	11:34AM
2	can answer it again.	11:34AM
3	MR. SIMMONS: Okay. Would you read it	
4	back? Thank you.	
5	(The question was read as follows:)	
6	"Q Is there any entity or	11:34AM
7	individual that you believe is	
8	better equipped than principals and	
9	school leaders to make	
10	cost-effective spending decisions?"	
11	THE WITNESS: And we're striking the whole	11:34AM
12	last response, right? Is that --	
13	MS. LHAMON: Just -- Dr. Huerta, just so	
14	you're clear, when you ask to have something struck,	
15	the transcript still reads it. You just say you	
16	would like to rephrase the answer.	11:35AM
17	THE WITNESS: And, please, ask me again.	
18	(The question was read as follows:)	
19	"Q Is there any entity or	
20	individual that you believe is	
21	better equipped than principals and	11:35AM
22	school leaders to make	
23	cost-effective spending decisions?"	
24	THE WITNESS: I think principals and	
25	school leaders are best equipped to make decisions	

		Page 394
1	at the local level. However, these decisions need	11:35AM
2	to be made conscious of some set level of standards	11:35AM
3	or minimums that have been created with the input of	
4	both local actors and state level actors, and also	
5	conscious of the accountability mechanisms that will	
6	monitor whether local leaders are using money	11:35AM
7	efficiently and being held accountable.	
8	BY MR. SIMMONS:	
9	Q Dr. Huerta, so is it your opinion that	
10	without standards, principals and other school	
11	leaders are more likely to lack the capacity to make	11:36AM
12	cost-effective spending decisions?	
13	A I certainly think that many school leaders	
14	and principals across the state have been able to	
15	make wise and efficient decisions on how they use	
16	their resources. However, I do think it's necessary	11:36AM
17	to also have standards that are created both by	
18	local and state level actors which identify those	
19	basic minimums which all schools must meet and be	
20	held accountable to.	
21	Q Do you believe that setting those	11:36AM
22	standards will assist principals and other school	
23	leaders in making cost-effective spending decisions?	
24	A Yes. I think that state level standards	
25	which identify output goals do provide the explicit	

<p style="text-align: right;">Page 395</p> <p>1 goals that schools and school -- schools and school 11:37AM 2 leaders who make the spending decisions and 11:37AM 3 decisions also in -- that make spending decisions 4 have a clear goal for which to shoot for. 5 Q Are you aware of any research that 6 assesses the extent to which the existence of 11:37AM 7 minimum standards assist principals and other school 8 leaders in making cost-effective spending decisions? 9 A That's out of the scope of my expertise. 10 I'm familiar with some of the standard research. 11 However, my expertise is limited in specific 11:38AM 12 research, which looks at how standards have affected 13 the decision-making process. I do believe that some 14 of the expert reports speak to that issue, if I'm 15 not mistaken. 16 Q As you sit here today, though, are you 11:38AM 17 aware of any research that has concluded that 18 principals and other school leaders make more 19 cost-effective spending decisions when a state has 20 prescribed certain minimum standards? 21 A There is literature in the chart which 11:39AM 22 examines the chart of school reform, which looks to 23 how school level leaders are engaging in the 24 decision-making process; some in alignment with 25 state level standards, others in alignment with</p>	<p style="text-align: right;">Page 397</p> <p>1 Q As you sit here today, are you aware of 11:40AM 2 any research that has concluded that principals and 11:40AM 3 other school leaders make more cost-effective 4 spending decisions when a state has prescribed 5 certain minimum standards? 6 MS. LHAMON: Asked and answered. 11:41AM 7 THE WITNESS: I've answered that question. 8 BY MR. SIMMONS: 9 Q So would your answer be -- would that be 10 the same, you would give the same answer to that 11 question as the previous question? 11:41AM 12 A Yes. 13 Q And just for clarification purposes, I 14 think the first question asked just whether you were 15 aware of research that explored -- 16 A Yes. 11:41AM 17 Q -- the -- explored the potential effects 18 of -- 19 A I'm aware of research that has explored 20 that theme. I'm not aware of research that has 21 specifically concluded what you asked. 11:41AM 22 Q Thank you. 23 On the page 34, carrying over to 35, it 24 says, "So it's worth continuing to articulate the 25 perspectives of the "New" School Finance since it</p>
<p style="text-align: right;">Page 396</p> <p>1 their own locally created standards. 11:39AM 2 There's also the site-based management 11:39AM 3 literature which has examined some of these themes, 4 but I don't -- I would have to review the literature 5 to answer specifically what you're asking. 6 Q Are you aware of any literature that has 11:39AM 7 found -- strike that. 8 Could you read back the last answer for 9 me? 10 (The answer was read as follows:) 11 "A There is literature in the chart 11:39AM 12 which examines the chart of school 13 reform, which looks to how school 14 level leaders are engaging in the 15 decision-making process, some in 16 alignment with state level 11:39AM 17 standards, others in alignment with 18 their own locally created standards. 19 "There's also the site-based 20 management literature which has 21 examined some of these themes, but I 11:39AM 22 don't -- I would have to review the 23 literature to answer specifically 24 what you're asking." 25 BY MR. SIMMONS:</p>	<p style="text-align: right;">Page 398</p> <p>1 will not become the dominant way of examining school 11:42AM 2 resources until educators, policy-makers and 11:42AM 3 researchers all embrace it." 4 Do you see that sentence there? 5 A Yes. 6 Q Why would the "New" School Finance become 11:42AM 7 the dominant way of examining school resources? 8 A As I've indicated already, that "New" 9 School Finance, through its various steps, will lead 10 us toward creating a school finance formula that 11 more comprehensively addresses both local needs, 11:42AM 12 best practices, and is aligned with the set level of 13 standards or outputs that are created by both local 14 and state level actors, and that would include 15 ongoing level of monitoring to make sure that 16 schools are providing minimums. 11:43AM 17 MR. SIMMONS: Could you read the last 18 answer back for me, please? 19 (The answer was read as follows:) 20 "A As I've indicated already, that 21 "New" School Finance, through its 22 various steps, will lead us toward 23 creating a school finance formula 24 that more comprehensively addresses 25 both local needs, best practices,</p>

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1 and is aligned with the set level of
 2 standards or outputs that are
 3 created by both local and state
 4 level actors, and that would include
 5 ongoing level of monitoring to make
 6 sure that schools are providing
 7 minimums."
 8 BY MR. SIMMONS:
 9 Q It's correct that few states have
 10 implemented the "New" School Finance conceptual
 11 framework, is it not? 11:44AM
 12 A I don't believe that any school, any
 13 state, has adopted the comprehensive framework
 14 identified by the "New" School Finance.
 15 Q So given that no state has adopted that
 16 conceptual framework, how do we know that that 11:44AM
 17 framework will, for one example, produce better
 18 student outcomes?
 19 MS. LHAMON: Assumes facts not in
 20 evidence.
 21 THE WITNESS: As I've identified before, 11:45AM
 22 the "New" School Finance framework that Norton Grubb
 23 and myself have advanced is built upon the new
 24 paradigms that have been developed in the issues of
 25 "New" School Finance formulas in several states

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1 throughout the country, and also takes into 11:45AM
 2 consideration both the growing need to -- the 11:45AM
 3 growing need and growing trend of creating state
 4 standards, as well as the growing need to begin to
 5 identify and fully assess what local needs are.
 6 BY MR. SIMMONS:
 7 Q But you would agree there's no studies we
 8 can point to that would allow us to conclude that
 9 adopting a "New" School Finance conceptual framework
 10 will result in increased student achievement?
 11 MS. LHAMON: Vague and ambiguous as to 11:46AM
 12 studies. Are you talking about something separate
 13 from the reports in this case or from Dr. Huerta?
 14 MR. SIMMONS: That's fine, yes.
 15 THE WITNESS: As I indicated, this is a
 16 new conceptual frame that no state has adopted 11:46AM
 17 wholesale. However, the many different states that
 18 we've spoken about today and the last couple of days
 19 that have adopted components that are consistent
 20 with the "New" School Finance approach that
 21 Dr. Grubb and myself have developed -- what did I 11:46AM
 22 just say?
 23 (The answer was read as follows:)
 24 "THE WITNESS: As I indicated, this
 25 is a new conceptual frame that no

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1 state has adopted wholesale. 11:47AM
 2 However, the many different states 11:47AM
 3 that we've spoken about today and
 4 the last couple of days that have
 5 adopted components that are
 6 consistent with the "New" School 11:47AM
 7 Finance approach that Dr. Grubb and
 8 myself have developed -- what did I
 9 just say?"
 10 THE WITNESS: -- have begun to shed some
 11 evidence as far as what is actually occurring in 11:47AM
 12 these states in the adoption of both the basket of
 13 goods model, the professional judgment approach, the
 14 outlier model which we also identified; however,
 15 this evidence is very new and still needs to be
 16 reviewed. 11:47AM
 17 BY MR. SIMMONS:
 18 Q I'll ask the same question with respect to
 19 inputs, and that first question is: Given that no
 20 states have adopted the "New" School Finance
 21 conceptual framework proposed by you and Dr. Grubb, 11:49AM
 22 how do we know that adopting that conceptual
 23 framework will result in increased access to
 24 educational inputs?
 25 MS. LHAMON: Just for clarification, by

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1 "inputs," are you talking -- are you using the 11:49AM
 2 definition Dr. Huerta has given earlier today? 11:49AM
 3 MR. SIMMONS: No. Thank you.
 4 BY MR. SIMMONS:
 5 Q By "inputs," I'm referring to tangible
 6 inputs like textbooks, for example. And if you 11:49AM
 7 would like the question to be read to you again, I'm
 8 sure we can have that done.
 9 THE WITNESS: Yes.
 10 (The question was read as follows:)
 11 "Given that no states have adopted 11:50AM
 12 the "New" School Finance conceptual
 13 framework proposed by you and Dr.
 14 Grubb, how do we know that adopting
 15 that conceptual framework will
 16 result in increased access to 11:50AM
 17 educational inputs?"
 18 THE WITNESS: We do not know exactly
 19 whether this will result in increased educational
 20 inputs. However, in the context of the paradigms
 21 that have been developing over the last ten years in 11:50AM
 22 school finance adequacy and the obvious approach of
 23 first assessing needs at school levels, which we
 24 have not engaged in in this state, can unarguably
 25 point to the fact that engaging in that process

<p style="text-align: right;">Page 403</p> <p>1 would at least provide us a much clearer 11:50AM 2 identification of what real needs are and allow us 11:51AM 3 to fund those needs accordingly, which would 4 invariably lead, perhaps, to either increased 5 resources or the identification of inefficient use 6 of resources or the best use of resources that 11:51AM 7 exist. 8 When I say "increased resources," I would 9 say the need for increased resources. 10 BY MR. SIMMONS: 11 Q Would you turn to page 36? And in that 11:51AM 12 first full paragraph, it says, "An equally difficult 13 problem is that certain resources are necessary for 14 education to take place, but increasing such 15 expenditures past some level may not further enhance 16 learning." 11:52AM 17 Do you see where the report says that? 18 A Yes. 19 Q First question is just how the term 20 "resources" is being used in that sentence. 21 A The same way that we've been speaking 11:52AM 22 about. 23 Q So dollars and the goods that they can 24 purchase? 25 A Yes. And the sentence that followed what</p>	<p style="text-align: right;">Page 405</p> <p>1 what local needs are. The minimum level is only 11:54AM 2 being spoken about inexplicably in the conceptual 11:54AM 3 form. 4 Q How does the wide-scale assessment permit 5 us to identify the minimum level of resources that 6 is necessary to ensure adequacy in education? 11:54AM 7 A The wide-scale assessment, working in 8 concert together with some set level of standards or 9 set level of output, may begin to identify the 10 minimum levels of those resources that are necessary 11 to provide the set level of education -- of 11:55AM 12 education for students. 13 Q I mean, if we conduct a wide-scale 14 assessment and involve a variety of stakeholders, 15 aren't we likely to get differing views about what 16 the minimum level of a particular resource is to 11:55AM 17 ensure adequacy? 18 MS. LHAMON: Asked and answered. 19 THE WITNESS: I think invariably we would 20 have differing views. Different stakeholders would 21 have different views at different levels, however, 11:56AM 22 involving a wide variety of professionals. And 23 different stakeholders would be necessary in order 24 to begin to at least identify what basic minimums 25 are. As far as the decision process of actually</p>
<p style="text-align: right;">Page 404</p> <p>1 you just read begins to identify explicitly some of 11:52AM 2 the resources that are being referred to in the 11:52AM 3 first sentence. 4 Q Are expenditures and resources being used 5 synonymously in that first sentence? 6 A Yes. 11:53AM 7 Q In that second sentence you said, "For 8 example, expenditures for buildings, transportation, 9 safety measures, sometimes food and other social 10 services, are all necessary. Below some threshold 11 of adequacy, the lack of such resources has obvious 11:53AM 12 negative effects on learning. But that conclusion 13 does not imply that continuing to increase 14 expenditures above this threshold will necessarily 15 continue to improve learning." 16 How is that threshold that is being 11:53AM 17 referred to there identified? 18 A The threshold is identified as the minimum 19 level that is necessary -- the minimum level of 20 those resources that is necessary to provide any 21 identified basic minimum education. 11:54AM 22 Q And how is that minimal level identified? 23 A In those two sentences, the minimum level 24 is not identified. The minimum level can only be 25 identified by engaging in a wide-scale assessment of</p>	<p style="text-align: right;">Page 406</p> <p>1 deciding what the levels are, that depends on who's 11:56AM 2 at the table. 11:56AM 3 BY MR. SIMMONS: 4 Q Is there someone who is going to have to 5 have the final say on defining the minimum level for 6 a certain resource? 11:56AM 7 MS. LHAMON: Incomplete hypothetical. No 8 reason to assume it could only be one person. 9 THE WITNESS: Ultimately in the State of 10 California, maybe the legislature -- legislature. 11 BY MR. SIMMONS: 12 Q Is there an individual or entity that you 13 believe would be in the best position to have the 14 final say on what the minimum level for a particular 15 resource ought to be? 16 MS. LHAMON: Incomplete hypothetical. 11:57AM 17 Again, there's no reason that could be only one 18 person or one entity. 19 THE WITNESS: I don't think one individual 20 could make these sort of decisions. This is a 21 decision that would involve a variety of 11:57AM 22 stakeholders. 23 BY MR. SIMMONS: 24 Q But -- 25 A Are you identifying the decision, the</p>

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1 person that would make the ultimate decision, or 11:57AM
 2 those individuals that will identifying local needs? 11:57AM
 3 Q I'll try to make it more clear. I guess
 4 what I'm saying is if you put a bunch of
 5 stakeholders together to make a decision, it's
 6 highly likely that they're going to come up with 11:57AM
 7 different views as to what the minimum level for a
 8 particular resource ought to be.
 9 Would you agree with that?
 10 A Human nature would lead us to believe
 11 that, yes. We all would have different opinions. 11:57AM
 12 However, ultimately professionals that are well
 13 aware of what is going on at local and state levels
 14 will be the best suited to come to a decision that
 15 everybody agrees on.
 16 Q And I understand that having all those 11:58AM
 17 stakeholders together might produce a beneficial
 18 final outcome in terms of what an ultimate standard
 19 ought to be. But my question is just simply who, if
 20 anyone, should -- is in the best position to resolve
 21 any disputes between the various stakeholders. 11:58AM
 22 MS. LHAMON: Assumes facts not in
 23 evidence, that there is one person that is
 24 ultimately best suited. And it's an incomplete
 25 hypothetical. You keep giving him that one option,

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1 only one person. 11:58AM
 2 BY MR. SIMMONS:
 3 Q If the witness is capable of identifying
 4 another possibility, I'm comfortable with that, but
 5 I don't think there is one.
 6 MS. LHAMON: That's the incompleteness in 11:59AM
 7 the hypothetical. You're eliminating that.
 8 MR. SIMMONS: I disagree, but your
 9 objection is noted.
 10 MS. LHAMON: Thank you.
 11 THE WITNESS: I'm not prepared to identify 11:59AM
 12 an individual, nor am I prepared to identify
 13 whatever democratic process is used involving the
 14 stakeholders and that would be determinative of what
 15 the final agreements are. Those decisions would be
 16 based on how committees of stakeholders are formed 11:59AM
 17 and the committee or democratic process that is used
 18 to make final decisions, and ultimately to which
 19 body these decisions would be advanced for final
 20 decision, whether the legislature or another entity.
 21 MR. SIMMONS: Off the record. 12:00PM
 22 (The luncheon recess was taken at
 23 12:00 P.M.)
 24
 25

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1 APPEARANCES OF COUNSEL:
 2 (P.M. SESSION)
 3
 4 SHAUN SIMMONS, ESQ.
 5
 6 JOHN S. POULOS, ESQ.
 7
 8 SUZANNE GIORGI, ESQ.
 9
 10 N. EUGENE HILL, ESQ.
 11
 12 CATHERINE E. LHAMON, ESQ.
 13
 14 JOHN NOLTE, INTERN
 15
 16
 17
 18 REPORTED BY:
 19
 20 LANA L. LOPER, RPR, CRR, CSR 9667, CCR 690
 21
 22
 23
 24
 25

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1 (The deposition of LUIS HUERTA was
 2 reconvened at 1:24 P.M.)
 3
 4 LUIS HUERTA,
 5 the witness, having been previously administered an
 6 oath in accordance with CCP Section 2094, testified
 7 further as follows:
 8
 9 EXAMINATION (CONTINUING)
 10 BY MR. SIMMONS:
 11 Q Welcome back, Dr. Huerta. I'll just 1:24PM
 12 remind you, you're still under oath.
 13 A Thank you.
 14 Q Did you discuss your deposition at all
 15 over the break?
 16 A Only to the extent, again, of Catherine 1:24PM
 17 indicating to me how she felt I was answering some
 18 of the questions.
 19 Q What did Ms. Lhamon say in that regard?
 20 A She felt I was answering the questions
 21 adequately and consistently with the report, the 1:25PM
 22 expert report.
 23 Q Did you discuss any specific answers?
 24 A Yeah, we spoke about some of the answers
 25 to -- related to Exhibit 14.

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1 Q Which answers, if you can recall? 1:25PM
 2 A They were just in general, again, my 1:25PM
 3 learning curve and your being able to present -- or
 4 there were questions related to how I'm surprised
 5 that exhibits that I haven't examined continue to be
 6 placed on the record, just my concern. 1:26PM
 7 Q You mean exhibits in part, is that what --
 8 A Yes, uh-huh.
 9 Q Do you recall any -- discussing anything
 10 else about your deposition over this last break?
 11 A No. 1:26PM
 12 Q Let's talk about some of the studies that
 13 are referred to concerning increased resources, the
 14 effects of increased resources. I think that
 15 discussion occurs -- actually, turn to page 38, if
 16 you will, the first full paragraph near the top of 1:27PM
 17 the page. It says, "The finding that the effects of
 18 resources are more often than not statistically
 19 significant has often been interpreted as showing
 20 that spending doesn't make a difference because of
 21 the relatively small invariable effects of school 1:28PM
 22 resources compared to the powerful and consistent
 23 effects of family background."
 24 First question -- well, first, do you see
 25 where I'm referring you to in the report?

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1 A Yes. 1:28PM
 2 Q The first question is just how the term 1:28PM
 3 "resources" is being used in that context there.
 4 A School resources, you're saying? Is that
 5 what you're saying?
 6 Q I'm sorry. You'll just see the first part 1:28PM
 7 of the sentence says, "The finding of the effects of
 8 resources," I'm curious how "resources" is being
 9 used in that sentence there.
 10 A Again, that's consistent with the way
 11 we've been defining "resources" all morning, which 1:29PM
 12 would include, in general, how -- the resources that
 13 specific dollars buy.
 14 Q And just correct me if I'm wrong, but I
 15 thought earlier we had been defining resources in
 16 the sense of dollars and the things that a dollar 1:29PM
 17 can purchase. Is that correct or no?
 18 A Yes, same thing.
 19 Q One of the individuals who is a proponent
 20 of that view is Dr. Hanushek. Is that correct?
 21 A Yes, that's consistent with Eric 1:30PM
 22 Hanushek's perspectives.
 23 Q Are you aware of other researchers that
 24 are proponents of the view that resources are -- let
 25 me -- actually, strike that.

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1 It says, "Finding that the effects of 1:30PM
 2 resources are more often than not statistically 1:30PM
 3 significant," should there be an additional "not" in
 4 that?
 5 MS. LHAMON: I think that is
 6 "significantly insignificant." 1:30PM
 7 MR. SIMMONS: "Statistically
 8 insignificant."
 9 BY MR. SIMMONS:
 10 Q Are you aware of other individuals who are
 11 proponents or who have found that the effects of 1:30PM
 12 resources are more often than not statistically
 13 insignificant?
 14 A Statistically insignificant in relation to
 15 what?
 16 Q So that sentence is qualified 1:31PM
 17 statistically insignificant when compared to effects
 18 of family background. Is that correct?
 19 A That sentence is qualifying that there has
 20 been some research that has shown that resources are
 21 statistically insignificant when you account for the 1:31PM
 22 powerful effects of family background.
 23 Q I'm correct, there's not research out
 24 there that, without being compared to the effects of
 25 family background, still shows that resources are

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1 more often than not statistically insignificant? 1:32PM
 2 A There is research that has -- 1:32PM
 3 (Phone interruption.)
 4 MR. SIMMONS: Read the last question back.
 5 (The question was read as follows:)
 6 "Q I'm correct, there's not 1:33PM
 7 research out there that, without
 8 being compared to the effects of
 9 family background, still shows that
 10 resources are more often than not
 11 statistically insignificant?" 1:33PM
 12 THE WITNESS: There is research that has
 13 shown that resources, under certain conditions, are
 14 statistically insignificant. Some of that work
 15 includes the literature that is on footnote 24,
 16 which speaks to some of the work by Card and 1:33PM
 17 Krueger. However, as we note on footnote 24 there,
 18 the results of that work are somewhat ambiguous as
 19 well.
 20 To provide context to the sentence you
 21 wrote, it's important to note that the couple of 1:33PM
 22 sentences we've been talking about speak to the
 23 issue of how research in school finance has
 24 specifically looked at the direct relationship
 25 between resources and student achievement.

<p style="text-align: right;">Page 415</p> <p>1 Some studies have had full accounts of the 1:34PM 2 effects of family background, while other studies 1:34PM 3 have not adequately accounted for effects of family 4 background; thus, the differences in the results 5 that many of these studies have yielded. 6 BY MR. SIMMONS: 7 Q If you know -- the studies we've been 8 discussing are measuring the effective resources 9 when compared to family background. Are those 10 studies measuring simply in terms of a figure like a 11 per pupil expenditure, or is there something 1:35PM 12 different that is being measured in the context of 13 resources in those studies, if you know? 14 MS. LHAMON: Overbroad. Compound. 15 THE WITNESS: The studies that we're 16 referring to don't measure resources against family 1:35PM 17 background, but rather are measuring the effective 18 resources of student achievement. The studies that 19 we're referring to or what we're speaking to 20 directly in this paragraph is how some of these 21 studies have adequately accounted for family 1:35PM 22 background when looking at how resources are or are 23 not directly related to student outcomes. 24 In other words, family background in some 25 cases have or have not been part of the formula.</p>	<p style="text-align: right;">Page 417</p> <p>1 out, were there -- any of the studies that we've 1:37PM 2 been discussing use something like a per pupil 3 expenditure to measure the effects of resources? 4 A In reference to the work that Hanushek has 5 reviewed, which is the work that we are directly 1:38PM 6 alluding to in this section, there may have been 7 some studies that looked at resources defined only 8 by per pupil expenditure. It's important to 9 remember that the work that we're referencing here 10 from Hanushek was a review of -- a comprehensive 1:38PM 11 review of most of the work that looked at the 12 relationship between resources and student outcomes 13 from the '70s, '80s -- from two decades. So we're 14 talking about -- I don't remember the exact amount, 15 but I believe it's over 50 different studies. So 1:39PM 16 there was a variety of definitions for resources 17 that were used in some of these studies. 18 Q Can you provide me at least just a couple 19 examples of the types of definitions of "resources" 20 that were used in the studies? 1:39PM 21 A Not without referring directly back to 22 the -- I'm sorry. Did I interrupt you? 23 MS. LHAMON: No. I was just yawning. 24 Sorry. 25 THE WITNESS: Sorry. 1:39PM</p>
<p style="text-align: right;">Page 416</p> <p>1 BY MR. SIMMONS: 2 Q I guess what I'm trying to determine is if 3 any of the studies, when they're measuring the 4 effects on resources, I'm just curious how those 5 studies define "resources," if you know. 1:36PM 6 A Most of these studies define "resources" 7 consistent with what we -- how we have been defining 8 "resources" today. 9 Q So -- 10 A However, it is important to note that the 1:36PM 11 work of Hanushek, which we're referring to directly 12 here, is a meta analysis of a wide range of work 13 that has been conducted on specifically looking at 14 how resources are related to student outcomes. So 15 Hanushek's work is actually an analysis of a large 1:37PM 16 group of analysis. 17 Q I'm sorry. It may be that my question is 18 extremely inartful, but I'm just trying to 19 determine, we said resources were defined as dollars 20 plus -- 1:37PM 21 MS. LHAMON: Things that dollars can buy. 22 MR. SIMMONS: Yeah, things dollars can 23 buy. 24 BY MR. SIMMONS: 25 Q And I guess what I'm just trying to find 1:37PM</p>	<p style="text-align: right;">Page 418</p> <p>1 Not without referring back to some of the 1:39PM 2 work of Hanushek. I don't have it in front of me. 3 BY MR. SIMMONS: 4 Q There have been a couple of responses to 5 some researchers finding that the effects of 1:40PM 6 resources are more often than not statistically 7 insignificant. 8 A Yes. 9 Q And one of those responses is that 10 essentially resources might matter under some 1:40PM 11 conditions. Is that correct? 12 A Yes, that's true. 13 Q Did this research attempt to identify the 14 conditions under which resources might matter? 15 A The research that examines or -- strike 1:40PM 16 that. 17 The research that concludes that under 18 some conditions resources might matter was a reply 19 to some of the analysis, of the meta analysis that 20 Hanushek conducted, and included additional studies 1:41PM 21 that Hanushek did not include in his original work. 22 And it also included a different methodology, which 23 took greater care in examining not only how 24 resources were being defined, but also for the 25 variety of other variables that were included in 1:41PM</p>

<p style="text-align: right;">Page 419</p> <p>1 this wide range of studies, which looked at this 1:41PM</p> <p>2 issue of resources and their effect on student</p> <p>3 achievement.</p> <p>4 Q If you'll just take a look at 38, where it</p> <p>5 says, "The upshot of this technical debate has been 1:41PM</p> <p>6 a relatively weak statement. Resources might matter</p> <p>7 under some conditions, though it isn't clear what</p> <p>8 these conditions might be."</p> <p>9 Do you see that sentence there?</p> <p>10 A I don't see it, but I'm very familiar with 1:42PM</p> <p>11 that sentence.</p> <p>12 Q On page 38, near the middle.</p> <p>13 A Okay.</p> <p>14 Q I'm just curious whether this research</p> <p>15 attempted to identify under what conditions 1:42PM</p> <p>16 resources might matter?</p> <p>17 A The research that is referred to in</p> <p>18 footnote 25 and which is directly related to the</p> <p>19 question you're asking is a compilation of four --</p> <p>20 three or four journal articles, which was a debate 1:42PM</p> <p>21 between Eric Hanushek and on one team and on another</p> <p>22 team Hedges, Laine and Greenwald. And this was a</p> <p>23 debate that occurred over a period of about three or</p> <p>24 four years in journal articles in the early -- in</p> <p>25 the mid '90s, which looks specifically at how 1:43PM</p>	<p style="text-align: right;">Page 421</p> <p>1 in, which defines "best practices" across many 1:45PM</p> <p>2 different schools. However, this literature stops</p> <p>3 short of actually defining and costing out "best</p> <p>4 practices."</p> <p>5 Other than that literature and the reviews 1:45PM</p> <p>6 by both Hanushek and Laine, Hedges and Greenwald,</p> <p>7 and other than -- and in addition to some of the new</p> <p>8 work looking at the costing out process in states</p> <p>9 like Wyoming, I'm not aware of any other literature.</p> <p>10 Q Now, the literature that you're referring 1:46PM</p> <p>11 to that identified best practices, was that</p> <p>12 qualitative research?</p> <p>13 A That was primarily qualitative research,</p> <p>14 and that research is identified in the academic</p> <p>15 community as the effective schools literature. 1:46PM</p> <p>16 Q What is the one more study approach?</p> <p>17 A The one more study approaches are</p> <p>18 references to how -- aside from the many different</p> <p>19 studies that Hanushek and Laine, Hedges and</p> <p>20 Greenwald looked at, there have been additional 1:47PM</p> <p>21 studies that have focused on a specific policy</p> <p>22 reform or policy or reform initiative that have</p> <p>23 attempted to confirm the relationship between</p> <p>24 resources and outcomes; for example, the Tennessee</p> <p>25 star experiment, where class sizes were reduced 1:47PM</p>
<p style="text-align: right;">Page 420</p> <p>1 resources were being defined, and concentrated more 1:43PM</p> <p>2 specifically on nearly two decades of studies on</p> <p>3 school finance and research.</p> <p>4 The statement that you read, which is part</p> <p>5 of the conclusions that were part of this debate, 1:43PM</p> <p>6 speaks to the inconclusive evidence that resources</p> <p>7 might matter, but it's not clear under what certain</p> <p>8 conditions.</p> <p>9 And I will add briefly that this</p> <p>10 literature was an important component of developing 1:44PM</p> <p>11 the "New" School Finance and an important part of</p> <p>12 the proposal to engage in fully assessing what local</p> <p>13 needs are at local levels and engaging in the</p> <p>14 process of identifying best practices and</p> <p>15 identifying the type and amount of resources that 1:44PM</p> <p>16 are necessary to fund effective practices according</p> <p>17 to need, as well as according to the merit of</p> <p>18 certain practices and their effectiveness.</p> <p>19 Q Are you aware of any research, other than</p> <p>20 the research that we've been discussing, about -- 1:45PM</p> <p>21 which was in response to Dr. Hanushek's information</p> <p>22 that attempts to define the conditions under which</p> <p>23 additional resources might matter?</p> <p>24 A There's an earlier literature that looks</p> <p>25 at effective schools and the practices they engage 1:45PM</p>	<p style="text-align: right;">Page 422</p> <p>1 under a controlled environment in Tennessee. 1:47PM</p> <p>2 Q Is it your opinion that the one more study</p> <p>3 approach has led to inconclusive results concerning</p> <p>4 whether resources are more often than not</p> <p>5 statistically insignificant? 1:48PM</p> <p>6 A The studies that have looked at resources</p> <p>7 and the relation to outcome, student outcomes, have</p> <p>8 had a wide variety of methodological approaches as</p> <p>9 well as results. Some studies have concluded that</p> <p>10 additional resources in some cases do lead to higher 1:48PM</p> <p>11 student achievement. The context of the one more</p> <p>12 study approach is in relation to how studies, in</p> <p>13 addition to those that were included in the work by</p> <p>14 the Hanushek and Hedges, et al., team have attempted</p> <p>15 to, again, confirm this relationship between 1:49PM</p> <p>16 resources and outcomes. And these were studies that</p> <p>17 were, for the most part, after the mid '90s, when</p> <p>18 this debate was occurring.</p> <p>19 Q So am I correct that some of the research</p> <p>20 conducted under the one more study approach has 1:50PM</p> <p>21 continued to define that resources more often than</p> <p>22 not statistically insignificant?</p> <p>23 A As I indicated, some studies have</p> <p>24 concluded that resources are significantly related</p> <p>25 to student outcomes. Others have concluded that 1:50PM</p>

<p style="text-align: right;">Page 423</p> <p>1 they are not. 1:50PM</p> <p>2 Q Thank you.</p> <p>3 What is the insight, if any, that "New"</p> <p>4 School Finance provides with respect to the issue of</p> <p>5 whether increased resources have a statistically 1:51PM</p> <p>6 significant effect on student outcomes?</p> <p>7 A Absent any data which -- absent any data</p> <p>8 that has been derived from the "New" School Finance</p> <p>9 approach that we propose, I'm unable to give you an</p> <p>10 exact estimate. However, in context of the "New" 1:51PM</p> <p>11 School Finance conceptual frame, which was developed</p> <p>12 after careful analysis of all the literature that</p> <p>13 we've been discussing, it is likely that if we</p> <p>14 engage in the process and the various steps of the</p> <p>15 "New" School Finance, that ultimately we may see 1:52PM</p> <p>16 increases in student achievement. However, it is</p> <p>17 difficult to tell without real data in front of us.</p> <p>18 Q Hoping we get a quick tutorial in the</p> <p>19 various functions mentioned in your report.</p> <p>20 Could you, first of all, define for me 1:52PM</p> <p>21 what a "production function" is?</p> <p>22 A Sure. Let me get to that section.</p> <p>23 Q We're close to it right now. Maybe at the</p> <p>24 top of 37, I think is where the first equation is,</p> <p>25 or function is referenced? 1:53PM</p>	<p style="text-align: right;">Page 425</p> <p>1 variety of ways under that production function. Is 1:55PM</p> <p>2 that correct?</p> <p>3 A Yes. And may take the form of many</p> <p>4 different variables, yes.</p> <p>5 Q The variable that is listed as "FB" is 1:55PM</p> <p>6 representative of family background. Is that</p> <p>7 correct?</p> <p>8 A Correct.</p> <p>9 Q And again, specific aspects of family</p> <p>10 background that are included in that variable can 1:56PM</p> <p>11 come in a variety of ways. Is that correct?</p> <p>12 A Yes. "FB" represents a wide range of</p> <p>13 family background characteristics that would be</p> <p>14 represented as different variables in the formula.</p> <p>15 Q "U" is an error rate for that production 1:56PM</p> <p>16 function. Is that correct?</p> <p>17 A An error term.</p> <p>18 Q An error term.</p> <p>19 And is there any traditional error rate</p> <p>20 that is used for that error term? 1:56PM</p> <p>21 A The error term is part of the formula only</p> <p>22 to account for characteristics that are hard to</p> <p>23 quantify in a linear regression formula.</p> <p>24 Q This is going to begin --</p> <p>25 A That would include random observations 1:57PM</p>
<p style="text-align: right;">Page 424</p> <p>1 A I would refer you first to what is written 1:53PM</p> <p>2 on page 41. However, in its simplest form, a</p> <p>3 production function is an estimate of how different</p> <p>4 variables interact and ultimately have an effect on</p> <p>5 a dependent variable. 1:53PM</p> <p>6 Q At the top of page 7, I think we see the</p> <p>7 first production function that is referenced in the</p> <p>8 report.</p> <p>9 A Page 7?</p> <p>10 Q 37. I'm sorry. 1:54PM</p> <p>11 A Yes.</p> <p>12 Q And the variable "SO" there stands for</p> <p>13 student outcomes, correct?</p> <p>14 A School outcomes.</p> <p>15 Q School outcomes. 1:54PM</p> <p>16 And that can be measured or defined in a</p> <p>17 variety of ways, correct?</p> <p>18 A Yes. However, the most common measure of</p> <p>19 school outcomes is student achievement as measured</p> <p>20 by test scores. 1:55PM</p> <p>21 Q And the variable "R" in that production</p> <p>22 function is intended to be a representation of</p> <p>23 resources?</p> <p>24 A Correct.</p> <p>25 Q And again, resources can be defined in a 1:55PM</p>	<p style="text-align: right;">Page 426</p> <p>1 that are too difficult to measure through some 1:57PM</p> <p>2 quantitative form.</p> <p>3 Q So this is going to really begin the</p> <p>4 simpleton questions, but is there a specific figure</p> <p>5 that goes in for the error term that is identified 1:57PM</p> <p>6 as U in that production function?</p> <p>7 A No. The error term is there as an</p> <p>8 indicator that the linear regression formula is not</p> <p>9 a perfectly accurate formula and is there as sort of</p> <p>10 a pick up for those -- as what cannot be -- as those 1:57PM</p> <p>11 characteristics that can't be measured through a</p> <p>12 simple linear regression formula. And the error</p> <p>13 term is also there to account for the nonlinear</p> <p>14 relationships that are exhibited when you place a</p> <p>15 variety of different variables into a formula. So 1:58PM</p> <p>16 there is no specific value given to an error term.</p> <p>17 Q What does the "F" in that production</p> <p>18 function represent?</p> <p>19 A If we look at production function 1 at the</p> <p>20 top of page 37, a layman's way of reading that 1:58PM</p> <p>21 production function would be that school outcomes is</p> <p>22 a function of both resources and family background.</p> <p>23 So F only represents as a function of.</p> <p>24 Q Okay. And that production function would</p> <p>25 read school outcomes is a function of resources and 1:59PM</p>

<p style="text-align: right;">Page 427</p> <p>1 family background, plus some error term? 1:59PM</p> <p>2 A Yes.</p> <p>3 Q Down toward the bottom of page 37, there's</p> <p>4 a sentence that says, "Such equations have been</p> <p>5 estimated for many different data sources with 1:59PM</p> <p>6 different units of analysis, sometimes individual</p> <p>7 students, sometimes classrooms, sometimes schools or</p> <p>8 districts or even states."</p> <p>9 Do you see where that sentence is?</p> <p>10 A Yes, uh-huh. 1:59PM</p> <p>11 Q And is "such equations," is that referring</p> <p>12 to the production function that is listed at the top</p> <p>13 of page 7-- page 37?</p> <p>14 A Yes. That's in reference to the most</p> <p>15 simple form production function that has been very 1:59PM</p> <p>16 commonly used in school finance literature, which is</p> <p>17 represented in general terms by what we represented</p> <p>18 in production function 1.</p> <p>19 Q Is there any assessment of the accuracy of</p> <p>20 the equations that have been estimated for many 2:00PM</p> <p>21 different data sources with different units of</p> <p>22 analysis, sometimes individual students, sometimes</p> <p>23 classrooms, sometimes schools or districts or even</p> <p>24 states?</p> <p>25 A I think your question is an impossible one 2:00PM</p>	<p style="text-align: right;">Page 429</p> <p>1 that. 2:02PM</p> <p>2 What is meant by "American results" as</p> <p>3 it's used in that sentence?</p> <p>4 A "American results" refers directly to the</p> <p>5 production function literature which has examined 2:02PM</p> <p>6 schools in the United States.</p> <p>7 Q And so how does the literature on</p> <p>8 third-world countries depart from the American</p> <p>9 results?</p> <p>10 A There have been -- as the sentence 2:02PM</p> <p>11 explicitly says, there have been differences in the</p> <p>12 results that have been conducted, of studies that</p> <p>13 have been conducted in third-world countries,</p> <p>14 compared to the studies that have been compared --</p> <p>15 studies that have been conducted in schools in the 2:03PM</p> <p>16 United States.</p> <p>17 It's important to note that implicit in</p> <p>18 that sentence, in the wider context of that previous</p> <p>19 paragraph, that the characteristics and the -- the</p> <p>20 characteristics in reference to organizational 2:03PM</p> <p>21 structures and administrative structures in schools</p> <p>22 in the United States are different than in the</p> <p>23 international context, as is the way the dollars</p> <p>24 flow from in the context of the United States from</p> <p>25 state level to local level or from local level 2:03PM</p>
<p style="text-align: right;">Page 428</p> <p>1 to answer and would involve going back to every 2:00PM</p> <p>2 single study that's used the production function.</p> <p>3 The answer to your question is related in some ways</p> <p>4 to the work that Hanushek, as well as the team of</p> <p>5 Hedges, et al., have done in trying to account for 2:00PM</p> <p>6 the many different production functions or the many</p> <p>7 different studies that have been used, that have</p> <p>8 been written using production function -- the</p> <p>9 production function approach. So the answer to your</p> <p>10 question is some of the literature has begun -- has 2:01PM</p> <p>11 examined the formulas that have been used in past</p> <p>12 literature and tried to account for the accuracy of</p> <p>13 what they were measuring, as well as testing the</p> <p>14 conclusions that were made using those sort of</p> <p>15 formulas. 2:01PM</p> <p>16 Q That next sentence says, "There's also a</p> <p>17 large literature on third-world countries, reviewed</p> <p>18 in Fuller and Clark, 1994, which departs from the</p> <p>19 American results, where there are truly enormous</p> <p>20 differences among countries, for example, in the 2:01PM</p> <p>21 availability of textbooks, but which often</p> <p>22 reproduces many of the American conclusions."</p> <p>23 In what way does the literature on</p> <p>24 third-world countries referred to in that sentence</p> <p>25 depart from the -- well, first -- I'm sorry. Strike 2:02PM</p>	<p style="text-align: right;">Page 430</p> <p>1 directly to schools, with some state level 2:03PM</p> <p>2 supplement, compared to the norm of international</p> <p>3 context, which is federal ministries of education</p> <p>4 that deliver dollars directly to schools.</p> <p>5 MR. SIMMONS: That was a lot to digest. 2:04PM</p> <p>6 I'm sorry. I'm going to have to ask for that to be</p> <p>7 read back.</p> <p>8 (The answer was read as follows:)</p> <p>9 "A There have been -- as the</p> <p>10 sentence explicitly says, there have 2:02PM</p> <p>11 been differences in the results that</p> <p>12 have been conducted, of studies that</p> <p>13 have been conducted in third-world</p> <p>14 countries, compared to the studies</p> <p>15 that have been compared -- studies 2:03PM</p> <p>16 that have been conducted in schools</p> <p>17 in the United States.</p> <p>18 "It's important to note that</p> <p>19 implicit in that sentence, in the</p> <p>20 wider context of that previous 2:03PM</p> <p>21 paragraph, that the characteristics</p> <p>22 and the -- the characteristics in</p> <p>23 reference to organizational</p> <p>24 structures and administrative</p> <p>25 structures in schools in the United 2:03PM</p>

<p style="text-align: right;">Page 431</p> <p>1 States are different than in the 2:03PM 2 international context, as is the way 3 the dollars flow from in the context 4 of the United States from state 5 level to local level or from local 2:03PM 6 level directly to schools, with some 7 state level supplement, compared to 8 the norm of international context, 9 which is federal ministries of 10 education that deliver dollars 2:04PM 11 directly to schools." 12 BY MR. SIMMONS: 13 Q First question would just be what types of 14 differences in results do we see in the literature 15 on third-world countries as opposed to the American 2:05PM 16 results? 17 A The results of the international work 18 that's been conducted has been a bit more consistent 19 in concluding the effects of resources on student 20 achievement, concluding many -- more often 2:06PM 21 concluding that resources are directly related to 22 student achievement, where the work in the United 23 States' context has been extremely variable. 24 Q Is one potential reason for the 25 third-world literature finding more consistent 2:06PM</p>	<p style="text-align: right;">Page 433</p> <p>1 production functions. 2:09PM 2 A I'm with you. 3 Q Okay. Now, there's a second production 4 function that is listed there. 5 Well, first of all, does that qualify as a 2:09PM 6 production function listed there on page 41, that 7 begins "IC"? 8 A Yes. 9 Q "IC" stands for instructional conditions. 10 Is that correct? 2:10PM 11 A Right, correct. 12 Q So that function, in a layperson's term, 13 would just read instructional conditions are a 14 function of resources, plus some error term. Is 15 that correct? 2:10PM 16 A Yes, that's correct. 17 Q So the fact that we're calling -- is the 18 fact that we're calling the error term here "E" 19 instead of "U" significant in any way? 20 A No, just -- it's just use of a different 2:10PM 21 code for the same variable. It can be A, B, C, 22 whatever. 23 Q What does this additional production 24 function that we're discussing, what does this tell 25 us? 2:11PM</p>
<p style="text-align: right;">Page 432</p> <p>1 effects of resources on student outcomes that there 2:06PM 2 are greater differences in the available -- in the 3 availability of resources? 4 A Yes. 5 To clarify the context of that answer, 2:07PM 6 that is the wider disparities that exist among the 7 availability of resources has been able to provide 8 more conclusive evidence on one side or the other, 9 but consistently more on the side of resources are 10 related to student outcomes. 2:07PM 11 Q Turning back to the first production 12 function listed at the top of page 37, do you 13 believe that there's limits to the usefulness of 14 that production function? 15 A Yes. 2:08PM 16 Q And what are those limits? 17 A The limits in any production function are 18 that more often -- start over. Strike that, please. 19 The limits of that production function and 20 the majority of the production functions that have 2:08PM 21 been used are their inability to fully account for 22 characteristics that are hard to measure in a 23 quantitative form and hard to apply in a linear 24 regression formula; thus, the error term. 25 Q I think on page 41 we have a couple more 2:08PM</p>	<p style="text-align: right;">Page 434</p> <p>1 A Production function 2 and 3 is an attempt 2:11PM 2 to elaborate on the different variables that make up 3 the general comprehensive variables that are 4 illustrated in production function 1, wherein the 5 context of production function 1, where student 2:11PM 6 outcome is a function of resources and family 7 background. At this point we are beginning to 8 elaborate on the different variables that are 9 comprised, for example, under resources and how 10 additional variables are related to the general 2:11PM 11 resources that we outlined in production function 1. 12 Q So in production function 3, it's 13 attempting to show that resources ought to not be 14 considered in mere dollar terms, but in the 15 instructional conditions they produce. Is that a 2:12PM 16 fair statement? 17 A Please repeat that. 18 MR. SIMMONS: Could you read that back? 19 (The question was read as follows:) 20 "Q So in production function 3, 2:12PM 21 it's attempting to show that 22 resources ought to not be considered 23 in mere dollar terms, but in the 24 instructional conditions they 25 produce. Is that a fair statement?" 2:12PM</p>

<p style="text-align: right;">Page 435</p> <p>1 MS. LHAMON: Instructional in production 2:12PM 2 function 2? 3 MR. SIMMONS: I was actually trying to 4 look at production function 3. I could be clearly 5 off. 2:12PM 6 THE WITNESS: Can you repeat that, please? 7 MS. LHAMON: I'm sorry. 8 THE WITNESS: Are we clear which one we're 9 talking about? 10 MR. SIMMONS: 3. I think the question is 2:13PM 11 three too. One more time for a read, please. 12 (The question was read as follows:) 13 "Q So in production function 3, 14 it's attempting to show that 15 resources ought to not be considered 2:13PM 16 in mere dollar terms, but in the 17 instructional conditions they 18 produce. Is that a fair statement?" 19 THE WITNESS: Production function 3, 20 again, is elaborating on how to define the different 2:13PM 21 variables that may ultimately be related to -- or 22 I'm sorry -- that may ultimately affect student 23 outcomes. We can read production function 3 as 24 student outcomes is a function of instructional 25 conditions, plus family background. 2:13PM</p>	<p style="text-align: right;">Page 437</p> <p>1 A No, as a function. It only refers to how 2:15PM 2 these different variables interact in a regression 3 formula. 4 THE REPORTER: Can we take a quick brief 5 relief break? 2:29PM 6 MR. SIMMONS: Sure. 7 (Discussion off the record.) 8 BY MR. SIMMONS: 9 Q Dr. Huerta, what are the limits -- what 10 are the limits, if any, of the production functions 2:30PM 11 that are listed on page 41? 12 A The limits of the production functions on 13 page 41, as with any production function, is their 14 ability to account for those characteristics that 15 can't be measured through a linear regression 2:30PM 16 formula. 17 Q Could you just give me a couple of 18 examples of those characteristics? 19 A These characteristics, in the context of 20 schools, may range from teacher skills in presenting 2:31PM 21 material, may range in attitudes and behaviors 22 teachers have towards their students; may account or 23 may not account also for governments or 24 administrative structures at existing schools. 25 These are different characteristics that are hard to 2:31PM</p>
<p style="text-align: right;">Page 436</p> <p>1 Production function 3 is also an attempt 2:13PM 2 to indicate how additional variables that affect one 3 general variable can affect multiple variables in 4 the regression formula. 5 In essence, this is our illustration of 2:14PM 6 the complexity of -- the complexity as well as the 7 limitations in using production functions to derive 8 any sort of conclusive definition or recommendation 9 that student -- that resources are always related to 10 student outcomes. This is our attempt to illustrate 2:14PM 11 that production functions are extremely limited in 12 being able to fully capture that relationship. 13 BY MR. SIMMONS: 14 Q And again, in production function 3, once 15 again, you use an error term there, right? 2:15PM 16 A Right. 17 Q And "G" is still reflecting it's a 18 function of, but -- 19 A Yes. 20 Q -- but the use of "G" as opposed to "F" is 2:15PM 21 of no consequence. Is that correct? 22 A Yes, that's correct. 23 Q Is there any numerical value that is 24 described (sic) to the letter G as it's used in 25 production function 3? 2:15PM</p>	<p style="text-align: right;">Page 438</p> <p>1 measure through some solid or some clearer 2:31PM 2 quantitative unit. 3 Q If you'll go ahead and turn to page 43. 4 You see a few more production functions. 5 Correct me if I read it wrong, but does 2:32PM 6 the production function 4 there read instructional 7 conditions are a function of student ability to 8 benefit and resources, plus some error term? 9 A Yes, and the dot, dot, dot, represents the 10 variety of other variables that may be -- that may 2:32PM 11 directly influence instructional conditions, and 12 those are some of the -- those may include the 13 unknowns and those variables hard to measure through 14 a quantitative unit. 15 Q And what is meant by "student ability to 16 benefit"? 2:33PM 17 A Student ability to benefit is in reference 18 to -- may account for student achievement -- I'm 19 sorry; strike that -- may account for student 20 motivation; may also account for the gamut of 2:33PM 21 characteristics that students bring to schools, 22 which may include, but not exclusively, 23 socioeconomic status and the gamut of other 24 characteristics that students bring with them and 25 how those characteristics influence their ability to 2:33PM</p>

<p style="text-align: right;">Page 439</p> <p>1 learn. 2:33PM</p> <p>2 Q The production No. 5 there -- and correct</p> <p>3 me if I'm wrong again -- but that reads student</p> <p>4 ability to benefit is a function of instructional</p> <p>5 conditions, resources, family background, some 2:34PM</p> <p>6 unknown variables, as well as variables that are</p> <p>7 difficult to measure, plus an error term?</p> <p>8 A Yes.</p> <p>9 Q And what additional elaboration do we get</p> <p>10 from production function 5? 2:34PM</p> <p>11 MS. LHAMON: Vague and ambiguous. Do you</p> <p>12 mean as compared to 4 or compared to all the</p> <p>13 functions?</p> <p>14 BY MR. SIMMONS:</p> <p>15 Q As compared to all the previous ones. 2:34PM</p> <p>16 A Production function 5 begins to further</p> <p>17 refine and define the variable SA or student ability</p> <p>18 to learn, and represents the variety of additional</p> <p>19 variables that can be compounded to reflect</p> <p>20 and/or -- strike that -- that can be compounded and 2:35PM</p> <p>21 shown to influence student ability to learn.</p> <p>22 Q Again, correct me if I'm wrong, but should</p> <p>23 production function 6 there read: School outcome is</p> <p>24 a function of instructional conditions, student</p> <p>25 ability to benefit, family background, some unknown 2:35PM</p>	<p style="text-align: right;">Page 441</p> <p>1 further refine back into one general formula. 2:37PM</p> <p>2 Q And again, are there limits to production</p> <p>3 function 6?</p> <p>4 A There will certainly be limits in</p> <p>5 production function 6, like any other production 2:38PM</p> <p>6 function, to fully assess the full relationship</p> <p>7 between inputs and the outputs that are being</p> <p>8 described.</p> <p>9 However, our identification of the variety</p> <p>10 of different variables that make up individual 2:38PM</p> <p>11 variables in the original production function that</p> <p>12 we illustrated in formula No. 1 provides a clearer</p> <p>13 picture of the multitude of variables and</p> <p>14 subvariables that can make up one general production</p> <p>15 function. 2:39PM</p> <p>16 Q Am I correct the production functions</p> <p>17 we've been discussing don't necessarily lend</p> <p>18 themselves to mathematical precision?</p> <p>19 A I'm not certain what you're asking.</p> <p>20 Q Part of that question, I think, was based 2:39PM</p> <p>21 on a section of the report, and maybe if we find</p> <p>22 that, it will help. I'm not exactly sure where it</p> <p>23 is right now.</p> <p>24 What I'm trying to get at is I'm not</p> <p>25 necessarily asking whether the production functions 2:40PM</p>
<p style="text-align: right;">Page 440</p> <p>1 variables, and some variables that are difficult to 2:35PM</p> <p>2 measure, plus an error term?</p> <p>3 A Yes.</p> <p>4 MR. POULOS: Congratulations. You speak</p> <p>5 gibberish. 2:36PM</p> <p>6 MS. LHAMON: Comment on work from</p> <p>7 Dr. Huerta from counsel of LAUSD.</p> <p>8 THE WITNESS: I'm not offended.</p> <p>9 MS. LHAMON: Okay.</p> <p>10 MR. SIMMONS: My fine articulation is the 2:36PM</p> <p>11 difficulty.</p> <p>12 BY MR. SIMMONS:</p> <p>13 Q What further elaboration do we get in</p> <p>14 production function No. 6 that we did not have in</p> <p>15 functions 1 through 5? 2:36PM</p> <p>16 A Production function 6 begins to put</p> <p>17 together the more detailed identification of the</p> <p>18 variable IC, SA and FB, in that now that we know,</p> <p>19 for example, instructional conditions, which is</p> <p>20 defined in production function 4, include the 2:37PM</p> <p>21 variables that are defined in that formula, as well</p> <p>22 as the variety of variables, and some of them being</p> <p>23 the same ones that are identified in production</p> <p>24 function 5. Production function 6 is an attempt to</p> <p>25 begin to put all these variables which question 2:37PM</p>	<p style="text-align: right;">Page 442</p> <p>1 aren't useful tools, but just whether they aren't 2:40PM</p> <p>2 the type of things that lend themselves to precise</p> <p>3 mathematical terms.</p> <p>4 Is that a fair characterization of the</p> <p>5 production functions? 2:40PM</p> <p>6 A No. I think that production functions in</p> <p>7 the econometric model we're displaying are precise</p> <p>8 methods from a mathematical context in that they are</p> <p>9 a robust measurement which allows us to identify how</p> <p>10 resources or -- I'm sorry -- variables on one side 2:40PM</p> <p>11 of the formula are related or correlated to the</p> <p>12 outputs in the context of what we're speaking about</p> <p>13 here. Yet the point of the "New" School Finance and</p> <p>14 the point of our elaboration of the different</p> <p>15 formulas in this section of the report are to point 2:41PM</p> <p>16 out that production functions are imprecise in fully</p> <p>17 accounting for the wide amount of variables that</p> <p>18 many times cannot be measured through the linear</p> <p>19 relationships that are measured in production</p> <p>20 functions in regard to the formulas. 2:41PM</p> <p>21 Q If you look down at the bottom of page 43,</p> <p>22 where it says, "This example clarifies another</p> <p>23 problem with conventional production functions.</p> <p>24 There's no reason to think that patterns of</p> <p>25 allocating resources and of generating instructional 2:42PM</p>

<p style="text-align: right;">Page 443</p> <p>1 conditions are the same in all schools." 2:42PM</p> <p>2 Do you see where it says that on page 43?</p> <p>3 It's down near the bottom.</p> <p>4 A Yes. Yes.</p> <p>5 Q Do you agree with that statement? 2:42PM</p> <p>6 A Yes.</p> <p>7 Q Why is there no reason to think that</p> <p>8 patterns of allocating resources and generating</p> <p>9 instructional conditions are the same in all</p> <p>10 schools? 2:42PM</p> <p>11 A For the simple fact that each school has</p> <p>12 varying degrees of needs and that each school has a</p> <p>13 different school climate or culture from</p> <p>14 administrative structures to -- and governing</p> <p>15 structures -- to how teaching and learning is 2:42PM</p> <p>16 delivered. That, in many ways, makes general</p> <p>17 resource patterns difficult to follow.</p> <p>18 Q So it's possible that, for example, the</p> <p>19 variable, the student ability to benefit could be</p> <p>20 different in all schools in the State of California? 2:43PM</p> <p>21 A Student ability to benefit is not only</p> <p>22 related to the characteristics which students bring</p> <p>23 to school, but also the characteristics that account</p> <p>24 for quality of instruction, administrative and</p> <p>25 government's models in schools. 2:43PM</p>	<p style="text-align: right;">Page 445</p> <p>1 illustrates that student ability to benefit is a 2:45PM</p> <p>2 function of instructional conditions, resources,</p> <p>3 family background, amongst other variables. This is</p> <p>4 a general representation -- this is a general</p> <p>5 representation, while more detailed in many of the 2:45PM</p> <p>6 general production functions that exist in the</p> <p>7 literature, which at least attempts to begin to</p> <p>8 describe the many different variables that make up</p> <p>9 student ability to -- student ability to benefit.</p> <p>10 So I don't think that the "New" School Finance -- 2:45PM</p> <p>11 strike that.</p> <p>12 The "New" School Finance is not advocating</p> <p>13 for an assessment of needs at school levels which is</p> <p>14 of such exact precision that it's tailored to the</p> <p>15 needs, to all the individual needs of students as we 2:46PM</p> <p>16 recognize that's a very difficult task. But the</p> <p>17 "New" School Finance is advocating to begin to look</p> <p>18 at what needs are of students, specific needs of</p> <p>19 students, and begin to provide both specific and</p> <p>20 general resource categories that can address some of 2:46PM</p> <p>21 these needs.</p> <p>22 MR. SIMMONS: Could you read that back for</p> <p>23 me just real quickly, please?</p> <p>24 (The answer was read as follows:)</p> <p>25 "A I think that if we want to get a 2:44PM</p>
<p style="text-align: right;">Page 444</p> <p>1 Q I guess what I'm trying to understand is 2:43PM</p> <p>2 if we attempted to measure student ability to</p> <p>3 benefit, it's possible that we could find a</p> <p>4 different measurement for that variable in all</p> <p>5 schools, in each school in the state. Is that 2:44PM</p> <p>6 correct?</p> <p>7 MS. LHAMON: Vague as to different</p> <p>8 measurements for the variable. Do you mean there's</p> <p>9 a different formula that pertains or that --</p> <p>10 MR. SIMMONS: I just mean we're trying to 2:44PM</p> <p>11 measure -- I mean, if we were trying to measure</p> <p>12 student ability to benefit, there's a chance -- and</p> <p>13 we were trying to measure it amongst schools, put</p> <p>14 some concrete student ability to benefit to that</p> <p>15 term, if we were trying to do that in all schools, 2:44PM</p> <p>16 it's possible that we would find that variable has a</p> <p>17 different measurement for each school in the state.</p> <p>18 Is that correct?</p> <p>19 MS. LHAMON: The question is still vague</p> <p>20 and ambiguous. 2:44PM</p> <p>21 THE WITNESS: I think that if we want to</p> <p>22 get a measure of student ability to benefit with</p> <p>23 exact precision, it's an extremely difficult and</p> <p>24 nearly impossible task. I would point you back to,</p> <p>25 however, production function 5 on page 43, which 2:45PM</p>	<p style="text-align: right;">Page 446</p> <p>1 measure of student ability to 2:44PM</p> <p>2 benefit with exact precision, it's</p> <p>3 an extremely difficult and nearly</p> <p>4 impossible task. I would point you</p> <p>5 back to, however, production 2:45PM</p> <p>6 function 5 on page 43, which</p> <p>7 illustrates that student ability to</p> <p>8 benefit is a function of</p> <p>9 instructional conditions, resources,</p> <p>10 family background, amongst other 2:45PM</p> <p>11 variables. This is a general</p> <p>12 representation -- this is a general</p> <p>13 representation, while more detailed</p> <p>14 in many of the general production</p> <p>15 functions that exist in the 2:45PM</p> <p>16 literature, which at least attempts</p> <p>17 to begin to describe the many</p> <p>18 different variables that make up</p> <p>19 student ability to -- student</p> <p>20 ability to benefit. So I don't 2:45PM</p> <p>21 think that the "New" School</p> <p>22 Finance -- strike that.</p> <p>23 "The "New" School Finance is not</p> <p>24 advocating for an assessment of</p> <p>25 needs at school levels which is of 2:45PM</p>

<p style="text-align: right;">Page 447</p> <p>1 such exact precision that it's 2:46PM 2 tailored to the needs, to all the 3 individual needs of students as we 4 recognize that's a very difficult 5 task. But the "New" School Finance 2:46PM 6 is advocating to begin to look at 7 what needs are of students, specific 8 needs of students, and begin to 9 provide both specific and general 10 resource categories that can address 2:46PM 11 some of these needs." 12 BY MR. SIMMONS: 13 Q Does "New" School Finance provide us with 14 any means of categorizing schools on the basis of 15 student ability to benefit? 2:48PM 16 MS. LHAMON: Vague as to "categorizing." 17 THE WITNESS: Can you elaborate on what 18 your definition or what your idea of specific 19 categories would be? 20 BY MR. SIMMONS: 21 Q Well, I don't have any specific categories 22 in mind, but I'm thinking if we want to take student 23 ability to benefit into account when allocating 24 resources, and we know we can't necessarily do it 25 with mathematical precision, are there broader 2:49PM</p>	<p style="text-align: right;">Page 449</p> <p>1 Why don't we go ahead and turn to page 46 2:51PM 2 of the report. In the middle it says -- in the 3 middle of page 46 it says, "But the implications we 4 want to explore here are those for policies enacted 5 by states. If the "New" School Finance is a 2:52PM 6 particular perspective at this stage rather than a 7 set of concrete recommendations, how can it be 8 useful?" 9 Do you agree with the characterization 10 that the "New" School Finance is a particular 2:52PM 11 perspective at this stage rather than a set of 12 concrete recommendations? 13 A Let me read that in the context of the 14 paragraphs in which that's framed. 15 Q Sure. 2:52PM 16 A Okay. Can you repeat the question, 17 please? 18 Q Sure. I want to know if you agree with 19 the statement that "New" School Finance is a 20 particular perspective at this stage rather than a 2:55PM 21 set of concrete recommendations? 22 A Yes, I agree with that statement. 23 However, it's important to place that statement in 24 the context of the discussion in the paragraph prior 25 and after that small paragraph; and that is, the 2:55PM</p>
<p style="text-align: right;">Page 448</p> <p>1 groups or categories that "New" School Finance would 2:49PM 2 propose using that would provide a rougher, yet 3 useful measure, of student ability to benefit? 4 A Yes. I want to reiterate that the "New" 5 School Finance approach does not propose the type of 2:49PM 6 precision in assessing student needs, for example, 7 that exist with individual education plans that are 8 very common in special ed, that are very common in 9 assessing special education students' needs, but 10 rather may take one -- it's proposing one unit of 2:50PM 11 analysis -- to step back one unit of analysis and to 12 begin looking at general -- or the characteristics 13 of groups of students in schools may need. 14 It would be inefficient for the "New" 15 School Finance to propose that we would engage in 2:50PM 16 conducting an IEP for the 6 million students in 17 California. So it's necessary to step back and to 18 begin to look at general needs that exist in schools 19 as shared by both characteristics of students, 20 including family background and the like, including 2:50PM 21 the instructional conditions that exist at schools 22 and the variety of other variables that we speak 23 about in the model production formulas. 24 Q Now, you identify, or the report 25 identifies -- actually, strike that. 2:51PM</p>	<p style="text-align: right;">Page 450</p> <p>1 discussion which looks at how state level policies, 2:55PM 2 which may be distant from -- state level policies 3 that are enacted, absent any real assessment of 4 local needs -- can you read back my last statement, 5 please? 2:56PM 6 (The answer was read as follows). 7 "... and that is, the discussion 8 which looks at how state level 9 policies, which may be distant from 10 -- state level policies that are 2:56PM 11 enacted, absent any real assessment 12 of local needs --" 13 THE WITNESS: Can you read it again? I 14 think you said "state level" twice. 15 (The answer was read as follows:) 2:56PM 16 "... and that is, the discussion 17 which looks at how state level 18 policies, which may be distant from 19 -- state level policies that are 20 enacted, absent any real assessment 2:56PM 21 of local needs --" 22 THE WITNESS: Can you read that back, 23 please, with the change? 24 MR. SIMMONS: It might be tough. She'll 25 put your first answer, and then your strike that, 2:57PM</p>

		Page 451
1	and your additional changes, so...	2:57PM
2	THE WITNESS: Read back with the word	
3	"local level policies" instead of "state."	
4	(The answer was read as follows:)	
5	"A Yes, I agree with that	2:57PM
6	statement. However, it's important	
7	to place that statement in the	
8	context of the discussion in the	
9	paragraph prior and after that small	
10	paragraph; and that is, the	2:57PM
11	discussion which looks at how state	
12	level policies, which may be distant	
13	from --local level policies that	
14	are enacted, absent any real	
15	assessment of local needs --"	2:57PM
16	THE WITNESS: Yes, that's it.	
17	BY MR. SIMMONS:	
18	Q The next down on 4,6, "One implication is	
19	that a simple question or thought experiment would	
20	be valuable before many policies are enacted. What	2:58PM
21	will happen within schools and classrooms if a	
22	particular change involving additional resources is	
23	made?"	
24	A Yes.	
25	Q Is that your opinion?	2:58PM

		Page 452
1	A Yes.	2:58PM
2	Q Do you believe that state policy-makers	
3	currently don't go through that thought exercise?	
4	A Yes.	
5	Q And on what do you base that opinion?	2:58PM
6	A By the mere fact that most state policy	
7	that is made is made completely independent of any	
8	real needs assessment at local levels.	
9	Q And when you say "real needs assessment,"	
10	by using the word "real" before "needs assessment,"	2:59PM
11	is that intended to reflect that the state does make	
12	some needs assessment at the local level?	
13	A I think the -- strike that.	
14	In the process of policy information, the	
15	state will often rely on general data which may	2:59PM
16	reflect general characteristics of schools and	
17	students that they serve, but we do not have data	
18	that talks about or that reflects or describes	
19	instructional conditions which exist in schools,	
20	amongst the differing ones that I've already	2:59PM
21	referred to and the variety of other variables at	
22	the local level, which can provide a very different	
23	picture of what local needs are in comparison to the	
24	general characteristics that exist or that are	
25	reflected in data at the state level.	3:00PM

		Page 453
1	Q If you'll turn to page 48. I think you'll	3:00PM
2	see in about the middle of the page there, it says,	
3	"A corollary is that the "New" School Finance asks	
4	policy-makers to think about the complementary	
5	policies required to change outcomes rather than	3:00PM
6	unitary changes."	
7	Do you agree with that statement?	
8	A Yes.	
9	Q And is it your position that state	
10	policies do not think about the complementary	3:01PM
11	policies required to change outcomes?	
12	A Yes.	
13	Q And on what do you base that opinion?	
14	A One perfect example is the class size	
15	reduction reform example that we have spoken about	3:01PM
16	at length in this report, where a wide scale and	
17	extremely expensive reform was implemented in	
18	California, without any real assessment of needs,	
19	and the potential impact on schools -- and the	
20	potential impact it would have on schools across the	3:01PM
21	state. And in that case, that's a perfect example	
22	of the single or unitary change that occurred	
23	throughout implementing class size reduction,	
24	without an attempt to address the many different	
25	complementary policies that should have followed and	3:02PM

		Page 454
1	complemented the reform.	3:02PM
2	Q The next sentence on page 48 says, "These	
3	almost always would take the form of resources, plus	
4	some additional requisite." And then after the dash	
5	it says, "money for computers, plus resources for	3:02PM
6	professional development."	
7	I would just like to focus on that first	
8	part of the sentence up to the point that says	
9	"money for computers, plus resources for	
10	professional development."	3:02PM
11	I guess what I'm having trouble	
12	understanding is that above there it says the	
13	corollary is that the "New" School Finance asks	
14	policy-makers to think about the complementary	
15	policies to assess outcomes rather than unitary	3:03PM
16	changes, seems to me, when you say below there that	
17	money for computers, plus resources for professional	
18	development, that doesn't necessarily seem to be an	
19	example of a complementary policy, but just money	
20	for computers, plus money for professional	3:03PM
21	development.	
22	Do you disagree with that	
23	characterization?	
24	A I disagree with your characterization.	
25	Q Right. And why do you disagree with that?	3:03PM

<p style="text-align: right;">Page 455</p> <p>1 A Because the example, I believe, is very 3:03PM 2 explicit in defining a basic approach to creating 3 policy that is followed that includes a 4 complementary approach to address other policy 5 issues that may arise. 3:04PM 6 In this example, if the state is going to 7 implement some sort of technology or computer reform 8 that might provide every teacher with a new 9 computer, it would be appropriate and obvious that 10 the state would have to complement the initial 3:04PM 11 policy with professional development, which in this 12 case would provide teachers with additional training 13 on how to use computers in the classroom. 14 The next example, class size reduction, 15 talks specifically to the issue of how any attempt 3:04PM 16 to increase the amount of classrooms in the state 17 must account for the new teachers that are going to 18 be required to actually teach in those classrooms; 19 thus, the complementary policy. 20 Q But let's say that there's -- let's say 3:05PM 21 that there's enough money to -- that the state has a 22 technology program that it wants to implement, and 23 that includes or that entails providing computers to 24 schools. Let's say it has enough money to provide a 25 computer to every school in the state, but no 3:05PM</p>	<p style="text-align: right;">Page 457</p> <p>1 that assessment would take, looking at this from the 3:07PM 2 perspective of cost benefit analysis, would far 3 outweigh the potential waste of money in placing a 4 computer in a classroom, when the individual who is 5 leading the classroom does not even know how to use 3:07PM 6 it. In my opinion, that would be inefficient and 7 wasteful spending. 8 BY MR. SIMMONS: 9 Q But you would agree that the amount of 10 time that an assessment would take is certainly a 3:07PM 11 factor to consider? 12 A Certainly. The amount of time to do this 13 type of assessment could take time. Some of the 14 data may already exist. In this specific working 15 example that we are elaborating on, the state can 3:08PM 16 readily find out whether teacher training programs 17 throughout the state are already training teachers 18 in using technology. Some may. Some may not. I 19 don't know exactly. It's not my area of expertise. 20 The state can readily find out from 3:08PM 21 districts how many professional development sessions 22 have been given to teachers in an X district on 23 using technology in the classroom. That's not an 24 overburdensome task to engage in, especially if we 25 reflect that the time and resources that may be 3:08PM</p>
<p style="text-align: right;">Page 456</p> <p>1 additional monies for professional development. 3:05PM 2 What would "New" School Finance tell the 3 state to do under those circumstances? 4 A At a basic level before instituting that 5 type of reform, "New" School Finance would first 3:05PM 6 engage in assessing, for example, whether teachers 7 across the state have already received an adequate 8 level of training on how to use technology in the 9 classroom, and certainly not assume that by placing 10 a computer in every classroom that technology is 3:06PM 11 going to be seen as integrated into the delivery of 12 instruction. So advancing any sort of reform that 13 simply provides computers to classrooms, without any 14 assessment of a teacher's ability to use that 15 computer, and without any assessment of whether 3:06PM 16 professional development either exists or has 17 already been given to teachers, is very 18 shortsighted. 19 Q Would you agree that the assessment that 20 you're describing right there of teacher's ability 3:06PM 21 to make computers a part of classroom instruction -- 22 I mean, calls for a pretty substan -- an assessment 23 that would take a substantial amount of time? 24 MS. LHAMON: Vague and ambiguous. 25 THE WITNESS: I think the amount of time 3:07PM</p>	<p style="text-align: right;">Page 458</p> <p>1 necessary to do that task, compared to the potential 3:08PM 2 waste of placing a computer in a classroom without 3 anybody knowing how to operate that computer in the 4 classroom. 5 Q Let's assume for a second the state has 3:09PM 6 money to fund providing a computer to every 7 classroom in the state of California, and let's just 8 assume for the moment that to assess the extent to 9 which teachers have the professional development to 10 allow them to use that computer in the course of 3:09PM 11 classroom instruction would cost enough that it 12 would mean that the state would only have funds left 13 over to provide computers to half the schools in the 14 state of California. 15 What would "New" School Finance tell us to 3:10PM 16 do under those circumstances? 17 MS. LHAMON: Incomplete hypothetical. 18 Been no information whether there is any other 19 source of funds that could be used. 20 BY MR. SIMMONS: 3:10PM 21 Q The scope of funds is limited to that, to 22 the source they've just -- well, no source, but that 23 is the absolute limit of funds for purposes of this 24 hypothetical. 25 A I think your hypothetical is extremely 3:10PM</p>

<p style="text-align: right;">Page 459</p> <p>1 vague, and I think without further knowing lots of 3:10PM 2 different variables and information, I would not 3 want to comment on that. If you want to restate 4 your hypothetical with more detail, I might be able 5 to comment on it. 3:10PM 6 Q What additional variables would you need? 7 A Well, as I understand it, your 8 hypothetical is saying we have a limited amount of 9 computers; who do we give them to. 10 Q Or do we give them at all. 3:11PM 11 A I'm not prepared to answer the question. 12 I mean, you would need lots more information. 13 Q What information? 14 A What do we do with them? The "New" School 15 Finance might assess which schools have -- don't 3:11PM 16 have computers, but again, I don't -- I don't want 17 to comment on that hypothetical in the context of 18 how vague it is and not having more information. 19 And I'm not a technology expert that would be able 20 to account for which schools might benefit from the 3:11PM 21 limited technology resource that your hypothetical 22 is referring to. 23 Q Let's -- I'll try it another way then. 24 Okay. 25 Let's say that there's a finite set of 3:12PM</p>	<p style="text-align: right;">Page 461</p> <p>1 (The question was read as follows:) 3:14PM 2 "So with half of those resources 3 gone, the state would now, if it 4 undertakes the assessment, the state 5 would now only be able to provide 3:12PM 6 computers to half of the schools or 7 half of the classrooms in California 8 public schools. 9 "What would "New" School Finance 10 advise us about that?" 3:13PM 11 THE WITNESS: I think any attempt to 12 distribute a finite amount of resources without an 13 account of what real needs are is both inefficient 14 and irresponsible spending on behalf of the state. 15 That's my final answer. 3:15PM 16 BY MR. SIMMONS: 17 Q So correct me if I'm wrong, but "New" 18 School Finance would advise if you don't have the 19 funds to conduct an assessment of needs and provide 20 resources to meet the needs, then you ought to not 3:15PM 21 pursue the program? 22 MS. LHAMON: Mischaracterizes the 23 testimony. 24 THE WITNESS: I think your 25 characterization or assumption of the "New" School 3:15PM</p>
<p style="text-align: right;">Page 460</p> <p>1 funds, and with those funds the state could provide 3:12PM 2 a computer to each classroom in the state. 3 Are you with me so far? 4 A Yes. 5 Q And let's say that hypothetically, to 3:12PM 6 determine the extent to which teachers in California 7 are able to use the computer in the course of 8 their -- have had the professional development to 9 allow them to use the computer in their course of 10 the instruction, we would eat up half of that finite 3:12PM 11 set of resources. 12 Are you still with me? 13 A Yes. 14 Q So with half of those resources gone, the 15 state would now, if it undertakes the assessment, 3:12PM 16 the state would now only be able to provide 17 computers to half of the schools or half of the 18 classrooms in California public schools. 19 What would "New" School Finance advise us 20 about that? 3:13PM 21 MS. LHAMON: The assumption of a finite 22 set of funds is what renders the hypothetical 23 incomplete. 24 THE WITNESS: Can you repeat the question, 25 please? 3:13PM</p>	<p style="text-align: right;">Page 462</p> <p>1 Finance approach is incorrect. In no way does "New" 3:15PM 2 School Finance advocate, or advocate for pitting 3 resources -- pitting students against the resources 4 that may be available for them simply on a random 5 basis or on a -- simply on a random basis. 3:16PM 6 The "New" School Finance approach is very 7 explicit in advocating for a full assessment of 8 needs before the distribution of new resources for 9 any policy or reform initiative. 10 BY MR. SIMMONS: 11 Q And so if the money that is needed for the 12 assessment substantially reduces the amount of money 13 necessary for the policy reform, would "New" School 14 Finance advise the state not to even undertake the 15 reform? 3:17PM 16 MS. LHAMON: Incomplete hypothetical. 17 THE WITNESS: I will repeat that "New" 18 School Finance advocates specifically for the well 19 planned and executed -- or strike that. 20 The conceptual frame advanced by "New" 3:17PM 21 School Finance advocates that before implementing 22 any new reform, that the state must responsibly 23 engage in assessing what local needs are. The "New" 24 School Finance does not in any occasion advance any 25 conception of using finite resources without fully 3:18PM</p>

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1 assessing what the needs are at the local level. 3:18PM
 2 BY MR. SIMMONS:
 3 Q I think I can answer this -- ask this a
 4 little bit differently now.
 5 Actually, let's move on to page 49. 3:19PM
 6 MS. LHAMON: Want to take a break?
 7 THE WITNESS: No, thank you.
 8 BY MR. SIMMONS:
 9 Q Down towards the bottom of page 49, it
 10 says, "In terms of the instruments of policy, 3:19PM
 11 however, we come to a central problem. The existing
 12 state funding mechanisms for schools and public
 13 colleges and universities, too, allocate most of
 14 their money through general grants and aid, without
 15 restrictions on local spending." 3:20PM
 16 MS. LHAMON: I heard you say "general
 17 grants and aids," and I think it's "general grants
 18 in aid."
 19 MR. SIMMONS: That's exactly what I was
 20 trying to say. 3:20PM
 21 BY MR. SIMMONS:
 22 Q Do you agree with that statement there
 23 that was just read?
 24 A Yes.
 25 Q So would "New" School Finance advocate 3:20PM

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1 greater restrictions on local spending? 3:20PM
 2 MS. LHAMON: Vague as to "greater" and
 3 incomplete.
 4 THE WITNESS: Can you repeat the question,
 5 please? 3:21PM
 6 (The question was read as follows:)
 7 "Q So would "New" School Finance
 8 advocate greater restrictions on
 9 local spending?"
 10 THE WITNESS: "New" School Finance would 3:21PM
 11 not advocate for any general restrictions on local
 12 spending; however, the "New" School Finance approach
 13 would first engage in both a wide-scale assessment
 14 identifying needs; also identifying best practices
 15 and the resources that are used for best practices; 3:21PM
 16 and then would engage in funding of both needs in
 17 schools in order to meet some desired or some set
 18 level of output that has been created both by local
 19 level and state officials. The identification of
 20 needs would be funded directly in the concept -- in 3:22PM
 21 the framework of the school finance. Local school
 22 districts would have discretion spending those
 23 resources to meet their specific needs, but would
 24 also be held accountable by state level standards,
 25 and to a limited extent, also monitor to assure that 3:22PM

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1 districts are using -- are providing the minimums. 3:22PM
 2 BY MR. SIMMONS:
 3 Q Correct me if I'm wrong, but I thought
 4 with respect to at least one particular minimum
 5 yesterday being textbooks, you testified yesterday 3:23PM
 6 that you did not think that the state should monitor
 7 the availability of textbooks in its public schools.
 8 Is that correct?
 9 A No. I testified yesterday that local
 10 levels should be given discretion to choose 3:23PM
 11 textbooks that are better in line with their needs,
 12 and an appropriate level of textbooks should be
 13 identified by both state and local officials; and
 14 also, the state should fund local levels in order to
 15 meet those minimums and also monitor whether those 3:23PM
 16 minimums are actually being met. That's what I
 17 remember testifying.
 18 Q What role, if any, will local revenues
 19 play under the conceptual framework of "New" School
 20 Finance; locally generated revenues, I should 3:24PM
 21 clarify?
 22 A In the context of California?
 23 Q Yes.
 24 A The "New" School Finance approach
 25 doesn't -- does not -- strike that, please. 3:24PM

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1 If we apply the "New" School Finance 3:25PM
 2 conceptual frame to California, there is no
 3 provision in "New" School Finance that would call
 4 for any reform specifically in how local revenues
 5 are generated and redistributed to local schools. 3:25PM
 6 In the context of California, and in the
 7 context of our conversation, if we were to apply the
 8 "New" School Finance conceptual frame to California,
 9 we would assume that a large majority of dollars --
 10 of resource, of money that flows, is coming from the 3:25PM
 11 state, as is the present situation.
 12 Q Would you take a moment to just review
 13 paragraph 49?
 14 MS. LHAMON: Paragraph 49?
 15 BY MR. SIMMONS:
 16 Q Page 49, last paragraph, that carries over
 17 from page 49 on over to page 50.
 18 A Got it.
 19 Q It seems to me that there are competing
 20 concerns identified in that paragraph that carries 3:27PM
 21 over from 49 to 50.
 22 Do you read that paragraph as explaining
 23 two competing concerns?
 24 MS. LHAMON: Vague and ambiguous.
 25 BY MR. SIMMONS:

<p style="text-align: right;">Page 467</p> <p>1 Q And maybe I can try and help out a little 3:28PM 2 bit more.</p> <p>3 On the one hand that paragraph, to me, 4 seems to say that the "New" School Finance is 5 concerned with spending resources in a way that 3:28PM 6 positively affect schools and classrooms, so to that 7 extent "New" School Finance would want to make sure 8 that funding is dedicated to those practices as 9 opposed to some ineffective use.</p> <p>10 Is that a fair statement? 3:28PM</p> <p>11 A That's a very fair statement.</p> <p>12 Q And so one of the ways that "New" School 13 Finance might want to do that is by ensuring that 14 districts don't get a general grant that they can 15 spend however they see fit. Is that also a fair 3:28PM 16 statement?</p> <p>17 And if I've oversimplified it, please feel 18 free to say so.</p> <p>19 A I think you have oversimplified it only to 20 the extent of not knowing what proportion of the 3:28PM 21 general revenues that state -- that grant that you 22 were speaking to, or percentage after general 23 operating budget or general per pupil expenditure, 24 that grant would be.</p> <p>25 Q Okay. 3:29PM</p>	<p style="text-align: right;">Page 469</p> <p>1 vague and ambiguous as to "competing." You 3:30PM 2 certainly identified two concerns. You're making 3 the assumption they compete.</p> <p>4 BY MR. SIMMONS:</p> <p>5 Q Would you agree with me that that those 3:30PM 6 concerns compete with each other?</p> <p>7 A I don't think that I would disagree 8 because I do not think we characterize it as 9 competing necessarily, but as -- but rather we're 10 identifying one of the core unknowns in approaching 3:31PM 11 a school finance formula that is consistent with the 12 "New" School Finance approach, and that is that we 13 don't know what the local needs are. We don't know 14 what the cost or the extent of what effective 15 practices may demand in terms of resources. We 3:31PM 16 don't know if effective practices that may be 17 identified can be generalized across schools and 18 whether we can actually create some resource 19 category that specifically addresses or specifically 20 identifies a best use. 3:32PM</p> <p>21 In no way does "New" School Finance call 22 for any sort of proscribed use of dollars that would 23 be completely restricted; but consistent with the 24 "New" School Finance in the context of this case, 25 the identification of needs, in tandem with the 3:32PM</p>
<p style="text-align: right;">Page 468</p> <p>1 A And that's -- go on. Actually, and that's 3:29PM 2 part of the school financing; that is, in addressing 3 first what those needs are and in funding those 4 needs accordingly, which in the context of not 5 knowing, may include pots of money that do have -- 3:29PM 6 that do include more discretion or may include pots 7 of money that are distributed for a specific 8 resource category, but restrictive.</p> <p>9 Q Okay. But we have -- let me just try it 10 again quickly. 3:30PM</p> <p>11 We have the one concern, which is -- of 12 "New" School Finance, which is to make sure that 13 districts and schools spend resources effectively, 14 but we also have a competing concern that districts 15 and schools have some discretion in spending their 3:30PM 16 funds.</p> <p>17 Would you agree with that?</p> <p>18 A Yes, that's consistent with the "New" 19 School Finance.</p> <p>20 Q I guess that's what I was trying to refer 3:30PM 21 to by competing concerns that are referenced in the 22 paragraph that carries over from 49 to 50. And what 23 I wanted to find out is, if you know, how can "New" 24 School Finance address those competing concerns?</p> <p>25 MS. LHAMON: It's incomplete as to -- or 3:30PM</p>	<p style="text-align: right;">Page 470</p> <p>1 clear identification of any basic minimums as 3:32PM 2 outlined by any sort of state standards is very 3 important, and the direct funding of those basic 4 minimums through specific resource categories.</p> <p>5 Q Maybe it will help if I just refer to them 3:33PM 6 as concerns and not competing concerns.</p> <p>7 We have one concern, which is to make sure 8 that districts spend resources effectively. Is that 9 a fair statement?</p> <p>10 A Yes. 3:33PM</p> <p>11 Q And we have another concern that at the -- 12 the districts have some discretion to spend their 13 resources as well. Is that a fair statement?</p> <p>14 A Yes.</p> <p>15 Q How, if at all, would "New" School Finance 3:33PM 16 balance those concerns?</p> <p>17 A The balance of those concerns would rely 18 on fully saying what the needs are at the local 19 level. In addition, would also rely on the minimum 20 levels of bare essentials that are identified both 3:34PM 21 by state level standards and by some -- by some 22 state level standards that are created both with 23 local and state level cooperation.</p> <p>24 MR. HILL: Excuse me, Shaun. I have to 25 take a break. Go ahead. 3:34PM</p>

<p style="text-align: right;">Page 471</p> <p>1 MR. POULOS: Is this a good time? 3:34PM</p> <p>2 MR. SIMMONS: That's fine. Why don't we</p> <p>3 take a break.</p> <p>4 (Discussion off the record.)</p> <p>5 BY MR. SIMMONS: 3:48PM</p> <p>6 Q On page 50, in the middle of the page, the</p> <p>7 first sentence of that full paragraph says, "And so</p> <p>8 we see at least two contrary proposals for "new"</p> <p>9 funding mechanisms that are more concerned with</p> <p>10 outcomes." 3:48PM</p> <p>11 Are the two contrary proposals -- well,</p> <p>12 first of all, the two contrary proposals you're</p> <p>13 referring to is one that is exemplified by the work</p> <p>14 of Clune, Dancombe, Yinger and reforms of New</p> <p>15 Jersey; and the other is an approach, a proposal of 3:48PM</p> <p>16 Miles and Miles and Darling-Hammond. Is that</p> <p>17 correct?</p> <p>18 A Yes.</p> <p>19 Q Are those two contrary proposals for new</p> <p>20 funding mechanisms responses to the concerns that 3:49PM</p> <p>21 are expressed in the paragraph above that, above the</p> <p>22 sentence that begins, "And so we see at least two</p> <p>23 contrary proposals"? Actually --</p> <p>24 A Yes.</p> <p>25 Q Well, let me ask it another way. 3:49PM</p>	<p style="text-align: right;">Page 473</p> <p>1 Q At least in part, that first proposal 3:51PM</p> <p>2 addresses the concern that districts and schools</p> <p>3 spend resources in -- spend resources on effective</p> <p>4 uses as opposed to some other use?</p> <p>5 A Yes, that's a fair assessment. 3:52PM</p> <p>6 Q Is there any way that that proposal</p> <p>7 provides discretion to districts to use funds?</p> <p>8 A The approach which is identified in</p> <p>9 New Jersey was an approach that simply identified</p> <p>10 schools without a full assessment as proposed by the 3:52PM</p> <p>11 "New" School Finance, but identified schools based</p> <p>12 on -- identified failing schools based on test</p> <p>13 scores, and then provided additional resources for</p> <p>14 these schools to buy curriculum packages. That was</p> <p>15 the goal, was to bring them up to higher levels of 3:52PM</p> <p>16 achievement.</p> <p>17 Go ahead.</p> <p>18 Q I was going say is that program in</p> <p>19 New Jersey similar to California's II/USP program?</p> <p>20 A Similar only to the extent that it doesn't 3:53PM</p> <p>21 provide additional resources. However, the</p> <p>22 additional resources that were provided in</p> <p>23 New Jersey are much, much higher than anything that</p> <p>24 was provided to the II/USP program in California.</p> <p>25 What is important to point out is that the 3:53PM</p>
<p style="text-align: right;">Page 472</p> <p>1 A No, I understand. 3:49PM</p> <p>2 Q I guess what I was trying to say is you</p> <p>3 know we were talking about balancing the concerns of</p> <p>4 restricting funds to effective uses and permitting</p> <p>5 discretion at the local level. So my question was 3:49PM</p> <p>6 are the proposals that are in -- that the two</p> <p>7 contrary proposals efforts to balance those concerns</p> <p>8 that are identified in that paragraph?</p> <p>9 A The two proposals, the two general</p> <p>10 proposals identified provide examples, provide 3:50PM</p> <p>11 examples that account for some of the -- some of</p> <p>12 the -- strike that.</p> <p>13 The two examples that are provided</p> <p>14 illustrate examples of school reform efforts that</p> <p>15 share some of the characteristics identified by the 3:50PM</p> <p>16 "New" School Finance. The first example, which is</p> <p>17 the Dancombe, Clune and the New Jersey work; an</p> <p>18 attempt to determine, as it states in the paragraph,</p> <p>19 how much more funding is necessary for high need</p> <p>20 schools, and then to provide funds that are 3:51PM</p> <p>21 specifically earmarked for learning programs or</p> <p>22 school reform -- in the context of New Jersey that</p> <p>23 are specifically earmarked to buying packaged school</p> <p>24 reform programs that will ultimately yield -- whose</p> <p>25 objective is to ultimately yield higher achievement. 3:51PM</p>	<p style="text-align: right;">Page 474</p> <p>1 New Jersey program was -- is an example of sort of a 3:53PM</p> <p>2 top down identification of needs, without a full</p> <p>3 assessment, and then a creation of new -- strike</p> <p>4 that -- a distribution of new resources in an</p> <p>5 attempt to create student achievement as compared to 3:53PM</p> <p>6 the second approach, which is identified as that of</p> <p>7 Miles, Miles and Darling-Hammond, which is a bottom</p> <p>8 up approach that involved individual schools</p> <p>9 developing their own strategies, and by first</p> <p>10 identifying what their needs are, and then having 3:54PM</p> <p>11 wide levels of discretion to use resources</p> <p>12 accordingly.</p> <p>13 So these are two examples that identify</p> <p>14 both bottom up and top down approaches to school</p> <p>15 reform, but absent the other characteristics of the 3:54PM</p> <p>16 "New" School Finance approach.</p> <p>17 Q Correct me if I'm wrong, but these are</p> <p>18 examples of assessments, but not necessarily</p> <p>19 statewide assessment of need?</p> <p>20 A The New Jersey example did identify low 3:54PM</p> <p>21 performance schools statewide, yes.</p> <p>22 Q That was using test scores?</p> <p>23 A Test scores is a proxy for achievement,</p> <p>24 yes.</p> <p>25 Q In that sense, the program in New Jersey 3:55PM</p>

<p style="text-align: right;">Page 475</p> <p>1 is at least similar in that sense to California's 3:55PM 2 II/USP program? 3 A Yeah, I would agree those are similar. 4 However, I don't know about the exact levels of -- 5 that identified failing schools in New Jersey 3:55PM 6 compared to California. 7 Q Now, are there limits to the top down 8 approach that is provided on page 50? 9 A Yes. 10 Q What are they? 3:55PM 11 A The limits are that the assessments that 12 were made relied on one factor only, and that was 13 the identification of failing schools by test scores 14 and did not account for the variety of other 15 variables that are important components in 3:55PM 16 identifying what real needs of schools and school 17 districts are. 18 Q Are there any other limits that you're 19 aware of here today? 20 A I think the limitations I've just 3:56PM 21 described are fairly comprehensive. 22 Q How about the bottom up approach that is 23 described on page 51? Are there limits to that 24 approach, that you're aware of? 25 A Let me read the paragraph and familiarize 3:57PM</p>	<p style="text-align: right;">Page 477</p> <p>1 effectively spent." 3:59PM 2 Are there benefits to allowing a school 3 rather than state legislature to define what 4 adequate resources are? 5 A I think there are benefits to allowing 3:59PM 6 schools to identify specific needs, and there are 7 definitely benefits to allowing local level in 8 identifying how they will spend resources. However, 9 I think in relation to the framework of the "New" 10 School Finance, that setting these levels to 4:00PM 11 guarantee that all districts at least provide the 12 minimums would involve both state and local levels. 13 Q I want to turn you back to page 50 again 14 real quickly. 15 There's a reference that -- to one of the 4:00PM 16 contrary proposals, and you say one is exemplified 17 by the work of Clune, Dancombe and Yinger and 18 New Jersey. 19 Are those three separate proposals there, 20 or are they all the same? 4:01PM 21 A They're three separate proposals that 22 were -- that share this idea of top down reform. 23 Q How, if at all, does the proposal by Clune 24 differ from the proposal by Dancombe and Yinger? 25 A To the extent I recall -- but I don't have 4:01PM</p>
<p style="text-align: right;">Page 476</p> <p>1 myself with that again. 3:57PM 2 Q Sure. 3 A Can you ask the question again, please? 4 Q Yeah. I just wanted to know if there are 5 limits you're aware of to the bottom up approach 3:58PM 6 described there on page 51 and go on to 52? 7 A Contained in the examples outlined, there 8 are limits that in the bottom up approach does 9 assume that schools -- and in this example where 10 schools only are the -- it's depending on schools to 3:58PM 11 identify the extent of their local needs. And also, 12 schools in this context are working independent of 13 any straight -- state-driven standards or minimums. 14 So one of the limitations is that this bottom up 15 approach, while it provides a fair amount of 3:58PM 16 discussion which is necessary at the local level, 17 doesn't provide clear minimums or standards that may 18 be set by the state level. 19 Q There's a sentence just a little bit below 20 the middle of page 51, where it says, "This 3:59PM 21 approach" -- I believe that is referring to the 22 bottom up approach -- "allows the school rather than 23 the state legislature to define what adequate 24 resources are, and then relies on the vision behind 25 the reform to ensure that the resources are 3:59PM</p>	<p style="text-align: right;">Page 478</p> <p>1 these in front of me -- the Clune proposal, which 4:01PM 2 was one of the early conceptualizations of adequacy, 3 looked at or proposed that funding would be driven 4 by standards set by the states. Schools not able to 5 meet those standards would be then given additional 4:01PM 6 resources to meet those standards, and that's 7 consistent with what has happened in New Jersey, 8 where schools that were not meeting standards as 9 identified by their school -- their student 10 achievement level on test scores were then given 4:02PM 11 additional money on the assumption that additional 12 money would buy curriculum packages, which would 13 then supposedly lead to increased achievement. 14 The Dancombe Yinger model is applied to 15 New York. And the Dancombe Yinger model is only, if 4:02PM 16 I remember correctly, a conceptual approach, but not 17 something that has been applied. However, I may be 18 mistaken on that, which looks at the same general 19 conceptual frame that Clune had mentioned. 20 Q And if you'll turn to page 52 of the 4:02PM 21 report. That first full paragraph, you will see, 22 "The top down funding mechanism is driven by the 23 need to provide basic funding" -- 24 A I'm sorry? 25 Q I apologize. Page 52 and the first full 4:03PM</p>

<p style="text-align: right;">Page 479</p> <p>1 paragraph, the first sentence of that paragraph 4:03PM 2 says, "The top down funding mechanism is driven by 3 the need to provide basic funding and the incentives 4 for effective spending to all schools." 5 Do you agree with that statement? 4:03PM 6 A I agree with the statement as it 7 identifies how actual top down funding mechanisms 8 have been carried out, yes. 9 Q Can you give me some examples of the types 10 of incentives that can induce, in your opinion, 11 effective spending? 4:03PM 12 A I think that the answer to your question 13 is clearly outlined in pages -- on page 53, where we 14 identify a model formula, three-part funding 15 mechanism, where the formula specifically looks at, 16 No. 1, a formula that would allocate resources to 17 individual school accounts where, following the 18 current logic of adequacy, more resources would be 19 allocated to schools and districts with higher 20 student needs. 4:04PM 21 No. 2, schools could spend some relatively 22 high fraction of these sources by right, though they 23 would be subject to performance standards and 24 incentives as in top-down approaches. 25 The remaining fraction of funds in the 4:05PM</p>	<p style="text-align: right;">Page 481</p> <p>1 is a level of -- there is a level of local 4:07PM 2 discretion involved in how schools will meet 3 performance standards. 4 Q I think my question is just a little bit 5 different, which is how do -- how do setting 4:07PM 6 performance standards create an incentive for a 7 school to spend money effectively? 8 MS. LHAMON: Asked and answered. 9 THE WITNESS: I think I just answered 10 that. 4:07PM 11 BY MR. SIMMONS: 12 Q On page 53 you mention that the three-part 13 formula that you just outlined for us, or three-part 14 funding mechanism, is one possibility. What 15 possibility is being referred to there, if you know? 4:09PM 16 A It's defining the possibility of employing 17 that three-part formula as a general structure to 18 begin -- to begin the creation of any sort of "New" 19 School Finance in the context of not only 20 California, but other states. 4:09PM 21 Q Are there alternatives to that three-part 22 funding mechanism? 23 A Certainly there can be alternatives. This 24 is the general three-part funding mechanism that we 25 conceptualized under the "New" School Finance 4:10PM</p>
<p style="text-align: right;">Page 480</p> <p>1 account, perhaps 10 percent, could be assessed only 4:05PM 2 with a multiyear improvement plan, and spending that 3 would enhance school conditions. 4 The third component of that proposed 5 finance formula is the mechanism for incentives that 4:05PM 6 is conceptualizing the "New" School Finance. No. 2 7 can also be seen as an incentive in allowing wider 8 local discretion to spend dollars, but in accordance 9 with performance standards that are driven by the 10 state. 4:05PM 11 Q How do performance standards provide a 12 school with incentives to spend funds effectively? 13 A Clearly delineated performance standards 14 would demand that schools spend dollars on the 15 practices and on the resource categories that are 4:06PM 16 directly related to teaching and learning. 17 Q So in a sense, would it be more fair to 18 characterize it as a mandate rather than an 19 inducement? 20 A I wouldn't characterize it as a mandate, 4:06PM 21 unless the state would tell the school specifically 22 what -- I would only characterize it as a mandate if 23 the state required schools to use prescriptive 24 teaching models, prescribed specific curriculum 25 packages and the like. And in this approach, there 4:06PM</p>	<p style="text-align: right;">Page 482</p> <p>1 formula that is consistent with the program work 4:10PM 2 which we presented throughout the report. 3 Q What alternatives are there to this 4 three-part funding mechanism? 5 MS. LHAMON: Just vague and ambiguous. 4:10PM 6 Did you mean what alternatives within the "New" 7 School Finance would be available or what 8 alternatives altogether? 9 BY MR. SIMMONS: 10 Q Just with respect to "New" School Finance 4:10PM 11 right now. 12 A I'm not prepared to delineate any clear 13 alternatives without lots more additional time to 14 think about this. 15 Q So as you sit here today, this is the only 4:10PM 16 funding mechanism that -- strike that. 17 As you sit here today you are not aware of 18 any alternative to the three-part funding mechanism 19 that is identified on page 53 in connection with the 20 "New" School Finance? 4:11PM 21 MS. LHAMON: Mischaracterizes the 22 testimony. 23 THE WITNESS: As I sit here today, I'm not 24 prepared to provide a clear and well-planned 25 alternative to the three-part funding mechanism 4:11PM</p>

<p style="text-align: right;">Page 483</p> <p>1 which we already present. The three-part funding 4:11PM 2 mechanism which we created, that is a well-thought, 3 well-researched funding mechanism that took several 4 years to develop. 5 BY MR. SIMMONS: 6 Q Are there any states that use this 7 three-part funding mechanism? 8 A Not that I'm aware of. 9 Q Are there any studies which assess the 10 extent to which the use of this three-part funding 4:12PM 11 mechanism would increase students' access to 12 educational inputs? 13 MS. LHAMON: Vague as to "studies." Are 14 you talking about something other than the report? 15 BY MR. SIMMONS: 16 Q Yeah. 17 A As I've already clearly stated, the "New" 18 School Finance conceptual frame is a conceptual 19 frame that has not been implemented wholesale in any 20 state. However, it's built upon the research which 4:13PM 21 has identified practices in other states, as well as 22 is built upon other conceptual frames that -- that 23 have identified a new approach to creating school 24 finance formulas. 25 Q That third part of the funding mechanism 4:13PM</p>	<p style="text-align: right;">Page 485</p> <p>1 A That's a proposal that was based on our 4:15PM 2 idea that if local needs are fully assessed, and if 3 no local needs are fully funded, that the additional 4 10 percent could act as an incentive for schools to 5 clearly identify, as we indicate, or further 4:15PM 6 identify specific individual needs, and then use 7 that amount of money to fund those specific unique 8 individual local needs. 9 Q If you'll turn to page 54, the first full 10 paragraph there says, "Such a strategy places much 4:16PM 11 greater burdens on district or state officials, or 12 perhaps county officials, to monitor performance and 13 evaluate improvement plans than is now the case." 14 What strategy is being referred to there? 15 A The strategy that is outlined in the 4:16PM 16 paragraph that precede that. 17 Q Which is? 18 A It's a strategy that identifies the third 19 part of the formula. 20 Want me to read it to you? 4:16PM 21 Q Are you familiar with that without reading 22 it? 23 A Yes. It's a strategy that provides an 24 incentive for schools to further identify their 25 local needs and create a school level plan that 4:17PM</p>
<p style="text-align: right;">Page 484</p> <p>1 on page 53 says, "The remaining fraction of funds in 4:13PM 2 their account, perhaps 10 percent, could be accessed 3 only with a multiyear improvement plan, emphasizing 4 spending that would enhance classroom and school 5 conditions." 4:13PM 6 And "their" is referring to schools or to 7 districts? 8 A Schools. 9 Q And -- 10 A It's important to remember, the "New" 4:14PM 11 School Finance formula uses the school's unit 12 analysis, not the district's. 13 Q And why that figure, perhaps 10 percent as 14 the remaining fraction of funds in a school's 15 account that can be accessed only with a multiyear 4:14PM 16 improvement plan? 17 A I think the word "perhaps" is a sufficient 18 qualifier to an estimate of 10 percent. 19 Q I recognize that's fair, that it's an 20 estimate, but I'm just saying why an estimate of 4:14PM 21 10 percent as opposed to an estimate of 20 percent? 22 A Because any number -- any amount beyond 23 10 percent would act either as too strong a sanction 24 or a disincentive to improve. 25 Q And on what do you base that opinion? 4:15PM</p>	<p style="text-align: right;">Page 486</p> <p>1 would identify how they would actually fund -- or 4:17PM 2 the resources that would be necessary to further 3 meet those needs. 4 Q Have you considered at all the magnitude 5 of the greater burdens on districts or state 4:17PM 6 officials, or perhaps county officials, that might 7 result should the strategy be implemented? 8 A I think that -- as we indicate, the II/USP 9 example in California is one idea, is one working 10 example of the great magnitude necessary to actually 4:18PM 11 monitor 1,300 -- nearly 1,300 schools. 12 Q If you can we take a quick break, and 13 shoot through for the remainder until 5:00, is that 14 okay with everybody? 15 MS. LHAMON: Fine with me. 4:18PM 16 MR. SIMMONS: Okay. 17 (Discussion off the record.) 18 (Mr. Poulos not present.) 19 BY MR. SIMMONS: 20 Q Mr. Huerta, if you will turn to page 57, 4:35PM 21 first. 22 MR. HILL: Did you say 57? 23 MR. SIMMONS: Yes. 24 BY MR. SIMMONS: 25 Q And it looks like, if you will -- see down 4:35PM</p>

<p style="text-align: right;">Page 487</p> <p>1 below the midpoint of the page through -- carrying 4:35PM 2 over to page 58, there are a number of potential 3 causes of inadequacy of instructional conditions at 4 the school level? 5 Do you see that portion of the report? 4:35PM 6 A Yes. 7 Q And there's seven different causes or 8 potential causes identified on the report between 9 pages 57 and 58. Is that correct? 10 A Yes. 4:35PM 11 Q Do you have any opinion as to which of 12 those seven causes, if any, is responsible for any 13 inadequacy in instructional conditions in 14 California's public schools? 15 MS. LHAMON: And just so I am sure, when 4:36PM 16 you ask "which of," are you asking for one of them 17 or all of them? 18 BY MR. SIMMONS: 19 Q If it's all of them, too, that's fine. 20 A I think that all of them would have some 4:36PM 21 relation to instructional conditions. 22 You asked instructional conditions? Yeah. 23 Q And on what do you base -- for example, on 24 what do you base your opinion that levels of state 25 and local resources that are inadequate generally 4:37PM</p>	<p style="text-align: right;">Page 489</p> <p>1 that has identified that theme. 4:39PM 2 Q And can you direct me to some of that 3 research? 4 A Some of the research that is outlined in 5 great lengths in the work by the Hedges, Laine and 4:39PM 6 Greenwald team, which in many ways is some of the 7 same research that is outlined in the Eric 8 Hanushek's work as well. 9 Q If you look at page 58, where it says, 10 "Top down solutions can handle the first three of 4:39PM 11 these problems, like changing the level and patterns 12 of state funding, but they can do nothing about the 13 last four problems." And "problems" there are being 14 referred to those potential causes of inadequacy in 15 instructional conditions, correct? 4:40PM 16 A Yes, that's what it says. 17 Q Is it your opinion that top down solutions 18 can handle the first three of the potential causes 19 for inadequacy in instructional conditions, but can 20 do nothing about the last four potential causes? 4:40PM 21 A It's my opinion that top down solutions is 22 consistent with attempting to address the first 23 three needs, the first three causes which we 24 identify. 25 As for the latter four, the latter four 4:40PM</p>
<p style="text-align: right;">Page 488</p> <p>1 are responsible for inadequacy in instructional 4:37PM 2 conditions in the public schools in the state of 3 California? 4 A Consistent with the production function 5 literature that -- which exists and which we have 4:37PM 6 reviewed in this report, and the conclusions that 7 have been made as far as the relationship between 8 resources and student outcomes, and also knowing how 9 some productions have not adequately accounted for 10 all variables that can be related to instructional 4:38PM 11 conditions, yet knowing that when we look back at 12 the formulas that we outlined in the previous 13 section, that resources which are a component of all 14 seven of the different causes which we outlined are 15 invariably related to instructional conditions. 4:38PM 16 Q Let me see if I can ask this a quicker 17 way. I guess, have you gone in to any particular 18 school in the public school system in California and 19 found that there were inadequacies in instructional 20 conditions, and then tried to link that inadequacy 4:38PM 21 to one of the seven causes, one or more of the seven 22 causes that are identified on pages 57 to 58? 23 A I personally have not engaged in any sort 24 of data collection that would have examined that 25 specific concern. However, there's ample research 4:39PM</p>	<p style="text-align: right;">Page 490</p> <p>1 identified causes, that could best be identified by 4:41PM 2 local decision-making process. However, consistent 3 with the wider "New" School Finance approach, some 4 of these would involve both local and top down 5 approaches. 4:41PM 6 Q Which ones would require both local and 7 top down, aside from -- actually, which of the seven 8 would require both local, bottom up and top down 9 solutions? 10 MS. LHAMON: When you say "require" -- 4:41PM 11 MR. SIMMONS: Or -- yeah, that's fair. 12 BY MR. SIMMONS: 13 Q For which of the seven potential causes 14 identified on pages 57 and 58? 15 A I wouldn't identify a specific cause 4:41PM 16 without first assessing what the local needs are. 17 And the last sentence in that paragraph speaks 18 specifically to the concern, and that is that as an 19 all "New" School Finance policy, some bottom up 20 mechanisms are necessary first to identify then to 4:42PM 21 correct inadequacies at the school level. 22 However, as a qualifier, identifying those 23 mechanisms is very dependent upon the wide 24 differential that would exist at the local level. 25 MR. SIMMONS: I'm finished with that 4:42PM</p>

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1 little section. We can either move on or -- 4:43PM
 2 THE WITNESS: Let's call it.
 3 MS. LHAMON: Thanks.
 4 We're off the record.
 5 (TIME NOTED: 4:43 P.M.) 4:43PM
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1 STATE OF CALIFORNIA) ss:
 2 COUNTY OF LOS ANGELES)
 3
 4 I, LANA L. LOPER, RPR, CRR, CSR 9667,
 5 CCR 690, do hereby certify:
 6
 7 That the foregoing deposition of LUIS HUERTA was
 8 taken before me at the time and place therein set
 9 forth, at which time the witness was placed under
 10 oath and was sworn by me to tell the truth, the
 11 whole truth, and nothing but the truth;
 12
 13 That the testimony of the witness and all
 14 objections made by counsel at the time of the
 15 examination were recorded stenographically by me,
 16 and were thereafter transcribed under my direction
 17 and supervision, and that the foregoing pages
 18 contain a full, true and accurate record of all
 19 proceedings and testimony to the best of my skill
 20 and ability.
 21
 22 I further certify that I am neither related to
 23 counsel for any party to said action, nor am I
 24 related to any party to said action, nor am I in any
 25 way interested in the outcome thereof.

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1 I declare under penalty of perjury
 2 under the laws of the State of California
 3 that the foregoing is true and correct.
 4 Executed on _____, 2003,
 5 at _____, _____.
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 10 _____
 11 SIGNATURE OF THE WITNESS
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1 IN WITNESS WHEREOF, I have subscribed
 2 my name this 31st day of March, 2003.
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 4
 5 _____
 6 LANA L. LOPER, RPR, CRR, CSR 9667, CCR 690
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I N D E X
VOLUME III
WEDNESDAY, MARCH 19, 2003
WITNESS EXAMINATION
LUIS HUERTA
 (By Mr. Simmons) 341

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DEPOSITION EXHIBITS
LUIS HUERTA
NUMBER DESCRIPTION IDENTIFIED
14 States and Schools The Political 380
 Economy of Public School Finance
 excerpt pages 5 and 6