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6	UNITED STATES DISTRICT COURT	
7	DISTRICT OF ARIZONA	
8	Roy and Josie Fisher, et al.,	
9	Plaintiffs,	
10	United States of America,	
11	Plaintiff-Intervenor,	
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13	V.	CV 74-90 TUC DCB
14	Anita Lohr, et al.,	(lead case)
15	Defendants,	
16	and	
17	Sidney L. Sutton, et al.,	
18	Defendants-Intervenors,	
19	Maria Mendoza, et al.,	ORDER
20	Plaintiffs,	
21	United States of America,	
22	Plaintiff-Intervenor,	) ) ) CV 74-204 TUC DCB
23	v. ()	(consolidated case)
24	Tucson Unified School District No. One, et al.,	
25	Defendants.	
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On September 8, 2014, the Mendoza Plaintiffs filed an Objection to the School Year
 (SY) 2014-15 Unitary Status Plan (USP) Budget. On September 11, 2014, the Special
 Master commented regarding alleged inadequacies in certain aspects of the budget process,
 criteria, and methodology. TUSD has replied to both the Mendoza Plaintiffs and the Special
 Master.

Unlike last year, TUSD did not file a Notice of Adoption of the Desegregation Budget. Subsequent to revisions made pursuant to directives contained in this Order, TUSD shall file a Notice of Adoption and the revised budget. Last year, following the recommendation of the Special Master, this Court approved the SY 2013-14 USP Budget conditioned on the parties working together and with the Special Master to "develop . . . research based criteria for determining when desegregation dollars may fund all or part of a program to justify expenditures of desegregation money . . . and [to] facilitate the independent audit and program reviews and assessments required under the USP." (Order (Doc. 1477) at 7-8.)

The Court has reviewed the budget provisions for the USP, Section X.B. The USP required the District to propose the methodology and process for allocating funds that are available to it and its schools pursuant to A. R. S. § 15-910(G) and that account for the requirements of this Order ("USP Expenditure Plan"), which TUSD was required to do prior to commencement of the budget process for fiscal year 2013-2014. *Id.* § X.B.1. In response to last year's directive for the development of "research based criteria for determining when desegregation dollars may fund all or part of a program to justify expenditures of desegregation money," the District agreed to use 910(G) funding to "supplement" and not "supplant" other funding sources. (M's Objection (Doc. 1667, Ex. D: USP Budget Criteria at 4.) The USP Budget Criteria are aimed at making funding resource decisions as compared to the methodology employed by TUSD for making funding level decisions for the budgetary needs of the respective USP programs. The Special Master seeks clarification of the principles which underlie the District's use of 910(G) funds. Subsection 910(G) provides: "The governing board may budget for expenses of complying with or continuing to implement activities which were required or permitted by a court order of desegregation . . . which are specifically exempt in whole or in part from the revenue control limit and the capital outlay revenue limit. This exemption applies only to expenses incurred for activities which are begun before the termination of the court order."

The USP Budget Criteria, adopted by TUSD last year by stipulation, do not expound on the "supplant/supplement" definitions beyond a single example of supplanting where 910(G) funds are used to pay a science teacher at a science magnet school for teaching four science classes, but only two are magnet related science classes. The Mendoza Plaintiffs and the Special Master object that TUSD is using 910(G) funding to supplant other source funds for: psychologists, social workers in college and career coordinators, teachers for Culturally Relevant (Core) Courses (CRC), Dual Language Teachers, and Fine Arts teachers in magnet schools. The Special Master explains that in all these areas, 910(G) funding should be offset because without the USP these services would otherwise be funded to some extent from other sources. The Special Master and Plaintiffs assert that 910(G) funds must be reduced by the amount of the other source funding. In other words, 910(G) funding may only supplement other source funds.

<u>Culturally Relevant Course (CRC) Teachers</u>: The Special Master notes that for the most part these are core courses, and core courses have to be offered to all students in the absence of the USP. The CRCs are, however, smaller than non-CRC core courses and, therefore, additional teachers are required due to the "low-threshold"<sup>1</sup> class sizes, and these

<sup>&</sup>lt;sup>1</sup>The Governing Board has approved a target funding formula for the purpose of reducing class sizes across the District for SY 2014-15, which is 1:27. (TUSD Resp. (Doc. 1678) at 7 (citing M Obj. (Doc. 1667-17), Ex. Q at 15), *but see* (TUSD Resp. (Doc. 1678) at 9 n. 4 (arguing there is no basis to use the 1:27 ratio because "it is not the Governing-

additional teachers should receive 910(G) funding. TUSD responds that CRCs are required 1 under the USP and, therefore, subject to 100% funding from 910(G) money. TUSD argues 2 3 it would not be able to undertake CRC courses in the absence of the USP . . . not because TUSD does not realize the significant value of these activities, but because the reality of 4 budget constraints limits its ability to engage in them." (TUSD Resp. (Doc. 1679) at 10.) 5 The Court finds that TUSD may use 910(G) funds to the extent it would not be able to 6 7 provide CRCs without it, and that amount should be as described by the Special Master: the 8 difference between the costs for CRC core courses and regular core courses, with 910(G) 9 funding supplementing the difference. In this way, CRCs cost the District no more in other 10 source funds than normal core courses. The Court finds that assessing this cost does not require "mental gymnastics." The District knows how many students it has to teach in core 11 courses, which logically translates to number of students per class rooms, and number of 12 13 teachers per class room, etc. This number compares with the number of teachers needed for 14 the low-threshold CRCs, with the difference receiving 910(G) funding.

15 <u>Dual Language Teachers</u>. The Special Master and the District agree that 910(G) funding for dual language teachers be based on a "low-threshold" analysis. The Special 16 17 Master seeks documentation from the District to support its assertion that this "lowthreshold" methodology results in 40 dual language teachers. He estimates about half that 18 19 number are needed for SY 2014-15. In response to the Special Master and the Mendoza 20 Plaintiffs, who also make a supplant vs supplement objection, TUSD asserts that it would not 21 be required to provide Dual Language courses but for the USP. This would be a rationale for 100% funding and may account for the difference between the District and Special 22 Master's numbers. It cannot be disputed that TUSD had Dual Language courses long before 23 the USP, and the USP mandated that TUSD consider "adding additional dual language 24 25 programs," (USP II.E.3.i), and to "build and expand its Dual Language programs," (USP

27 Board approved formula).

V.C.1). At the time the USP was adopted, the District had (11) Dual Language programs. 1 2 Id. at II.E.3.i., n. 2.

The Court approves TUSD's "low-threshold" methodology, based on its 1:27<sup>2</sup> ratio, for linking 910(G) funds to Dual Language courses. Assuming TUSD would not expand the Dual Language program but for the USP mandate, then arguably, any new addition of a Dual Language program in excess of the 11 being operated by the District prior to the USP may be fully funded from 910(G) funding. According to the Mendoza Plaintiffs, the District has not added any Dual Language programs. Therefore for purposes of the SY 2014-15 USP Budget, TUSD must reassess the number of Dual Language teachers to receive 910(G) funding based solely on the "low-threshold" analysis.

UHS Portables: It appears the Special Master and the District have resolved the 12 question of 910(G) funding for portable classrooms at University High School.

13 Fine Art Teachers at Magnet Schools: The Mendoza Plaintiffs challenge the use of 910(G) funding for fine arts teachers just because the teacher teaches in a magnet school. (M Object (Doc. 1667) at 7.) The science teacher example provided in the USP Budget Criteria would seem to resolve the use of 910(G) funds for fine art teachers in TUSD magnet 16 schools. It is supplanting to use 910(G) funds to pay a fine-arts teacher at a magnet school for teaching fine-arts classes which are not magnet-related fine-art sections. (M's Object (Doc. 1667-4): USP Budget Criteria.) Given the logic applied above to CRCs, TUSD may not use 910(G) funding to supplant other funding, such as maintenance and operations (M&O) dollars, which without the USP would be spent on traditional or basic fine arts programs in magnet schools, such as band and orchestra in grades K-8. In other words, TUSD's fine arts budget should account for an offset.

Psychologists: The Special Master and the Mendoza Plaintiffs object to TUSD's use of 910(G) funding to pay psychologists and social workers who evaluate and support

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<sup>&</sup>lt;sup>2</sup>*See* n. 1.

exceptional education students and personnel who supervise federal and state compliance.
 The Special Master points out this supplants other funding because with or without the USP,
 this is the work assigned to this staff. The Court agrees with the Special Master that "it is not
 clear why African-American and Latino students, *per se*, have need of psychological services
 beyond those that are provided to other students." (SM Obj. (Doc. 1670) at 4.)

TUSD links the 910(G) funding for psychologists to the USP §§ V.D.1 and V.E.1.a. Section V of the USP covers Quality of Education, including subsection A, Access to and Support in Advanced Learning Experiences (ALEs), such as Gifted and Talented Education Services; subsection B pertains to reading and literacy programs, and subsection C requires the District to expand the Dual Language program. Subsection D, Exceptional/Special Education, was added to the USP by the Plaintiffs Mendoza and provides:

The District shall develop appropriate criteria for data gathering and reporting to enable it to conduct meaningful review of its referral, evaluation and placement policies and practices on an annual basis to ensure that African American and Latino students, including ELL students, are not being inappropriately referred, evaluated or placed in exceptional (special) education classes or programs.

The District asserts that funding for psychologists falls within the objectives of section V, to provide student engagement and support "to improve academic achievement and educational outcomes of the District's African American and Latino students, including ELL students, using strategies to seek to close the achievement gap and eliminate the racial and ethnic disparities for these students in academic achievement, dropout and retention rates, discipline (described in Section (VI)), access to Advanced Learning Experiences (described in Section (V)(1)) and any other areas where disparities and potential for improvement may be identified as a result of studies required by this Order." USP V.E.1.a.

But the data gathering, reporting, and review provisions in subsection D, Exceptional/Special Education, were proposed by the Mendoza Plaintiffs to address a long held concern that the flip-side to under-representation by minority students in ALEs may be overrepresentation by minority students as special education students. In adopting subsection

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D, the Court found Maintaining Inclusive Environments, Subsection E, aimed at preventing
segregation, was inadequate to address the Mendoza Plaintiffs' concern that minority
students may be incorrectly perceived and treated as special need students and, therefore,
placed unnecessarily in exceptional (special) education classes. The Court found that such
racial stereotyping affects student achievement, which is a quality of education concern, and
adopted subsection D, as proposed by the Mendoza Plaintiffs. (Order (Doc. 1436) at 32.)

Psychologists employed in the Exceptional/Special Education department are
responsible for screening students, subsequent to teacher referrals, for proper placement in
special education classes or if not appropriate for placement in special education, the
psychologist determines what resources are appropriate to address the needs of the student.
Nothing about subsection D grows the special education program in respect to minority
students to warrant hiring more psychologists to conduct special educational evaluations.
The goal of subsection D is to limit involvement by minority students in stigmatizing special
needs programs and to avoid perpetuating the stereotype that minority students are special
needs students. Subsection D expressly seeks to prevent inappropriate referrals, evaluations,
and placements in exceptional (special) education classes or programs.

As noted by the Special Master, hiring more psychologists does not ensure they will make non-discriminatory evaluations and placements of minority students in special education classes. More importantly, it is not clear a placement problem exists. TUSD's response does not reflect that its data gathering and reporting has lead to a "meaningful review," which has established "African American and Latino students, including ELL students, are being inappropriately referred, evaluated or placed in exceptional (special) education classes or programs." To warrant 910(G) funding, TUSD must establish that there is a race-based problem and show that hiring more psychologists resolves it.

<u>Student Engagement/Student Support Services and Programs</u>: The above stigma and stereotype concerns exist in respect to TUSD's plan to move the three behavior specialists

previously assigned to the African American and Mexican American Support Services 1 2 Departments (AASSD and MASSD) to the Exceptional/Special Education Department. Unlike white classmates experiencing problems with discipline, "African American and 3 Latino students will come under the jurisdiction of the Exceptional/Special Education 4 5 Department." (M Object (Doc. 1667) at 8.) While not precluded expressly, this proposed reshuffle conflicts at least with the spirit of the USP. 6

The remainder of the Mendoza Plaintiffs's objections are relevant to Student Support Services and Program cost-benefit arguments, which reflect two concerns. First, the Mendoza Plaintiffs complain that data remains unavailable, after repeated requests, for assessing the effectiveness of the student support programs and services being provided under the USP.<sup>3</sup> Second, without efficacy data, Plaintiffs cannot determine whether TUSD is making cost effective program choices.<sup>4</sup>

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<sup>14</sup> <sup>3</sup>This Court recently clarified that in instances where Plaintiffs believe their discovery requests are unanswered, they must first present the discovery request to the Special Master 15 and if the Special Master is unsuccessful in obtaining the discovery, he will present the 16 matter to the Court by a Motion to Compel. (Order (Doc. 1660) at 10.) In this case as in any case, Plaintiffs are responsible for prosecuting it, and may appeal directly to this Court in all 17 matters. The Court is NOT encouraging litigiousness. The Court encourages the parties to 18 develop criteria together so that the applicable standard is clear. For example: there was research-based criteria developed for evaluating program effectiveness; requisite data was 19 gathered corresponding to the criteria; the criteria was applied to the data, with the sole 20 question being whether TUSD's future decisions, including budgetary decisions, are rationally based on its efficacy findings. 21

<sup>&</sup>lt;sup>4</sup>For example, Student Support Criteria forms reflect program effectiveness for three 22 programs: Core Plus, AVID, and AP Summer Boot Camp, but TUSD expands them to a 23 limited extent, (Core Plus \$160,000; AVID \$230,000, AP Boot Camp \$140,000), in comparison to spending over a million dollars for the fine arts programs addressed above and 24 3.5 million dollars for Learning Support Coordinators, a service the Plaintiffs questioned 25 regarding effectiveness last year, which remains challenged this year. The Mendoza Plaintiffs complain that TUSD is not moving quickly enough to implement programs essential to the USP such as the multi-cultural curriculum and culturally relevant courses. The Court believes these substantive arguments regarding the effectiveness of specific

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"Last year, after reviewing the Plaintiffs' objections and the Special Master's 1 recommendations relating to the 2013-14 budget, this Court directed as follows: 'The District 2 3 shall develop research-based criteria and use it to assess student support programs, including the functions of Learning Support Coordinators, evidence for identifying target programs and 4 5 activities and possible redundancy, the use of student outcome data, and research based criteria/design principles." (M Object. (Doc. 1667) at 10 (quoting Order (Doc. 1477) at 5.) 6 7 Subsequently, the parties developed the Student Support Criteria, but the Mendoza Plaintiffs 8 report the criteria were less useful than anticipated with the Student Support Criteria forms failing to capture sufficient program efficacy or student-outcome information. The Court 9 recognizes a link between program effectiveness and the budget to the extent "it makes little 10 sense to examine and make recommendations regarding provisions of a budget without 11 examining the proposed expenditure and the demonstrated or likely efficacy of the activity 12 or action to be implemented." (Order (Doc. 1477) at 4 (quoting Special Master's Objection 13 14 (Doc. 1477-1) at 3.) The Court directs the Special Master to prepare a report for TUSD regarding the adequacy of the Student Support Criteria developed by the parties last year and 15 TUSD's use of the Student Support Criteria forms for evaluating program effectiveness for 16 USP Student Engagement/Student Support Services and Programs. The Special Master shall make specific recommendations to assist TUSD in making improvements or alterations to the Student Support Criteria and forms to be used by TUSD so that budget decisions this coming year are informed by a program effectiveness analysis.

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programs are better challenged by R&R, and Plaintiffs should proceed accordingly, if
 necessary. An R&R is pending regarding the CRCs. Delay regarding implementation of the
 USP is also better challenged within the context of the Court's annual review. Both the
 District Annual Report and the Special Master's Annual Report are before the Court, and the
 parties have filed a stipulated Implementation Plan for the coming year. Substantive
 questions of delay related to implementation of the USP are better addressed in the context
 of these annual reviews or by R&R.

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Professional Development: The Special Master asserts the budget for professional
development is especially important because successful implementation of the USP hinges
on training TUSD's professional staff to effectively do the work mandated by the USP. The
Special Master asks the Court to set aside \$2,000,000 in addition to the \$2,120,949 dollars
TUSD budgeted for professional development. The Special Master advises the Court that
the TUSD budget lacks a systematic approach for determining the costs of professional
development.

According to the Special Master, there are research based approaches for estimating the time it takes to learn instructional practices and general consensus among researchers about the practices that are most essential for effective professional development. (SM Object (Doc. 1670) at 3, and Attachment A: 8/4/14 memo at 2.) And, he provided the District with a synthesis of the relevant research. Id., Attach. A: 8/4/14 memo at 3. The Special Master recommends that the Court require the District to use a research based methodology for estimating the cost of an effective professional development program to be implemented in SY 2014-15. The Court finds there is no rational basis for the professional development budget to be based on last year's budget, when it can instead be based on the USP and the detailed implementation plans set out in the Implementation Addendum (Doc. 1627)). Both contain express program requirements which enable TUSD to identify, specifically, the professional development needed each year to implement the USP. TUSD offers no reason why the professional development budget cannot be based on specific training goals correlated to this year's implementation plans for the USP, and based on who will actually be involved in professional development and the number of hours needed for effective professional development in these specified areas, with the number of hours being estimated using a research based methodology to account for the specific professional development programs being implemented in SY 2014-15. In other words, TUSD should use a systematic approach for determining the costs of professional development.

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Without making a recommendation, the Special Master expressed concern that TUSD's professional development cost estimate is based in part on the cost of using substitute teachers to cover for teachers absent from classrooms for professional development. While this may save money in comparison to paying teachers overtime to attend professional training, substitute teachers have a negative impact on student learning. The Court notes this makes the estimate of actual hours needed for effective training especially important, not just for the budget but for the quality of education being delivered to students in SY 2014-15. In revising the budget for professional development, TUSD should consider ways to minimize to the extent practicable any negative impact on student learning related to professional development.

The Court does not adopt the recommendation for the \$2,000,000 set aside, but it directs TUSD to make a research-based assessment of the time needed to provide effective training in the areas relevant for this year's USP implementation plans, and use a systematic approach to estimating the cost of providing this level of training to specifically identified staff needing professional development in SY 2014-15. Subsequently, TUSD shall revise the SY 2014-15 budget for professional training.

<u>Budget Process and Criteria</u>: Again, the Mendoza Plaintiffs ask the Court to direct that a process and time line be formulated for future budget years. Mendoza Plaintiffs ask that the Special Master and the budget expert formulate a budget process and time line, which will ensure adequate information is provided in time for plaintiffs, the budget expert, and the Special Master to conduct meaningful review of the proposed budget, and that the process and time line be submitted, approved, and adopted by order of the Court. According to the Mendoza Plaintiffs the SY 2014-15 budget process was not an improvement over last year; instead, this year the Plaintiffs received materials later in the year and in a less userfriendly format. The school fiscal year begins July 1, with Board approval of the budget usually occurring in June to be submitted to the State in July. According to the Mendoza

Plaintiffs' brief, the 2014-15 USP Budget was adopted by the TUSD Board on August 12, 1 2 2014 and delivered to the Plaintiffs and Special Master on August 14, 2014, with objections 3 to this Court following in September. The Court declines to discuss adequacy or lack thereof regarding the actual number of days the parties engaged in back and forth discussions 4 5 regarding budget concerns. A process that does not ensure the development and adoption of the USP Budget as part of TUSD's school year budget is inadequate. A delayed USP 6 7 budget forces this Court to address budget issues, as it does now, several months into the 8 school year. The USP Budget should be developed as part of the TUSD annual SY Budget, 9 with time for this Court to make meaningful decisions not mooted by time.

10 Pursuant to the USP § X.B.4, there has been an appointment of a school budget 11 operations expert, agreed upon by the Parties and the Special Master, who is responsible for assessing the funding needs of the USP. Id. X.B.4. This expert is paid by the District and 12 reports to the Plaintiffs and the Special Master. Working within these confines, the Court 13 14 requests the budget expert prepare a report regarding the adequacy of the USP Budget 15 Criteria to meet the requirements of the USP, § X.B, subsections 3 and 4, which shall include a time line with proposed deadlines for the annual budget review process and filing of the 16 17 USP Annual Budget with the Court for approval prior to the June-July deadlines for 18 finalizing the TUSD's SY Budget. The time line should ensure that the annual review for 19 program effectiveness informs the budget process. The budget expert's review shall be a comprehensive assessment of what worked and didn't work in 2013-2014 and this year's budget process, and the USP Budget Criteria and Process adopted in response to the Court's directives last year. The purpose of the budget expert's report is to make specific recommendations to TUSD for necessary improvements or alternatives to the USP Budget Criteria and Process.

The Special Master shall work with TUSD and the Parties to reach agreement regarding the recommendations presented in the budget expert's report for necessary changes

to the USP Budget Criteria and Process. TUSD shall file the Budget Expert's report
 regarding the USP Budget Criteria and Process with the Court, and identify, with explanation
 of whether by stipulation or by objection, any recommendations that were ultimately not
 adopted by TUSD.

The Special Master shall work with TUSD and the Parties to reach agreement regarding his recommendations for changes to the Student Support Criteria and forms for evaluating program effectiveness for USP Student Engagement/Student Support Services and Programs. TUSD shall file the Special Master's recommendations for the Student Support Criteria and forms for evaluating future program effectiveness for USP Student Engagement/Student Support Services and Programs. TUSD shall identify, with explanation of whether by stipulation or by objection, any recommendations that were ultimately not adopted by TUSD.

The Plaintiffs may thereafter file objections with the Court. TUSD may reply, and the Court will take further action, if necessary.

Accordingly,

**IT IS ORDERED** that TUSD shall file a Notice of Adoption of the Desegregation Budget, subsequent to revisions made pursuant to the directives contained in this Order. The budget revisions shall be completed in time to make any necessary program changes for Spring semester SY 2014-15 and Summer school.

**IT IS FURTHER ORDERED** that the Budget Review Criteria and Process is referred to the Budget Expert to prepare the report as directed above within 30 days of the filing date of this Order.

IT IS FURTHER ORDERED that the Student Support Criteria and forms for evaluating program effectiveness for USP Student Engagement/Student Support Services and Programs is referred to the Special Master to prepare a Report and Recommendation (R&R) for TUSD within 30 days of the filing date of this Order. IT IS FURTHER ORDERED that the Special Master and TUSD shall work
 together collaboratively for 45 days to revise the Budget Review Criteria and Process and the
 Student Support Criteria and forms for evaluating program effectiveness for USP Student
 Engagement/Student Support Services and Programs. Thereafter, TUSD shall file the Budget
 Expert's Report Re: the Budget Review Criteria and Process and the Special Master's R&R
 Re: Student Support Criteria and forms for evaluating program effectiveness for USP Student
 Engagement/Student Support Services and Programs.

**IT IS FURTHER ORDERED** that simultaneously, TUSD shall file a Notice identifying, with explanation of whether by stipulation or by objection, any recommendations which were ultimately not adopted by TUSD. Within 15 days of the filing date of the Notice, Plaintiffs or the Special Master may object . In the event of an Objection, TUSD may file a Reply within 7 days of the filing date of the Objection.

DATED this 21<sup>st</sup> day of October, 2014.

David

United States District Judge