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ANNUAL REPORT



JAMES B HUNT, JR INSTITUTE  
*for* EDUCATIONAL LEADERSHIP *and* POLICY



*Phil Bredesen  
Governor of Tennessee*



*Janet Napolitano  
Governor of Arizona*



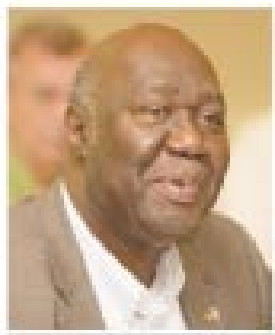
*Jeb Bush  
Governor of Florida*



*Governors Don Carcieri (RI) and Mike Easley (NC)*



*Governors Bob Wise (WV) and Bob Taft (OH)*



*Charles Turnbull  
Governor of U.S. Virgin Islands*



*Thomas Vilsack  
Governor of Iowa*

## FROM THE CHAIRMAN



In an election year that often found the nation divided on issues, providing a quality education for all children continued to be a unifying subject for policymakers and voters. In order for the United States to remain a world leader in an increasingly global economy, the way we educate our children must also be second to none. The children of today are the inventors, innovators, explorers and entrepreneurs of tomorrow, and education is the fuel for their infinite imaginations. We are at a crossroads in our public educational system: will the visionaries of tomorrow come from India, China and Mexico or will they grow and flourish across our 50 states?

During the first of my four terms as Governor of North Carolina, this country embarked on a sweeping national shift from a low-tech, high-wage economy to a high-tech, high-wage economy. Nearly three decades later, the tides are turning again. High-tech, low-wage economies are siphoning off American jobs to countries with cheaper labor.

Leaders in America must come together to demand greater educational opportunities for our children to stem this flood. We must do this through sustained leadership by state policymakers who understand the absolute link between education and economic prosperity. We must do this through encouraging every state to give each child a Smart Start. We must do this through committed leadership for education that radically rethinks how we organize our high schools, how we prepare and pay our teachers and how we measure our students' progress. And, not least of all, we must do this through for programs for exceptional children at both ends of the spectrum. Clipping the wings of our brightest kids to force all students to keep the exact same pace virtually guarantees that visionary ideas which will drive the next economic transformation will not be homegrown.

Improving our public education system is a tall order, I know. But, if the governors, lieutenant governors, state legislators, mayors, chief state school officers, superintendents, principals and teachers whom we have convened and collaborated with during this past year are any indication – America is up to the challenge – and so is the Hunt Institute.

Our work on leadership and governance, education and children's issues helps policymakers navigate through the changes necessary to promote better learning for children. This in turn, elevates the nation's status as a world leader in education and economic growth. As you will see in this report, we are working with some of the most creative and forward-thinking political, business and education leaders in the country to exchange ideas and develop strategies for educational improvement in every state for every child.

That is something on which we all can agree.

A handwritten signature in black ink, appearing to read "John H. Hunt". The signature is fluid and cursive, with a large initial "J" and "H".

## FROM THE EXECUTIVE DIRECTOR



It is hard to believe that we are about to celebrate the third anniversary of the Hunt Institute. From our first Governors Symposium in 2002 to our most recent one in 2004, we have now worked with 30 governors and have increased the number of partnerships we have formed. In just a few short years we have positioned the Institute to influence policymakers in every part of the country and on the national level.

Education is an issue that crosses state, regional and party lines and all of the Institute's programs enjoy bi-partisan support. Our Governors Education Symposia benefit from the participation of both Democratic and Republican governors who join together to probe the critical issues they all face as they work to improve education in their states. The theme of the 2004 Symposium was determined by a representative Board of Governors who identified the recruitment and retention of high quality teachers as the single most critical issue to resolve. Our thanks go to Carnegie Corporation of New York and The Broad Foundation for their generous support for the Governors Education Symposium.

Our work in states across the nation involves partnering with state education and political leaders to support and inform their education agendas. During the past two years, the Institute has also been working with the Wallace Foundation to help further its focus on developing and sustaining excellent leaders. In some states we work on specific challenges such as high school reform, including early college, middle college and career education. In others, our work is focused more generally on a variety of education issues such as teacher quality, mentoring, school leadership, turning around low-performing schools and higher education. The list of states with which we work continues to grow as our reputation for providing political and educational expertise has grown.

In 2004 we began a relationship with the Atlantic Philanthropies, which has recently focused its efforts on improving the conditions of disadvantaged youth ages 8 through 16 – a critical ages for youth development. Governor Hunt and I believe that comprehensive and responsive support systems must be in place to meet the needs of these youngsters so that they can be more successful in school, prosper in their personal lives and make positive contributions in their communities.

In addition to our initiatives in states and on the national level, the Hunt Institute is continuing its special efforts in North Carolina. The Institute enjoys the benefits of being located in Chapel Hill as part of the University of North Carolina. This means that the many superb resources of the University system are available to inform our work. This year, with a generous appropriation from the North Carolina State General Assembly, the Hunt Institute convened its second annual North Carolina Legislators Retreat. The Retreat provided state legislators with the opportunity to think critically about the future of education in North Carolina, specifically the link between education and the economy.

I am very proud of the accomplishments of this past year and look forward to a productive year four. All that we have succeeded in doing is thanks to the incredible commitment, expertise and enthusiasm of the Hunt Institute staff and our team of senior advisers. Many of you who have partnered with us will recognize their names on the last page of this report. I also am indebted to our very wise and supportive Board of Directors who continue to guide our efforts. Governor Hunt and I wish to acknowledge the invaluable contribution that all of them have made, and together we look forward to our work ahead.

*Judith A. Rizzo*

## TRANSFORMING LIVES

A firm belief in the transformative power of education marked Jim Hunt's 16-year tenure as governor of North Carolina. The son of a schoolteacher from rural Wilson County, Hunt brought his state's political, business and education communities together to create one of America's first comprehensive, statewide education reform efforts. In implementing his vision, Hunt strengthened pre-K through college education in North Carolina and propelled the Old North State to economic prosperity. Today, North Carolina is a national model for education reform.

To continue his leadership for education and share his vision with other states, Hunt founded the James B. Hunt, Jr. Institute for Educational Leadership and Policy in 2002.

The Hunt Institute works with incumbent and rising political, business and education leaders to improve public education and help all children succeed in the classroom and in the marketplace.

A simple vision guides the Hunt Institute's work: a belief in the life-changing power of education and the right of every child to an excellent education. A high-quality education provides all students with an equal chance at success in school, in work and in life.

This guiding philosophy has particular resonance in today's global economy. The United States is part of a borderless knowledge-based economy that places a premium on the skills and creativity that blossom from a high-quality education. Without citizens capable of innovation, states will stagnate economically, regardless of how generous they are with business tax incentives and other subsidies. In today's world, education is not simply a social good; it is good business.

In two short years, the Hunt Institute has established itself as a national leader in education policy and governance. The Institute has convened governors, policy officials and legislators from Alabama to Wyoming to share experiences and best practices.

The Hunt Institute has also collaborated with individual states in the development and implementation of state-specific education plans.

In partnership with the Atlantic Philanthropies, the Hunt Institute has expanded its research and policy work into the combination of connected issues – including education – that impact children. Now entering its third year, the Hunt Institute possesses the resources and track record to successfully impact national efforts to help children become America's future leaders, innovators and entrepreneurs.

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*While public education is vital to a state's well-being and economic prosperity, it is buffeted by an array of conflicting political and policy winds. The task of navigating these competing currents frequently falls to governors, who are both the chief executives and chief educational officers of their states.*

*To keep governors informed about current educational issues and best practices, and to assist them in building the coalitions needed to advance and sustain reform, the Hunt Institute gathers governors, legislators and other elected state officials to share their successes and challenges with their peers. Such events give elected officials an opportunity, in the words of Arizona Gov. Janet Napolitano, "to talk directly with other governors about what's working in their states – that's an opportunity a governor doesn't get very often."*

*The world is changing rapidly and education needs to change with it. It was enlightening to hear the different perspectives at the Governors Education Symposium. The speakers were terrific and the content significant.*

**Governor Tim Pawlenty,  
Minnesota**

## 2004 GOVERNORS EDUCATION SYMPOSIUM

Designed by governors, for governors, the Governors Education Symposium is the only forum in the nation dedicated entirely to education issues where governors engage in frank, collegial discussions with one another on the political and policy challenges they face in improving education in their states.

The 2004 Governors Education Symposium, *Education in Your State: Attracting and Keeping Excellent Teachers*, convened

June 10-12 in Asheville, North Carolina. Over the course of two and a half days, a bipartisan group of governors, spouses and education advisers representing 22 states and three U.S. Territories engaged in a discussion on teacher quality with education leaders from across the nation.

Teacher quality is front and center in state policy discussions as governors, legislatures and school districts work to meet the requirements of the federal No Child Left Behind Act, which mandates that all teachers be "highly qualified" by the 2005-06 school year. Meeting these requirements presents policymakers with significant challenges as they seek to fill the hundreds of thousands of teaching positions that will become vacant over the next decade.

Using the Teaching Commission's recent report, *Teaching at Risk: A Call to Action*, as a framework, the 2004 Symposium focused on the three factors identified in the report as critical to ensuring high quality teachers: compensation and performance, leadership and teacher support, and teacher skills and preparation.

Made possible through the generous support of Carnegie Corporation of New York and The Broad Foundation, the Hunt Institute's Governors Education Symposia have, to date, afforded governors from half the states across the nation the opportunity to engage with one another in a dialogue on how to set their education agenda and lead education reform at the state level.



Some Governors at the Hunt Institute's 2004 Governors Education Symposium

## LEGISLATORS RETREAT

While its focus is national, the Hunt Institute has a special relationship with North Carolina. The Hunt Institute strives to serve as a resource to North Carolina political, business and education leaders as the state continues to improve education. In turn, the state serves as a laboratory in which the Hunt Institute creates model programs for innovative ideas in education.

The Institute's North Carolina Legislators Retreat is one such program. In November 2003, the Hunt Institute piloted its first North Carolina Legislators Retreat. Co-sponsored by the leadership of the North Carolina General Assembly and Governor Mike Easley, the Retreat presented a forum for legislative leaders to hear from nationally recognized experts on educational equity, student assessment and demographics and to discuss the critical issues facing North Carolina's public education system. The dialogue encouraged legislators to re-examine goals for the state's education system and explore new strategies to keep the state on the road to continuous school improvement.

Feedback from the more than 50 participating legislators from both political parties was overwhelmingly positive. So

positive, in fact, that the General Assembly created a special appropriation to fund the 2004 North Carolina Legislators Retreat, which examined the link between education and economic growth in North Carolina. Sessions at the 2004 Retreat focused on ways to attract strong business investment and sustain economic growth in North Carolina by better preparing students to enter the job market with appropriate knowledge and skills. The Retreat also considered two of the most critical factors that influence student achievement: how to create successful high schools and how to recruit, prepare and retain excellent teachers.

The format of the North Carolina Legislators Retreat holds great promise for other states to follow in bringing their legislative leaders together in a constructive dialogue that can lead to significant educational improvement. By encouraging legislators to gain access to the best available information on the status of their education systems and to probe what the extensive data that flow from educational research mean for policy, legislation and investment in education, the legislator retreat program helps lawmakers make well-informed decisions on how to apply resources to improve student achievement.



Governor **Mike Easley** and North Carolina State Representatives **Margaret Dickson** and **Richard Glazier**

## LIEUTENANT GOVERNORS SYMPOSIUM

In conjunction with the National Lieutenant Governors Association, the Hunt Institute is planning an education symposium for lieutenant governors. Modeled after the Governors Education Symposium, this two-day event will be tailored to the needs of lieutenant governors as educational policy leaders, and as present and future political leaders of their states.

The proposed Lieutenant Governors Education Symposium will focus on the role of a lieutenant governor in developing state educational policy. The symposium will be structured to provide maximum opportunities for lieutenant governors to exchange ideas with other incumbent and former lieutenant governors, former governors and national education leaders; to learn from each other's experiences and to discuss how to be more effective as educational leaders. The event is scheduled for fall 2005.

*A chasm between the policymaking and academic communities that generate ideas and the front-line teachers and administrators responsible for implementing those ideas often bedevils education reform. This is especially true of efforts to improve teacher quality and cultivate local educational leadership among classroom staff, district officials and elected board members. To bridge the gap between ideas and implementation, the Hunt Institute participated in two programs in 2004 devoted to improving teacher recruitment, training, development and retention.*

## DEANS COUNCIL



**Molly Corbett Broad,**  
President, UNC

In partnership with the University of North Carolina Division of University-School Programs, the Hunt Institute convened all UNC deans of education and North Carolina superintendents from throughout the state in July 2004. The superintendents represented districts varying in size and demographics from metropolitan Charlotte-Mecklenburg to rural Hertford County.

The daylong event on the campus of UNC-Chapel Hill provided deans and superintendents with an opportunity to meet and discuss mutual concerns related to the recruitment, preparation and professional development of teachers. Gov. Hunt and Dr. Rizzo helped frame and facilitate the day's discussions. Breakout sessions deepened participants' understanding of the challenges facing schools and districts and profiled innovative partnerships between local school districts and their local UNC campuses.

**STATE ACTION FOR EDUCATION LEADERSHIP PROJECT (SAELP)**

Funded by The Wallace Foundation, SAELP is a multi-state initiative designed to strengthen the capacity of district and school leaders – including administrators and principals – to raise student achievement. SAELP encourages states to develop and implement plans for preparing school and district leaders to work effectively; provide incentives for recruiting school leaders; and promote effective working conditions that result in improved student achievement. SAELP focuses on ensuring that state laws and policies are aligned with these goals and coordinated with local efforts. Currently, SAELP provides funding to 21 states.

The Hunt Institute joined the SAELP project in November 2003 to assist governors in their efforts to improve educational leadership in their states as both a goal and as a means to continue public education reform and raise student achievement. The Hunt Institute brings a unique perspective to this project through its core belief that governors must be the leaders in education for their state and can be a key lever for influencing education reform to improve student achievement.

To date, the Hunt Institute has worked with Governor Mark Warner (Virginia) and Governor Sonny Perdue (Georgia) and their state SAELP teams to create state-specific education agendas that focus on school leadership. The Institute's work with Governor Warner on teacher quality in hard-to-staff schools influenced the theme of the Hunt Institute's 2004 Governors Education Symposium. The Hunt Institute has worked with Governor Perdue and his staff to outline key areas of need for Georgia. As a part of the SAELP project, the Institute will continue to support both of these states as they implement education reform initiatives and develop policy proposals to advance educational leadership practices.

In addition to work in Virginia and Georgia, plans are underway for the Hunt Institute to begin assisting up to three more Wallace/SAELP states in their efforts to improve education. The Hunt Institute extends the knowledge and experience it gains through its work with the Wallace Foundation to its collaborations with non-SAELP states to further promote school leadership reform initiatives on a national scale.

*Governor Hunt's commitment to children's issues spans his entire public service career. While governor, he created Smart Start, a public-private partnership that provides comprehensive, affordable, quality child care, health care and family support to North Carolina's young children and their families.*

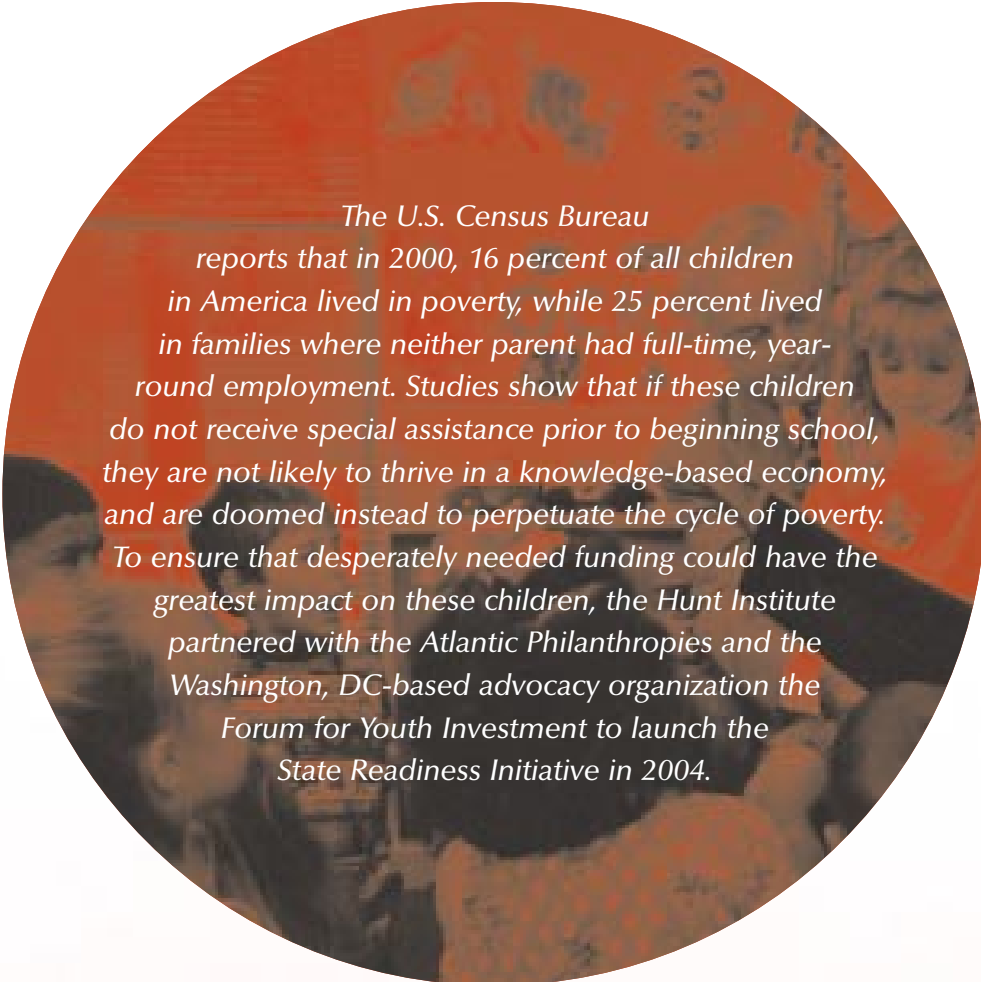


While **Smart Start** is now almost a brand name for publicly-supported preschool education, Governor Hunt's revolutionary brainchild is really much more. Launched in North Carolina in 1993, **Smart Start** is the hub that connects all the spokes in a child's community – family, church, school, government and business – to ensure that every child in the state begins school healthy, safe and prepared to succeed. In **Smart Start**, Hunt created an innovative approach for a community-based early childhood system, supported by a combination of state and private-sector investment. North Carolina was the first to fund such a statewide system that caters to the *whole child* with health, education, parent-support and child care services. Today, Hunt's pioneering program encompasses all 100 counties in North Carolina and is a model for **Smart Start** programs in more than a quarter of the states across the country.

## SITE READINESS INITIATIVE

The Hunt Institute's State Readiness Initiative for the Atlantic Philanthropies surveys current conditions in cities and states across the country to assess the status of services for disadvantaged youth. The information amassed for the project will help guide the Atlantic Philanthropies' investments aimed at improving and expanding coordinating intermediaries, direct service providers and advocacy organizations with an emphasis on after-school initiatives. Like Governor Hunt did for preschoolers with Smart Start, the Atlantic Philanthropies plans to develop children and youth networks that bring together public and private sector partners with local control to establish out-of-school time programs and initiatives.

The State Readiness Initiative will help the Atlantic Philanthropies identify five to six states and cities ripe for large-scale philanthropic investment to assist disadvantaged youth. In early 2005, the Hunt Institute will complete work on profiles for 12 potential pilot sites. The profiles analyze the needs, resources and leadership capabilities of each site, as well as study the public will for children's issues reform, current state policies toward disadvantaged youth and coordination between the government and non-governmental sectors that exist in each potential investment site. The Atlantic Philanthropies plans to select several city/state sites for deep and sustained investment. Grants to these sites will be announced by early 2006.



*The U.S. Census Bureau reports that in 2000, 16 percent of all children in America lived in poverty, while 25 percent lived in families where neither parent had full-time, year-round employment. Studies show that if these children do not receive special assistance prior to beginning school, they are not likely to thrive in a knowledge-based economy, and are doomed instead to perpetuate the cycle of poverty. To ensure that desperately needed funding could have the greatest impact on these children, the Hunt Institute partnered with the Atlantic Philanthropies and the Washington, DC-based advocacy organization the Forum for Youth Investment to launch the State Readiness Initiative in 2004.*



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**Report of Independent Auditors**

To the Board of Directors of  
James B. Hunt, Jr. Institute for  
Educational Leadership and Policy  
Foundation, Inc.

In our opinion, the accompanying combined statement of financial position and the related combined statements of activities and of cash flows present fairly, in all material respects, the financial position of the James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (the "Institute") at June 30, 2004, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

November 30, 2004

# FINANCIAL HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION

### Assets

Current assets	
Cash and cash equivalents	\$ 1,377,597
Total assets	<u>\$ 1,377,597</u>

### Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 17,279
Total liabilities	<u>17,279</u>
Unrestricted net assets	526,985
Temporary restricted net assets	<u>833,333</u>
Total net asset	<u>1,360,318</u>
Total liabilities and net assets	<u>\$ 1,377,597</u>

Accounts payable ■  
Unrestricted net assets ■  
Temporary restricted net assets ■



## STATEMENT OF ACTIVITIES

### Changes in unrestricted net assets

Revenue and gains	
Corporate gifts	\$ 51,500
Foundation grants	685,986
Interest and dividends	8,580
Multi-year grants	666,667
Other	8,750
Total unrestricted revenues and gains	<u>1,421,483</u>

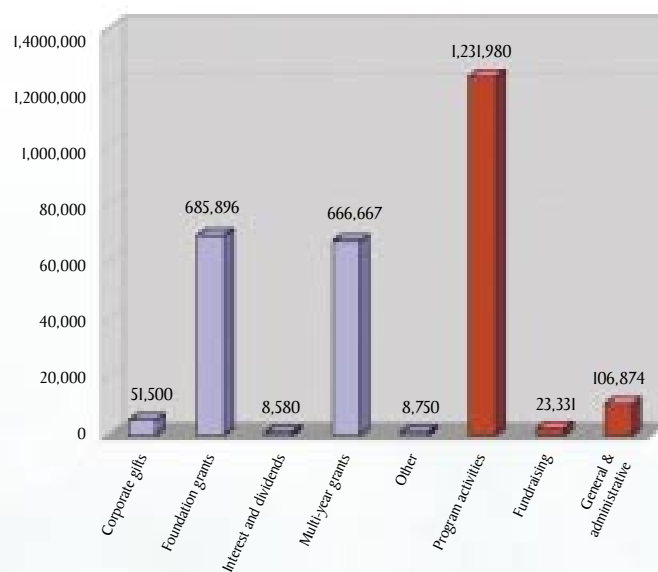
Expenses	
Program activities	1,231,980
Fundraising	23,331
General and administrative	106,874
Total expenses	<u>1,362,185</u>
Increase in unrestricted net assets	<u>59,298</u>

### Changes in temporary restricted net assets

Foundation grant	1,500,000
Multi-year grants	(666,667)
Change in temporarily restricted net assets	<u>833,333</u>

Increase in net assets	892,631
Net assets at beginning of year	<u>467,687</u>
Net assets at end of year	<u>\$ 1,360,318</u>

Revenues and gains ■  
Expenses ■



## PRINCIPALS & STAFF

The Hunt Institute's success hinges on the talent and work of a diverse group of directors, staff, advisers and partners. These individuals possess a depth and breadth of political, public policy, business and educational backgrounds that keep Hunt Institute's leadership for education, governance and children's issues at the national vanguard.

### **Gov. James B. Hunt, Jr., *Chairman***

Jim Hunt served four terms as governor of North Carolina (1977-1985; 1993-2001). As governor, Hunt dedicated himself to improving education in the Tar Heel State. He championed one of the nation's first school accountability plans, raised teacher salaries and created Smart Start. Hunt also devoted himself to improving teacher quality. In the 1980s, Gov. Hunt co-chaired the panel that established the National Board for Professional Teaching Standards, which certifies accomplished teachers. Today, Hunt is a partner in Womble Carlyle Sandridge & Rice, one of the Southeast's leading law firms. Hunt continues to devote himself to bipartisan efforts to improve education in America.

### **Judith A. Rizzo, Ed.D, *Executive Director and CEO***

Prior to becoming the first executive director of The Hunt Institute, Rizzo served as Deputy Chancellor for Instruction at the New York City Board of Education. There, she created the Chancellor's District, targeting the city's lowest-performing elementary and middle schools. Until the program was disbanded in 2004, the Chancellor's District had unprecedented success at turning around low-performing schools and served as an effective model adopted by states and municipalities nationwide. Rizzo's accomplishments also include creating the Early Childhood Language Assessment System, New York State's first early childhood standards system, and working to build a consortium of private philanthropies to fund large-scale replication of the small high schools Rizzo studied and supported during her tenure in New York.

### **Staff and Advisers**

William Ewell, Policy Research Associate

Karen Garr, Senior Adviser

Michael Gilligan, Chief Financial Officer

Tate Gould, Policy Research Associate

Lisa Guckian, Senior Project Coordinator

Jim Kelly, Senior Adviser

Howard Lee, Senior Adviser

Michele Lockwood, Program Assistant

Lynda McCulloch, Associate Director

Kellie Murphy, Deputy Director for Communications

Janice Nicholson, Assistant to the Executive Director

Mike Usdan, Senior Adviser

## BOARDS

### **Board of Directors**

Gov. James B. Hunt, Jr., Chairman

Evan Bayh, United States Senator, Indiana, 1999 –

Molly Corbett Broad, President, University of North Carolina

Michael N. Castle, United States House of Representatives, Delaware, 1993 -

John Engler, Governor of Michigan, 1991-2003

Joel Fleishman, Director, Center for Ethics & Public Policy, Duke University

Kati Haycock, Director, Education Trust

James Holshouser, Jr., Governor of North Carolina, 1973-1977

Robert Ingram, former CEO and President of GlaxoSmithKline

Barbara Kelley, Chair, National Board for Professional Teaching Standards

Thomas Lambeth, Senior Fellow, Z. Smith Reynolds Foundation

Charles Miller, Chairman, Meridian National, Inc.

Paul Patton, Governor of Kentucky, 1996 -2003

William Raspberry, Columnist, Washington Post

Diane Ravitch, Research Professor, New York University

Joseph and Carol Reich, Co-Founders, beginning with children, inc.

Ben Ruffin, President, Ruffin Group

Edward B. Rust, Jr., Chairman and CEO, State Farm Insurance Companies

Ted Sanders, Former President, Education Commission of the States


Robert Wehling, Vice Chairman, National Board for Professional Teaching Standards

J. Bradley Wilson, Sr. Vice President, Blue Cross and Blue Shield of North Carolina

### **Board of Governors**

A Board of Governors chaired by Gov. Hunt oversees the Governors Education Symposium and other Hunt Institute leadership and governance initiatives. A bipartisan group drawn from across the nation, the Board of Governors ensures that the Hunt Institute remains informed about the changing education policy landscape and addresses issues of particular concern to governors. Current Board of Governors members include former governors Roy Barnes (Georgia) and Marc Racicot (Montana) and incumbent governors Dirk Kempthorne (Idaho), Janet Napolitano (Arizona) and Robert Taft (Ohio).



 JAMES B HUNT, JR INSTITUTE  
*for* EDUCATIONAL LEADERSHIP *and* POLICY

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