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MEMORANDUM

DATE: May 28, 2009

TO: TechMIS Subscribers

FROM: Charles Blaschke and Blair Curry

SUBJ: IDEA Stimulus Guidance Modification; FY 2010 Proposed Budget Analysis; and School Turnaround Approaches

On May 13th, we sent TechMIS subscribers our analysis of the proposed FY 2010 education budget which pretty much confirmed that one of the highest priorities -- if not the highest priority -- of this Administration will be school improvement in the 5,000 plus lowest performing schools. Also, USED will be conducting many more grant competitions at the Federal level in order to have more control over the process and ensure that grantees that are selected will address targeted priorities with "encouraged" initiatives. Please contact us if you did not receive the May 13th report.

This TechMIS issue includes an important analysis of an evolving Federal policy on IDEA Section 613 ("local adjustment") stemming from a recent USED "guidance modification" which specifies the conditions under which a district can use up to 50 percent of its IDEA increase to "free up" an equal amount of local funding which may be used to purchase any products and services allowable under ESEA. The final resolution and clarification of these conditions, which are being hotly contested by groups such as AASA, NSBA, and the Council of the Great City Schools, will determine how much of the potential $6 billion of IDEA stimulus funds can be used by districts to "free up" such local resources.

The Washington Updates included in this issue address the following areas:

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  In two recent reports, Governors and Chief State School Officers laid a foundation for increased funding and a framework for improving the quality of Extended Learning Opportunities/afterschool programs which could provide new marketing opportunities immediately and in the long run. A preliminary review of district plans to spend Title I stimulus funding suggests the vast majority of initial obligations/expenditures will focus on expanded summer school programs and subsequent afterschool programs.

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  In an E-Rate update, we have identified districts which are receiving potential E-Rate refunds for purchasing non-eligible products and services. Also included are findings from a recent Government Accountability Office survey which identified the perceived high-demand eligible E-Rate services and products applicants will likely be purchasing and the highest non-eligible product priority -- increasing the number of or replacing existing computers for students and library patrons.

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  Some small- to medium-sized districts under certain conditions can offer good opportunities for purchases of high-cost products and services which have low-reoccurring costs; these similarly-situated districts are those receiving large percentage increases in Title I funds and also are eligible to take advantage of the Section 613 local adjustment provision to free up an amount of local resources using up to 50 percent of their increase in IDEA funds.

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  A recent report, cited by Secretary Duncan in recent speeches, from the Broad and Gates Foundations urges SEAs, and in turn districts, to use "transparent performance contracts" and similar approaches to turnaround the lowest-performing schools, including middle and high school "dropout factories." While the report urges that these schools be closed and then reopened to be operated by charter school entities, there are numerous opportunities for performance-based types of contracts to be used by many TechMIS subscribers who can partner with districts using School Improvement Grants and related funding to help these schools exit from corrective action or restructuring status. Inclusion of performance guarantees also increases the probability of approval of multi-year contracts beyond the two years restrictions on the obligation of stimulus funding.

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  Under "Miscellaneous Items," TechMIS subscribers should be aware of
    - A new practice guide regarding district selection and use of RTI approaches to assist students having difficulties with mathematics at both the elementary and middle school levels.
    - A regulatory change which would allow school districts to receive Medicaid reimbursement for certain related services, amounting to $4 to $5 billion over five years. Such reimbursements are used by many districts to purchase instructional software and materials.
    - A guidance modification issued on May 11th which strongly implies that states and districts that use stabilization stimulus funding for new facilities construction will not be considered for competitive funding under "Race to the Top" competitive grants; this should increase the amount of stabilization funds, where possible, to be used for in-classroom-type instructional materials and related purchases.
    - Passage by the House of the 21st Century Green High Performing School

Facilities Act which, however, may fail to generate support in the Senate.

Topics addressed in the state profile updates include Federal stimulus funding, state budget issues, performance-based pay initiatives, instructional materials purchasing, and new assessment structures.

Stimulus Funding Alert: Policy Evolving on Section 613 (Local Adjustment Provision) Conditions Under Which Districts Can Use 50 Percent of IDEA Increase to "Free Up" Local Funds

A Technology Monitoring and Information Service (TechMIS)
SPECIAL STIMULUS FUNDING ALERT

Prepared by:
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May 28, 2009

Federal and state policy appears to be evolving regarding the conditions which districts must meet in order to use up to 50 percent of their increase in IDEA funding to "free up" local resources which can be used to purchase products and services. Section 613, the so-called "Local Adjustment Provision," provides some of the greatest opportunities for many TechMIS subscribers (see related Washington Update item) to earn district purchases of their products and services allowable under ESEA if the district meets certain conditions, which are the primary focus of the evolving policy. Heretofore, Section 613 policy had not been seriously addressed because of the relatively small year-to-year increases in IDEA funding.

Recent Federal policy has been to determine if the state meets the requirements of IDEA or whether it needs "assistance" or "interventions" in implementing requirements. New USED policy, as stated in "guidance modification" under ARRA (April 13th), is to ask the state to apply the conditions placed upon it to the districts to determine whether or not districts meet IDEA "requirements" before the districts can take advantage of Section 613. As Jeff Simering, lobbyist for the Council of the Great City Schools, wrote in the May Urban Educator, "Thousands of school districts -- including the majority of school districts in some states -- may be precluded from using this provision, however, by the Department of Education because of how it is being interpreted by agency staff."

The exact language of Section 613 says, "State prohibition -- not withstanding clause (i), if a State educational agency determines that a local educational agency is enable to establish and maintain programs of free appropriate public education that meet the requirements of subsection (a) or the state educational agency has taken action against the local educational agency under section 616, the State educational agency shall prohibit the local educational agency from reducing the level of expenditures under clause (i) for that fiscal year." The question here is what constitutes SEA "action" against the LEA under Section 616. Under Section 616, the Secretary of Education, based on monitoring and other reports, has responsibility for determining if the state: "(i) meets the requirements and purposes of this part; (ii) needs assistance in implementing the requirements of this part; (iii) needs intervention in implementing the requirements of this part; or (iv) needs substantial intervention in implementing the requirements of this part."

One policy interpretation, which is being contested by school groups as AASA, NSBA, and CRCS, is whether the requirements of needing "assistance" or "intervention" that may apply to a state should be applied to all LEAs in the state. Another contested condition is, if an SEA determines that a district is not meeting requirements of IDEA (including meeting "targets" in the state's Performance Plan) and that the LEA is "needs assistance," "needs intervention," or "needs substantial intervention," then the SEA must prohibit the district from reducing its Maintenance of Effort under Section 613. In addition, USED's April 13th "guidance modification" includes an interpretation that, if a district is required to set aside 15 percent of the IDEA allocation for early intervening services because the district has been identified as having significant disproportionality, the district would not be able to reduce local maintenance of effort (MOE) under Section 613. This interpretation is somewhat in conflict with provisions in the 2004 IDEA reauthorization which places only a limit on the amount which can be reduced in MOE under Section 613 (see related Washington Update item). Earlier USED guidance for IDEA stimulus funding (see March 10th TechMIS Stimulus Funding Alert) encouraged districts to use any freed-up funds under Section 613 for early intervening services and response to intervention. The April 13th guidance goes beyond mere "encouragement."

Another policy interpretation says that, if an SEA has taken any "action" against an LEA that "needs assistance" or "needs intervention," the LEA would be forbidden from taking advantage of Section 613.

The most recent policy letters from USED to SEAs have indicated the Secretary's determination as to which of four assistance categories each state fell under. According to sources involved in negotiations, 13 states were found to "meet the requirements and purposes" of IDEA, while 31 were found to "need assistance" and seven were determined to "need intervention." None were found to need "substantial intervention." The 13 states meeting the requirements are Alaska, Arkansas, Delaware, Hawaii, Iowa, Kansas, Missouri, Oklahoma, Pennsylvania, South Dakota, Utah, Vermont, and Virginia. Under USED policy, LEAs which have not been identified as having "disproportionality" in these states would be allowed to take advantage of the Section 613 Local Adjustment Provision and use up to 50 percent of their IDEA increase to free up local resources with some limitations. On the other hand, six states (Colorado, Iowa, Mississippi, New Mexico, Rhode Island, and Texas) and the District of Columbia were found to "need intervention." Again, under new USED policy, many districts in these states may not be able to take advantage of the opportunities under Section 613, particularly those districts for which the SEA has taken "action."

As pointed out in the May 20th issue of Education Week, SEAs are required to make Section 616 "determinations" about the performance of school districts in meeting targets in state performance reports, but are not required to post data on whether a district "needs assistance" or "needs intervention" nor the type of any "action" that has been taken. The

Advocacy Institute located in Marshall, Virginia, however, has created a website (www.IDEAMoneywatch.com) which does gather and provide some information about districts' performance rankings, as well as whether districts have to set aside 15 percent of IDEA funding for early intervening services because it has been identified as having substantial disproportionality. The degree to which these data postings are considered "official" by the SEA is unclear.

On April 30th, the Center on Education Policy conducted a forum on the Federal role in education in which several of the groups opposing USED interpretations, as reflected in the April 13th "guidance modification," spelled out their specific concerns. Mary Kusler, lobbyist for the American Association of School Administrators, argued forcefully for more districts being able to take advantage of Section 613. AASA was responsible for this provision's inclusion in the 2004 IDEA reauthorization: "So if the federal government steps up to the plate and pays its share of special ed, local districts should be allowed to reclaim their local dollars, not the federal dollars, their local dollars that they have been putting in special ed and move them back into general fund balance for educational purposes. Now it seems that the states here are taking a very narrow -- by the direction of US Department of Ed, interpretation of who is eligible for this flexibility. And so we're really disappointed to see that they are letting very few districts take advantage of this flexibility." Jeff Simering, of the Council of the Great City Schools, raised another issue which he invited the Congressional Research Services to address: the interaction between Section 616 and Section 613(f) goes beyond the extent to which districts can take advantage of the 50 percent increase freeing up local resources: "There's another issue with regard to early intervention and the interaction between 616 and 613F and in the maintenance of effort provision that is also going to have an impact on whether districts can do this. And potentially have a chilling effect on early intervening services and RTI."

As a result of the CEP forum, CEP sent a letter to Secretary Duncan on May 19th in which it included "several suggestions" for implementation of ARRA. CEP Executive Director Jack Jennings noted that because of the importance of the issues and recommendations, this letter has been posted on the CEP website. Regarding the issues related to Section 613, CEP suggested, "The U.S. Department of Education should work with the education community to review the rules on the limitations of local school districts utilizing the IDEA 50% flexibility to try in order to address the concerns expressed at the forum without diminishing services for students with disabilities."

For a copy of the letter and transcript of the April 30th CEP forum, go to: www.cep-dc.org

Washington Update

Vol. 14, No. 6, May 28, 2009

Governors/Chiefs Lay the Foundation for Increased Funding and Framework to Improve Quality of Extended Learning Opportunity (ELO)/Afterschool Programs Which Could Provide New Opportunities Immediately and in the Long Run

The foundation for increased funding and a framework to expand and improve the quality of extended learning opportunities (ELOs), including afterschool programs, are included in two new reports, which signal the "kickoff" of a major Obama/Duncan initiative.

Referred to as the "first scientific study" which assesses the current investment in afterschool programs, "Roadmap to Afterschool For All" was conducted by the Harvard School of Public Health for the Afterschool Alliance. It concludes, "Currently the federal government contributes only 11% of the cost of afterschool, while 29% of children in afterschool meet the federal government's definition of low-income and in need of federal assistance." Noting that, on the average, parents pay more than three-quarters of the cost of afterschool through tuition and fees, the *Roadmap* calls for a Federal investment of $17.9 billion which would help provide 5.6 million low-income youth with academic enrichment and a safe environment in afterschool programs. Even though Candidate Obama called for a doubling of Federal funding for the 21st Century Community Learning Centers programs (which represents about half of all Federal afterschool funding) and Secretary Duncan has mentioned the Chicago Public Schools afterschool initiatives over the last eight years in virtually all his public speeches, funding in the FY 2009 appropriations bill included only a $50 million increase for 21st Century Community Learning Centers. However, it did encourage states and districts to ensure that 40 percent of the increase would be used at the middle and high school levels. The Afterschool Alliance *Roadmap* also concludes, "The federal government can begin working up to its share immediately with the FY2010 federal appropriations process. Significant increases to 21st CCLC and the Child Care Development Block Grant could go a long way to help families quickly."

The framework for creating comprehensive high-quality extended learning opportunities can also be gleaned from "The Quality Imperative: A State Guide to Achieving the Promise of Extended Learning Opportunities," (released concurrently with the *Roadmap*) by the Council of Chief State School Officers and the National Governors Association's Center for Best Practices. Some of the specific opportunities for TechMIS subscribers can be inferred from recommended state actions based on successful models and approaches in several of the leading ELO states.

One of the recommended state actions is to expand efforts to measure "the extent to which ELOs meet program standards and demonstrate expected results." Here, the

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report points to several instruments developed and used extensively in Massachusetts. One is the Survey of Afterschool Youth Outcomes (SAYO); another is the Assessing Afterschool Program Practices Tool (APT) which helps local afterschool operators to compare practices to program standards. The NGA report notes that these instruments are "adaptable, rely on multiple sources of data, are statistically sound, and are reasonable and research-based."

Another state action step would be to "provide incentives to improve ELO quality." Here, the report recommends such mechanisms as "tying funding to ELO quality levels," including competitive grant programs in which only the highest quality programs receive funding and tiered reimbursement systems which provide more funds to afterschool programs with higher levels of quality." Firms with instructional programs, for example, could partner with local operators in such a way that incentives -- based on the performance of students -- could be shared, which could also further increase quality of partnership support. According to the report, 13 states have Quality Rating Systems that have been used to provide districts and other entities with incentives to improve quality. The standards or benchmarks of a Quality Rating System could include staff qualifications, professional development, curriculum and assessment procedures, and partnerships with family and community.

The report also emphasizes that SEAs can influence the quality of local ELOs through existing provisions in the 21st CCLC program. Some of these aspects include determining the amount and duration of grant awards and establishing priorities in state competitions that are beyond those in the Federal regulations.

Perhaps one of the greatest ELO opportunities that could be created under state actions would be in the area of professional development which currently is neither provided extensively nor even encouraged under Federal 21st CCLC funding. In the area of certification, the report cites California's Afterschool Education and Safety program, funded in 2006-07 at over $500 million, as requiring "all staff members who directly supervise participants must meet the minimum qualifications, hiring requirements, and procedures for an instructional aide in the school district." Another SEA action recommendation would be to support a strong "ELO workforce." Specifically, the report cites the examples of Kansas and Missouri that have created a framework for professional development activities by establishing "core knowledge and competencies" that are required for afterschool workers. It also cites Ohio and North Carolina as examples of states that have created a "one-stop shop for accessing information on professional development offerings."

Finally, the NGA/CCSSO report also notes that SEAs have an important approval role in determining which providers, including those operating ELO programs, have the necessary qualifications and track records to provide SES. As we noted in our April 29th TechMIS Special Report, under the revised Title I regulations, districts that are identified for improvement will, in the immediate future, be allowed, under a waiver process to provide their own SES which could provide opportunities for districts to use SES reimbursements to continue funding greatly expanded afterschool programs using stimulus money over the next year or so. As the report notes, "States are responsible for determining what providers are eligible to provide SES, and they can structure and refine the application process to help ensure that only providers meeting established criteria related to quality services are approved."

Even though the amount of funding for 21st CCLC in the FY 2010 budget has yet to be determined by Congress (the program has been level-funded in the President's FY 2010 budget request). It is clear that one of the major immediate uses of Title I stimulus funding, and most likely stabilization funds, in certain states will be for greatly expanded summer school and afterschool programs. With the increased accountability and reporting how funds are being used, along with the opportunity and incentives for "entrepreneurial" districts to test approaches to determine which are the most effective and which could qualify them to receive subsequent State Incentive Funds, including Innovation Funds, many of the recommended actions in the report will likely be implemented by states in the very near future. This, in turn, could provide immediate and long-term opportunities for firms with appropriate products and services.

For a copy of the report go to: http://www.afterschoolalliance.org/advocate.cfm?story_id=4001147 and www.nga.org/files/pdf/0904ELOQUALITYIMPERATIVE.pdf

E-Rate Update on Districts With "Potential" E-Rate Refunds for Purchasing Non-eligible Products and Services

As we attempt to do every quarter, we have included a list of districts that recently received funding commitments from the SLD for applications submitted over a year ago. We believe that most of the funding commitment letters from 2006 and earlier represent appeals that were filed by districts when they were notified that certain requests in their applications were denied. In many cases, these districts went ahead and purchased the product in question, paying the whole pre-discount price. Because the SLD eventually found many of these appeals to be meritorious, these districts can request a check instead of a credit through the so-called BEAR process. Those districts doing so can use the discount refund to purchase non-eligible E-Rate products and services such as instructional software and professional development. If a district staff person is interested in purchasing a non-E-Rate eligible product or service, then he or she should contact the district E-Rate office to determine whether a check was requested for the refund amount through the BEAR process and, if so, whether some of that money can be used to purchase the desired product or service. The accompanying chart shows the funding commitments greater than $50,000.

As an interesting footnote directly related to the E-Rate "refund" issue, in March GAO published its findings from a survey of E-Rate participants in an attempt to identify key trends in the demand for and the use of E-Rate funding and the implications of those trends. One of GAO's findings was that

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about a quarter of E-Rate funds between 1998 and 2006 were not dispersed during the "E-Rate year." Many of the non-distributed funds were due to appeals, which in later years were found to be "meritorious" and were in later years provided to districts and libraries. These could be used as E-Rate "refunds" by the recipients to purchase non-eligible E-Rate items as displayed in the exhibit below. As we have reported, of the $2.5 billion in E-Rate funds in 2002, almost $1.8 billion was allocated as refunds due to appeals that were found to be meritorious. The report noted that most unused funds since 2003 have been reallocated for use in future years; however, as the report notes, unspent funds are still "problematic because they preclude other applicants from being funded."

Even though the amount of unused E-Rate funds was covered in the press, GAO also conducted a survey of almost 700 E-Rate participants related to the current and estimated future use of E-Rate funds for technology products which are in high demand. Most E-Rate participants are "somewhat more focused on goals relating to maintaining existing information technology services than on those related to adding new capabilities. For instance, we (GAO) estimate that providing telephone services is a goal for 96 percent of participants and providing access to the Internet is a goal for 91 percent or 94 percent of participants; in contrast, installing or upgrading wiring and components needed for Internet or network access is a goal for 73 percent to 74 percent of participants." The highest priority information technology goals for participants among eligible E-Rate products and services were telephone services, additional bandwidth to locations equipped with Internet access, and Internet access for student or library patron use. However, the highest overall priority goal was increasing the number of, or replacing existing, computers for student or library patron use which, however, is not an E-Rate eligible product.

One GAO conclusion regarding the much-heralded "innovative" E-Rate program, which has experienced wide national participation, was noted publicly in the report: "FCC officials said they will consider further changes to facilitate participation, but their primary interest is in protecting funds from improper use."

E-Rate
FundingYear 2009,Quarter 1(Jan-Mar) Commitments
(greater than $50,000)

Applicant	City	State	Amount Committed
2007 Commitments			
TEACH WISCONSIN	MADISON	WI	$6,858,688
PINELLAS COUNTY SCHOOLS	LARGO	FL	$1,280,200
SOUTH SAN ANTONIO IND SCH DIST	SAN ANTONIO	TX	$403,888
ELMORE COUNTY SCHOOL DISTRICT	WETUMPKA	AL	$401,421
TUBA CITY UNIF SCHOOL DIST 15	TUBA CITY	AZ	$390,650
EL SOL SANTA ANA SCIENCE & ARTS CHARTER ACAD	SANTA ANA	CA	$375,331
YELED VYALDA EARLY CHILDHOOD CENTER	BROOKLYN	NY	$214,239
ACTION FOR A BETTER COMMUNITY INC.	ROCHESTER	NY	$57,560
2006 Commitments			
2005 Commitments			
NEW YORK CITY DEPARTMENT OF EDUCATION	NEW YORK	NY	$8,989,136
JERSEY CITY GOLDEN DOOR CHARTER SCHOOL	JERSEY CITY	NJ	$76,279
2004 Commitments			
MASON COUNTY CENTRAL SCH DIST	SCOTTVILLE	MI	$51,734
2003 Commitments			
BETHLEHEM AREA SCHOOL DIST	BETHLEHEM	PA	$132,563

Small to Medium Size Districts Can Offer Opportunities for Relatively High-Cost Investments in Products/Services With Low Reoccurring Costs

Under "regular" and "stimulus" Title I and IDEA funding this year, the demand should grow for high-cost products of an investment nature, with low operating costs, which meet immediate needs in certain small/medium size districts. Not only has the demand grown for "priority allowable use" types of products identified in recent guidance as "examples," but some of this increased funding will be used to purchase products and services which meet high district "general" priority needs, providing these districts with the opportunity to move onto the 21st century technology stage, which could result in dramatic reform.

These opportunities exist in certain similarly-situated districts which are going to receive large percentage increases in funding through various buckets and legal "loopholes." Specifically the similarly-situated districts are those:

- receiving large percentage increases in Title I funding in the FY 2009 budget, which are perceived by district officials as one-time windfall gains;
- located in states with State Fiscal Stabilization Funds (SFSF) that remain after state funding cuts are restored and that are to be redistributed under the current Title I formula allocations;
- which do not have to set aside 15 percent of IDEA funds for early intervening services/RTI because the district does not have "disproportionately" (i.e., overrepresentation of minorities in special education programs).

Each year over the last decade, we have analyzed USED's preliminary district Title I allocations, identifying districts which are receiving large absolute Title I funding allocations ($200,000-$400,000, depending on the overall Title I funding increase) or large percentage increases (20-40 percent). The most current allocations were included in the April 29th Special Report sent to TechMIS subscribers. In that report, we identified about 300 districts whose preliminary Title I allocations for this coming school year, prior to final USED and SEA adjustments, represented a 30 percent or greater increase which was at least $100,000. As we reported in the April 29th District Preliminary Title I Allocation Report, in some states such as Georgia, Ohio, and Texas, there are large numbers of districts receiving large percentage increases (i.e., more than 300 percent); however, there are opportunities in other states which may be attributed to Census data or calculation mistakes. While some districts feel that the increase was due to a trend of large increases in Title I eligible students most perceive this increase as a "windfall" due to mistakes either in the "poverty specific counts" in the Census data sets or in the calculation process. In the latter cases, these districts will see the increase as one-time windfalls creating opportunities for immediate investments in products and services which have low reoccurring costs -- in many cases, technology products and/or professional development.

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Moreover, many of these similarly-situated districts are located in states which are likely to have SFSF funds remaining after the governor/state restores state cuts which have recently occurred. This is likely due to:

- few general cuts in state aid over the last year, thereby requiring small amounts of SFSF money for restoration;
- very recent governors' decisions to stave off "bait and switch" tactics by state legislatures to reduce state funds to be replaced by stimulus funds;
- the selection by the governor of specific limited state aid formulas to be restored while not attempting to restore funds in certain categorical programs (e.g., planned preschool initiatives, test preparation, among others).

It is dangerous to predict the final outcomes of political jockeying in many states at this time. It appears, however, that, in certain states such as Wyoming, Arkansas, Texas, and a limited number of others, after restoration to the 2009 or 2010 levels, SFSF funds will remain and be distributed to districts under the most recent Title I funding formula. This will result in districts receiving the largest percentage increases in regular Title I funds noted above, receiving proportionately larger percentage increases in stimulus funds than other districts in the state. Moreover, the ARRA language clearly states that while such remaining funds are to be distributed under the most recent Title I formula allocation, these funds can be used at the discretion of districts for any purposes supported under Title I, IDEA, the Perkins Act and related Federal titles.

Many of these same districts have an additional legal "opportunity" to take advantage of a provision (Section 613/local adjustment) that has been in the IDEA regulations since 1997 and that was included in the 2004 IDEA reauthorization. This provision, which has seldom been used (and therefore many district officials are not aware of it), allows a district to use up to 50 percent of its increase in IDEA funding over the previous year's level to replace the same amount of local funds currently being used to pay for district special education programs. Moreover, a provision in the ARRA allows a district legally to "supplant" as long as it uses the "freed-up" local resources for any allowable purpose and use under ESEA. Districts that have <u>not</u> been identified as having disproportionality (and who, therefore, do not have to set aside 15 percent of the entire district's IDEA allocation for early intervening services/RTI) can, if they meet other conditions (e.g., the SEA has not cited the district for failure to meet Free Appropriate Public Education provisions in IDEA and other conditions -- see Stimulus Funding Alert), free up the entire 50 percent of the increase. However, the IDEA law states that if the district has to set aside the 15 percent of IDEA funds for disproportionality, the amount that can be replaced under Section 613 cannot be more than the absolute amount constituting the 15 percent set-aside. For example, if a district's IDEA allocation increased from $1 million to $2 million over the last year, and the district had to set aside 15 percent ($300,000) for early intervening services, the maximum portion of the increase that would be used under Section 613 to replace local funds would not be the entire $500,000, but rather $300,000. However, as noted in the enclosed Stimulus Funding Alert, a "guidance modification" under ARRA released by USED on April 13th is more restrictive in that it states, "Finally, an LEA that is required to use the 15 percent of its IDEA Part B allocation on CEIS (Consolidated Early Intervening Services) because the SEA identified the LEA as having significant disproportionality….will not be able to reduce local MOE (Maintenance of Effort) under IDEA Section 613." These and other conditions are currently being negotiated between education groups and USED as described in the enclosed Stimulus Funding Alert. Another hotly contested condition relates to whether districts that meet USED requirements, but which are located in a state which does not, can be allowed to take advantage of Section 613.

If a district meets all of the above criteria, then it and other similarly-situated districts could have at its disposal a significantly increased amount of regular and stimulus funding from the three separate funding buckets (i.e., Title I, IDEA, Stabilization). Moreover, these funds could be used with greater flexibility than only Title I allowable uses. In some states, there may be official or unofficial priorities regarding allowable uses of freed-up funds under Section 613, and, as noted earlier, conditions which districts must meet to use Section 613 options. However, there is an enormous opportunity during the first year of the stimulus funding for firms with appropriate products to take advantage of such situations.

If anyone has any questions on how to approach district officials and/or what types of products are most appropriate for purchases using portions of the three funding sources, call Charles Blaschke directly.

Performance Contracts Likely to Be a Critical Element on USED's School Improvement Grant (SIG) Guidance on "Turning Around" Lowest-Performing Schools

Based on a new report on how to turn around the lowest-performing schools, "performance contracts" are likely to be critical elements in approaches which will receive USED funding/support under the School Improvement Grant priority. This report, published by the Broad and Gates Foundations, is likely to influence the Obama/Duncan reform policies and calls for "performance contracting" approaches at various levels. By including performance measures of desired outcomes, opportunities could be created for firms that have products and services which can help districts meet desired outcomes; performance guarantees can also provide a rationale for charging districts a premium price (in return for guarantees) during the first two years with reasonable reoccurring support costs during the period of performance.

In its discussion of what can governors and state chiefs do, the report argues that existing "takeover" laws need to change the conditions under which "replacement" schools -- either public, charter or other schools -- can combine flexibility, accountability, and local decision-making authority. As the report states, "This will require states to free these schools from the majority of state codes and restrictive provisions in union contracts. In return for this autonomy, states must hold these new schools accountable for results through transparent performance contracts that spell out expected student achievement gains."

At the district level, the report states, "To ensure accountability, districts should develop transparent performance contracts for schools in the Turnaround Zone and provide more complete pre- and post-test results of all their students. And they should publicly post results of both the low-performing schools as well as those schools that replace them….Districts should consider aggregating a portion of the one-time recovery funds to help launch these new schools."

Pointing to the 5,000 lowest performing schools (including "dropout factory" middle and high schools), the report recommends that many of these schools be closed down and reopened as charter schools which would operate under performance contract-type arrangements. Beyond this likely situation, however, there are a number of performance contract-type approaches, that could be facilitated by firms in partnership with districts.

In its influential 2006 report, *"Tough Choices or Tough Times"* the National Center On Education And The Economy (NCEE), recommended that districts enter into performance contracts with groups of teachers as part of its reform strategy for modifying NCLB. It appears that the AFT and Secretary Duncan have worked out an agreement whereby USED will support those "incentive bonus arrangements" which will award bonuses to all teachers (and in some cases all staff) in a school which are under performance incentives. In Toledo, Rochester, and Las Vegas, local affiliates of the AFT and NEA are currently providing SES under contract (not performance contracts however) to the districts. In a recent discussion, one of the primary authors of the NCEE report indicated that he had not been contacted by either the Broad or Gates Foundations regarding the foundations' inclusion of the NCEE version of "performance contracts" in their report. One variation of the NCEE approach might be for a firm to work with a group of teachers in which the firm guarantees that students will perform at a certain level for a specific cost and, if student achievement is higher than the goal, then teachers and the firm would share equally in the bonus payments made by the district.

Another variation of "performance contracts" could be used in providing professional development for all staff in a low-performing school. The performance criteria could be both student achievement and competency levels demonstrated by instructional staff.

Still another variation may be a performance contract in which an experimental approach demonstrates desired results in terms of student performance and other measures and then the district adopts the firm's learning system and directly related components on a "turnkey" basis, with the firm providing some follow-on support.

In all of the above variations, it is unlikely that the "turnaround" effort can be completed in 18 months to two years; rather, additional time will be required after initial startup. Because of the performance guarantee, it is likely that a three- to five-year contract could be negotiated with stimulus funds paying for the initial startup and installation cost, and regular Title I and/or SIG funds used to cover reoccurring costs, with the firm providing reduced levels of support, but still being held to the performance guarantee. It is important to note that SIG funds can continue to be allocated for two years after a school "exits"

its restructuring status.

For a copy of "Smart Options" go to: http://www.broadeducation.org/asset/429-arrasmartoptions.pdf

Miscellaneous Items

- In April, the Institute of Education Sciences released a new "practice guide" which is likely to influence district behavior and decision making regarding the selection and use of RTI approaches to assist students who are having difficulties with mathematics at both the elementary and middle school levels. The panel that developed the guide was headed by Dr. Russ Gersten, whose panel developed the widely-used first IES practice guide for instructing ELL students.

  Even though the new guide acknowledges that there has been a paucity of research on the most effective ways to initiate and implement RTI frameworks for mathematics, the stated goal of the practice guide is to provide suggestions for assessing students' mathematics abilities and implementing mathematics interventions within an RTI framework based on the best available evidence on effective practices. The guide presents specific recommendations in certain areas. Most of the recommendations address the content of Tier 2 and Tier 3 interventions and the types of strategies which should be used in the "checklist" for carrying out recommendations. The guide calls for instructional materials "which focus intensely on in-depth treatment of whole numbers in kindergarten through grade 5 and on rational numbers in grades 4 through 8. Also, instruction during the intervention should be "explicit and systematic." This would include providing models of proficient problem-solving, guided practice, corrective feedback, and frequent cumulative reviews. It also recommends that the progress of students receiving supplemental instruction be measured at least once a month and that interventions include curriculum-embedded assessments that can be used as frequently as every day or once every other week.

  In terms of reviewing and selecting interventions, the guide recommends that committees need to include experts in mathematics instruction with knowledge of elementary and middle school mathematics curricula. It also identifies some of the criteria that should be used by the committee in making final selections such as, "The materials integrate computation with solving problems and pictorial representations rather than teaching computation apart from problem solving." The guide also includes research-based evidence which supports its recommendations or otherwise facilitates effective practices.

  For a copy of report go to: http://ies.ed.gov/ncee/wwc/pdf/practiceguides/rti_math_pg_042109.pdf

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- In the May 6th Federal Register, the Centers for Medicare and Medicaid Services announced a change in regulations which would allow school districts to receive Medicaid reimbursements for certain related services which, over five years, could amount to between $4 and $5 billion. The Bush Administration attempted to disallow claims for certain administrative expenses, specialized transportation, and certain case management costs associated with providing related services to special education students who qualify for Medicaid/CHIP funding. Allowing districts to file claims for such district expenses associated with providing related services would expand opportunities for firms that have administrative solutions which can be used by districts to track and report such costs in the form of claims and/or provide such services to districts on a fee basis. Such claim reimbursements to districts also free up IDEA or local resources which can be used to purchase instructional materials, including software. Over the last 15 years, three TURNKEY surveys of the use of technology in special education programs have found that about five percent of all instructional software purchased by districts was through the use of direct reimbursements or freed-up funds resulting from Medicaid/CHIP reimbursements.

- USED has issued a "modification" to the April guidance for the State Fiscal Stabilization Fund program which should increase the probability of more stabilization funds being used for classroom instruction and related products and services rather than having such funds used for construction. On May 11th, USED issued the modification and answers to three of the questions in the April guidance. In response to question III-D-11, "May an LEA use Education Stabilization funds for construction activities that are not considered to be modernization, renovation or repair?" The modification reiterates such funds can be used for construction as provided under Impact Aid. It then states, "However, the Department discourages LEAs from using Education Stabilization funds for new construction because this use of funds may limit an LEA's ability to meet other essential needs or implement necessary reform activities. The Department does not discourage an LEA from using Education Stabilization funds for modernization, renovation, or repair." Later, in response to question IV-5 regarding the 18% "government services" fund portion of the State Fiscal and Stabilization Fund, the newly inserted modification is stated more strongly as follows: "However, the Department discourages States from using Government Services funds for new construction because this use of funds may limit a State's ability to meet other essential needs. Thus, the extent to which a State uses Government Services Funds for new construction will be a consideration in making awards under the State Incentive "Race-to-the-Top Fund" competition." The response to question V-1 also reiterates the above "caution."

Clearly, USED is strongly discouraging the use of Stabilization Funds for new construction, especially at the expense of the reform initiatives which it supports throughout ARRA and particularly included in the $5 billion State Incentive Grant fund. Several individuals familiar with the "modification" noted that it is designed to correct a "drafting" mistake by legislative staff who were responsible for drafting the final version of ARRA and were not aware of the provision allowing funds to be used for construction under Impact Aid which is part of ESEA. These individuals also predicted that, if any state or district uses Stabilization Funds for construction citing the authorization under Impact Aid, they shouldn't waste their time in applying for "Race-to-the-Top" competitive grants nor Innovation Funds.

- The House has passed HR 2187 -- the 21st Century Green High-Performing Public School Facilities Act -- on May 15th by a bipartisan vote of 255-175. The Act would authorize more than $6 billion for grants to repair, renovate and modernize more energy-efficient schools following "green" guidelines. It would also provide funds to "improve teachers' ability to teach and students' ability to learn." Allowable uses of funds include: modifications to make school facilities accessible under the Americans With Disabilities Act and Section 504 of the Rehabilitation Act; measures which will reduce or eliminate human exposure to classroom noise and environmental noise pollution; upgrading or installation of education technology infrastructure to ensure that students have access to up-to-date education technology; and "environmental remediation." Even though the Act would not allow funds to be used for new construction of school facilities, one can expect opposition to surface in the Senate as the Republican leadership has publicly stated that school construction, and even most school facilities renovation, should be primarily a local, not Federal, responsibility.

Alabama Update
June 2009

The Charleston Daily Mail reports that Federal stimulus funding has allowed the Alabama Senate to approve an education budget for the 2009-10 school year of $6.3 billion -- up $418 million (seven percent) from the current year. The budget includes $513 million in stimulus funds. As reported in The Birmingham News, the proposed FY 2010 education budget includes $20 million for Alabama's First Class Pre-Kindergarten program, an increase of $3 million. The Alabama pre-K program has been rated by the National Institute for Early Education Research as the nation's best pre-K program in overall quality (tied with North Carolina).

As reported in Education Week, Alabama has been expanding its reading initiative that started in the early grades to grades 4-8. The State plans to use some Federal stimulus money for continuing the expansion. It will be including some high schools in the Statewide reading initiative which supports reading coaches. State data from the 29 schools in the initiative that service students in grades 4-8 have shown positive results.

The Alabama legislature has approved a bill that would raise the high school dropout age to 17. It has been argued, according to the Montgomery Advertiser, that keeping 16 year-olds in school would cost the State more than $1 million per year. Others countered that it would be more expensive if they were on welfare or in prison.

Arizona Update
June 2009

According to the Center on Budget and Policy Priorities, Arizona is hoping to get $20 million in Federal stimulus funding to reverse cuts to childcare subsidies for as many as 20,000 low-income children. The cuts are currently slated to go into effect later this Spring.

The United States Government Accountability Office (GAO) has compiled profiles on the way a number of states expect to use the initial allocation of the State Fiscal Stabilization Fund component of the ARRA (stimulus). Arizona plans to use its allocated Federal funds to:

- improve tools for assessing student performance and determine the extent performance meets Federal academic standards;
- rehire teachers laid off because of budget cuts; and
- ensure that all schools have access to highly qualified teachers.

As reported in The Arizona Republic, a legislative Task Force has recommended that Arizona retain the Arizona Instrument to Measure Standards (AIMS) as a high school graduation requirement and, in addition, require students to take two new tests. In ninth-grade, students would take a new "college- and career-preparation test" to determine academic strengths and weaknesses (replacing the Terra Nova). In tenth-grade, students would take the AIMS reading, writing, and math exam as a graduation requirement. In 11th grade, all students would take a college entrance exam (i.e., ACT or SAT), the results of which would help students prepare for college or career training.

Arkansas Update
June 2009

Education in Arkansas will receive $363 million in fiscal stabilization funds as part of the Federal stimulus package. In addition, schools in the State will get a total of $111 million in Title I, Part A funds, $118 million from IDEA/Special Education, and $34 million for school improvement. A State website -- www.recovery.arkansas.gov -- provides details of Arkansas' stimulus allocations including formula allocations for each school district in the State.

As reported in Education Week, Arkansas' budget for FY 2010 will include about $2 billion for K-12 education, a small increase over the current year. Included in the budget are $3 million in incentives for districts to adopt Smart Core, a college-preparatory curriculum and some money for pilot programs intended to improve after-school and summer programs.

California Update
June 2009

In early April, California received nearly $1.3 billion in Federal stimulus funding including $562 million for Title I and $660 million for IDEA/Special Education -- 50 percent of the Title I and IDEA stimulus funds for which the State is eligible. On April 17, California also became eligible for nearly $4 billion under the State stabilization component of the stimulus package; the State will be eligible for another $2 billion in stabilization funds this Fall. According to California's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $2.6 billion and $1.1 billion of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, there will be no funds remaining for reallocation to local school districts. Because, in the May 19 election, voters rejected most of the Governor's proposed budget items, another budget has to be developed by the legislature which could impact how Federal stimulus funds will be used.

The Los Angeles Times reports that $3.1 billion in Federal education stimulus funding, released in mid-April, could eliminate the firing of 30,000 school staff who have received preliminary pink slips. Federal stimulus money is also expected to be used to establish a pilot performance-based pay structure for teachers in selected school districts as well as encourage rigorous, "State-driven" standards. State officials have talked about the need to strengthen the State's already rigorous standards to keep up with global competition. Others, however, believe that rewriting the State's standards could actually weaken them. One component of the stimulus package could partially fund the estimated $60 million cost of an improved data system that would more effectively track school, student, and teacher achievement.

As reported in the Los Angeles Times, California's growing financial problems have been only partly addressed by the influx of Federal stimulus money. Indeed, some State educators are concerned that the proposed budget cuts to schools could make California ineligible for the $4.35 billion in competitive grants to be awarded through the "Race to the Top" program.

A recent study by the Institute for Research on Education Policy and Practice (Stanford University) has analyzed the effect of California's six-year-old policy that requires seniors to pass the California High School Exit Exam (CAHSEE). The study included 110,000 high school students in Fresno, Long Beach, San Diego, and San Francisco. Researchers found that, after 2004, when the CAHSEE was given for the first time, graduation rates dropped by 3.6 to 4.5 percentage points each year. The effect of the CAHSEE was most pronounced among the poorest-performing minority students whose graduation rate dropped by 15-19 percentage points and among low-performing girls who experienced a 19 percentage point drop in graduation rates.

New California State data show improvement in high school dropout rates for the 2007-08 school year. The Statewide dropout rate fell from 21.1 percent in 2006-07 to 20.1 percent. Although the dropout rate decreased for all ethnic groups, State officials expressed concern over the high rates for some minority groups, particularly Hispanics (25.5 percent) and African-Americans (34.7 percent). This is the second year of a new State tracking system that monitors each student's progress through school. Some critics contend that the new system is inaccurate because it fails to count middle school dropouts and other students who leave the system.

A new partnership between University of California College Prep (UCCP) and the K-12 High Speed Network will provide California's K-12 students with access to the university system's online college prep courses. As reported in UC Berkeley News, more than $8 million worth of interactive, online courses and lessons developed by UC will be available to the entire State through the K-12 portal. Another $5 million worth of online content is expected to be added in the next two years. UCCP will also construct a special web portal on the network offering math lessons and CAHSEE resources. For more information on California's K-12 High Speed Network, go to: www.k12hsn.org

According to eSchoolNews, California is working on a Statewide initiative that is compiling a list of free, open digital textbooks that meet State-approved standards. The books are slated to be available to high school math and science classes starting this Fall. The list of textbooks is scheduled to be released by August 10. Currently, California has a textbook adoption process for grades K-8, but none for grades 9-12. The plan for use of free instructional resources is part of an effort to reduce the State's $21.3 billion deficit for next year. On May 19, California voters rejected five of six ballot measures that would have cut the deficit by $6 billion.

Colorado Update
June 2009

As reported by the United State Government Accountability Office (GAO), Colorado will receive $760 million from the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package. Most of the money will be used to offset current and planned reductions in State funding for higher education. Colorado plans to apply for "Race to the Top" funds.

According to The Denver Post, Colorado, for the first time in 15 years, will revise all of its 13 educational standards, taking elements from standards in Massachusetts, Virginia, Finland, and Singapore. Comprising up to 40 areas in each subject area, the new standards are expected to be used to write questions for the 2012 Colorado Student Assessment Program. After an eight-city tour to get public feedback, the new standard will be voted on by the State Board in December.

As reported in The Denver Post, Colorado, despite one of the nation's most educated workforces, has a high school dropout rate of 30 percent and about a third of the high school graduates who go on to college require remedial classes. The State is planning to toughen its graduation requirements and to establish a program that would allow students to earn college credits while still in high school. As part of the State's new School Finance Act, every Colorado ninth-grader is required to sign up for a State-operated website that helps students with their post-secondary academic and financial lives. The website -- www.collegeincolorado.org -- helps students identify careers and plan the high school and other courses they need to reach their career goals.

A recent report from the Denver school district has identified a number of early indicators for dropouts. As reported in The Denver Post, the study covered more than 3,600 Denver students who dropped out during the 2006-07 school year. In ninth grade, most had gotten at least one F as a semester grade and two-thirds had missed at least 20 days of school. In the sixth grade, one-third of the dropouts were failing at least one course, 44 percent had missed more than 20 days of school, and 20 percent had at least one suspension in middle school. The reports key recommendations called for academic interventions in middle school to prepare students better for high school.

Connecticut Update
June 2009

The Center on Budget and Policy Priorities reports that Connecticut will seek to close nearly one-third of its current-year budget deficit with recovery funds from the Federal stimulus package.

As reported in the Hartford Courant, discussions in Connecticut about how the use Federal education stimulus money parallel those in other states and at the national level. Slated to receive $745 million over the next two years, the State is planning to use most of the funding to preserve aid to schools and to avoid laying off teachers and cutting programs. Some members of the State legislature argue that some of the stimulus money should be used to facilitate educational reform in the form of model school programs. These lawmakers believe such an approach would put the State in good position to compete for grants under the $5 billion Federal “Race to the Top” program.

Delaware Update
June 2009

Education Week reports that Governor Jack Markell has proposed a K-12 education budget for FY 2010 of $1.1 billion, down $50 million from the current year. Among the cuts proposed by the Governor are:

- a reduction, from six to three, in the number of in-service days for teachers ($7.7 million savings);
- a temporary eight percent cut in State employee (including teacher) salaries ($91 million); and
- suspension of salary step increases ($10.3 million).

Florida Update
June 2009

In April, Florida received more than $599 million in Federal stimulus funding including $245 million for Title I and $335 million for IDEA/ Special Education -- 50 percent of the Title I and IDEA stimulus funds for which the State is eligible. On May 12, Florida also became eligible for more than $1.8 billion under the State stabilization component of the stimulus package. According to Florida's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $1.2 billion and $598 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, Florida expects to have no stabilization funds remaining for reallocation to local school districts. The State will be eligible for another $891 million in stabilization funds this Fall.

As reported in The Miami Herald, Florida's FY 2009-10 budget for K-12 education, with help from Federal stimulus money, put per-pupil funding at $6,873, up slightly from the current year. The new budget gives district administrators more flexibility over spending and restores funding for Advanced Placement, International Baccalaureate, and Florida's Virtual School. It also dropped a plan to extend the State's adoption cycle for instructional materials from six to eight years and gave districts the flexibility to adjust school calendars -- including four-day weeks or longer days before holiday breaks.

Like many states facing budget crunches, Florida is cutting back on testing not required under the Federal No Child Left Behind Act. As reported in Education Week, the State will save about $11.5 million by eliminating norm-referenced testing and another $6.5 million by doing away with certificates of achievement for high-scoring students, paper score reports, and computer-based testing.

As reported in the Orlando Sentinel, the Florida Senate, in late April, approved a plan to make the State's 360+ charter schools more accountable for their academic and financial performance.

The measure (SB 278) would require charter schools to report students' academic performance and would prohibit charters from doing business with family members of school operators. Although a similar bill, passed by the Senate last year, was rejected by the House, sponsors are more optimistic this year because the measure has support from the charter-school industry.

The Miami Herald reports that 5,590 high school seniors in South Florida have not passed the tenth-grade Florida Comprehensive Assessment Test (FCAT) which is a graduation requirement. Unlike prior years, there will be no retests because the State cut retest funds for budgetary reasons. Students who have failed the FCAT can still graduate if they have passing scores on the SAT or ACT college entrance exams. They may also take the ACT in June or to take free online classes (offered by the Miami-Dade County school district) over the summer in preparation for the next FCAT test data in October.

According to a district analysis, the Miami-Dade school district's far-reaching plan to improve the district's lowest-performing schools failed to increase student achievement. Championed by former Superintendent Rudy Crews and praised nationally, the School Improvement Zone was a three-year effort at 39 schools at which students had longer school days and school years and at which students participated in a specialized reading program. Over its three years, the School Improvement Zone showed inconsistent student gains in the Florida Comprehensive Assessment Tests and the $100 million program was discontinued by the school board.

In addition, a number of Palm Beach County seniors who failed the FCAT transferred to Penn Foster High School in Pennsylvania that runs a nationally accredited online high school. Palm Beach County schools has contracted with Penn Foster for $125,000 which is covered by State funding. These students can receive diplomas from Penn Foster although State officials say such education does not meet "Florida's high educational standards."

As reported in Florida Today, the Brevard County school district is considering a plan under which 18 more schools will become Title I schools. This would include four elementary schools, five middle schools, two charter schools, six alternative schools, and one high school. This would be the first time in five years that middle and high schools in Brevard County have received Title I money. The district's goal is to ensure that the first half of its $9.8 million in Federal stimulus Title I funds reaches as many schools as possible to save jobs.

The Tampa Tribune reports that the Hillsborough County Public Library Cooperative is offering a free connection through its website to Live Homework Help, an online service that provides students with tutoring and homework help in core subjects. Tutors communicate with students by instant messaging, joint web browsing, and interactive whiteboards. Available to library card holders from 2 p.m. to midnight every day, the service provides both English- and Spanish-speaking tutors in English, math, science and social studies.

Georgia Update
June 2009

In April, Georgia received $356 million in education funds from the Federal stimulus package including $176 million for Title I and $169 million for IDEA/Special Education. This is half of the total Title I and IDEA stimulus funds for which the State is eligible. On May 11, Georgia had available $1 billion under the State stabilization component of the stimulus. According to Georgia's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $542 million and $385 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, Georgia will have no stabilization funds remaining for reallocation to local school districts. Another $509 million can become available in the Fall. As reported in Education Week, the Georgia legislature has passed an FY 2010 State budget that includes about $8 billion for K-12 schools -- a cut of $700 million from the previous year. It is estimated that $413 million of the cuts will be offset by Federal stimulus money.

The Atlanta Journal-Constitution reports that the budget passed by the Georgia legislature in April eliminated the Governor's Scholarship Program, four-year scholarships designed to encourage top students to attend Georgia colleges. Approximately 1,500 current recipients of the aid -- about $1.3 million this year -- have been notified that the program has been discontinued.

Georgia has new legislation that would, starting next year, raise salaries of secondary math and science teachers. According to the Athens Banner-Herald, new math and science teachers would start at the salary of a fifth-year teacher -- $37,985 per year -- a $4,561 increase. The law would also give $1,000 annual bonuses to elementary teachers who earn an endorsement in math or science from the Professional Standards Commission. It is estimated that the program will cost the State $9.9 million per year starting with next year's budget.

According to Education Week, Georgia will no longer cover more than two years of norm-referenced testing for school districts. Most districts have begun cutting back on such testing. The 8,000-student Marietta school district, for example, will retain norm-referenced tests in grades 2, 4, and 7, but will save approximately $42,000 by eliminating the tests in other grades.

U.S. Education Secretary Arne Duncan has appointed Georgia Governor Sonny Perdue to the National Assessment Governing Board, the body responsible for setting policy for the National Assessment of Educational Progress.

Hawaii Update
June 2009

Hawaii, with its unique SEA-LEA structure, has adopted a comprehensive for process for restructuring schools under the No Child Left Behind Act, relying heavily on outside providers. Currently, 44 of the State's 92 schools in restructuring status are partnering with one of the three State-approved providers -- America's Choice, EdisonLearning, or ETS. Among the key characteristics of Hawaii's provider model are:

- an informal approach to quality control shaped by a strong social network;
- quarterly assessments and the availability of student performance data;
- transparency and the presence of outside providers that allow principals to make tough academic decisions; and
- State-level union negotiations and provider procurement that shield principals and area superintendents from political and administrative distractions.

Illinois Update
June 2009

In early April, Illinois received nearly $500 million in Federal stimulus funding including $210 million for Title I and $270 million for IDEA/Special Education -- 50 percent of the title I and IDEA stimulus funds for which the State is eligible. On April 20, Illinois also became eligible for more than $1.4 billion under the State stabilization component of the stimulus package. According to Illinois' approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $1 billion and $602 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. Among the possible uses of stabilization money is a provisional "no tax hike" budget. After restoration of support for K-12 and post-secondary education, Illinois expects to have no funds remaining for reallocation to local school districts. The State will be eligible for another $678 million in stabilization funds this Fall.

As reported in the Chicago Tribune, the Chicago school district to greatly expand the number of its elementary schools that will be operating on "year-round" schedules. Starting this summer, 132 schools (up from 41 last year) will begin classes in the first week of August and continue through the middle of June, with breaks of two or three weeks during the school year. The intent is to minimize the amount of lost learning over the long summer break. State test results indicate that students in year-round schools performed better than the district average. A national study, however, showed no differences in performance between year-round and traditional schools.

Indiana Update
June 2009

In April, Indiana received more than $228 million in Federal stimulus funding including $84 million for Title I and $136 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, Indiana also became eligible for more than $765 million under the State stabilization component of the stimulus package. According to Indiana's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $579 million of its initial SFSF allocation to restore support for K-12 education in FY 2009. After restoration of support for K-12 and post-secondary education, the $147 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $242 million in stabilization funds this Fall.

State data, released in early May, show that two-thirds of Indiana's school districts and nearly half of its schools are either on probation or at risk of being on probation under the State's rigorous school ranking system. As reported in the Indianapolis Star, a total of 192 school districts were in either the "academic watch" category (187 districts) or on academic probation (5). That's 66 percent of Indiana districts in the lowest categories -- compared with 51 percent a year ago. In addition, 47 percent of all schools were in the two low categories including 35 percent of elementary schools and 70 percent of high schools.

According to the Indianapolis Star, the Indiana Department of Education is planning to provide $20,000 in staff bonuses to each of the ten schools in the State with the most improved graduation rates. Schools will be free to distribute the money among staff in whatever manner it wishes. But the State is urging schools not to divvy the money up equally, but rather to reward staff who are most key to the school's success. Because the money will go directly from the State to individuals, the payments bypass restrictions on performance pay in teachers' union contracts.

The Northwest Indiana Times reports that Governor Mitch Daniels has approved a law which requires the State to develop a model "evidence-based plan for improving discipline and behavior within schools." The legislation was in response to a report from a State commission that found Black students were expelled from Indiana schools at twice the rate of White students and suspended at three times the rate. The model plan must be developed by June 1, 2010 and districts must adopt their own policies by July 2011.

Faced with a $4.2 million budget shortfall, the Lawrence Township school district has cancelled its summer school program -- a savings of $300,000. Instead, the district is providing an online summer school in which 1,700 students can make up class credits. The district is also eliminating 108 teaching positions and imposing a salary freeze.

Louisiana Update
June 2009

Governor Bobby Jindal has proposed a budget for FY 2010 that includes $4.9 billion for K-12 education, a cut of $141 million (2.8 percent) from the current year. Education Week reports that the Governor, in his annual address, proposed a set of "budget reforms" including the requirement that, beginning in FY 2011, school districts allocate money from the State's Minimum Foundation Program in such a way as to benefit certain student populations such as students living in poverty, students with disabilities, and those needing career /technical education. The Governor also called for an expansion of the State's 14-district pilot program to reduce the number of dropouts.

As reported in The Advocate, a Louisiana legislative leader has proposed linking the State's high school graduation rate to the State Superintendent's annual job evaluation. Currently, about 65 percent of Louisiana's high school students graduate on time. The proposed measure (Senate Bill 316) would establish a graduation rate goal of 80 percent by the end of the 2013-14 school year.

The Advocate reports that the Louisiana legislature is considering a bill (Senate Bill 259) that calls for a new high school curriculum for potential dropouts. State data indicate that about a third of Louisiana's public high school students fail to graduate on time. An expert from the Southern Regional Education Board has told the legislative panel that, to improve dropout rates, states must make dropout prevention a priority and ensure high school classes show students a link between these studies and their career plans. The State should focus on the ninth grade which is the biggest "dropout point" in high school. Specifically, the measure would overhaul course requirements for students who do not plan to attend a four-year college.

Louisiana is one of six states that will be experimenting with merit pay for teachers under a plan by the National Governors Association. Also reported in The Advocate, last year Governor Jindal planned to spend $20 million on merit and flex pay for teachers. Instead, $10 million was used to address hard-to-fill jobs in rural school districts. Among the criteria for extra pay will be: improved student learning; working in high-poverty schools; teaching math and science; having special skills; and new teachers who remain in the profession.

Maine Update
June 2009

In early April, Maine received $49 million in education funds from the Federal stimulus package including $18 million for Title I and $29 million for IDEA/Special Education. This is half of the total Title I and IDEA stimulus funds for which the State is eligible. On April 28, Maine also had available $130 million under the State stabilization component of the stimulus. Another $64 million can become available in the Fall. According to Maine's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $27 million and $97 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, the nearly $5 million remaining will be reallocated to local school districts through the State's Title I funding formula.

Maryland Update
June 2009

The Maryland legislature has approved a budget for FY 2010 that includes $5.4 billion for K-12 education -- a 2.5 percent increase over the current year. As reported in Education Week, $260 million is new funding for school construction and the SEED School, a residential school for at-risk youths, will get $5.4 million (a $2.7 million increase).

According to the Baltimore Sun, a Maryland task force has submitted a series of recommendations for improving math and science education. Foremost among the recommendations (which are scheduled to be completed by June 30) is to triple (from the current 120 to 360) the number of teachers who graduate from Maryland colleges with degrees in science, technology, engineering, or math and who go on to teach in State K-12 schools.

Michigan Update
June 2009

As reported in the Detroit Free Press, Michigan has implemented Michigan Promise Zones, ten low-income areas which will offer students free college tuition. Within each zone, an authority will raise private money that can be combined with State funding to pay for at least two years of community college for any high school graduate. The ten zones are: Baldwin Community, Battle Creek, Benton Harbor, Detroit, Hazel Park, Jackson, Lansing, Muskegon Intermediate, Pontiac, and Saginaw.

The Detroit News reports that the Detroit school district, now operated by a State-appointed emergency financial manager, plans to close 29 schools this year and restructure 40 other schools. The district will also spend more than $100 million on construction including a new elementary school and a new high school. It is estimated that the district, whose enrollment has been dwindling for years, would save $14 million starting with the 2010-11 budget. Facing a $306 million deficit, the district is closing the schools either because they are severely underused or because of continual poor student performance.

U.S. Education Secretary Arne Duncan has declared the Detroit school district to be “ground zero” in the nation’s education. For years, Detroit has been guilty of continued mismanagement with chronically poor graduation and dropout rates. The Secretary has implied that the district could receive funds from the Race to the Top Recovery Act if it is willing to make a number of necessary changes including turning control of city schools over to the mayor.

Minnesota Update
June 2009

In April, Minnesota received more than $156 million in Federal stimulus funding including $47 million for Title I and $102 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In late April, Minnesota also became eligible for more than $547 million under the State stabilization component of the stimulus package. According to Minnesota's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $347 million of its initial SFSF allocation to restore support for K-12 education in FY 2010. After restoration of support for K-12 and post-secondary education, the $111 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $269 million in stabilization funds this Fall. Minnesota's education budget for the 2010-11 biennium is steady $13.7 billion, including the more than $500 in Federal stimulus funds.

Mississippi Update
June 2009

In April, Mississippi received more than $135 million in Federal stimulus funding including $66 million for Title I and $63 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In late April, Mississippi also became eligible for more than $321 million under the State stabilization component of the stimulus package. According to Mississippi's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $53 million and $96 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, the $204 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $158 million in stabilization funds this Fall.

Missouri Update
June 2009

As reported in The Kansas City Star, the Missouri legislature has approved a bill that would raise the State's dropout age from 16 to 17, and only then if students complete at least 16 credits. In addition, starting next year, students will have to complete at least 24 credits to graduate rather than the current 22. The bill would also change the number of required days in a school year from 174 to 142, but would keep the minimum hour requirement of 1,044, allowing such scheduling flexibilities as four-day weeks. The bill allocates $5 million to establish a merit pay plan for teachers in St. Louis. Under the plan teachers who give up tenure could earn as much as $15,000 in bonuses based on such criteria as student test scores or parent evaluations.

Nevada Update
June 2009

In April, Nevada received more than $74 million in Federal stimulus funding including $35 million for Title I and $37 million for IDEA/Special Education -- 50 percent of the Title I and IDEA stimulus funds for which the State is eligible. In May, Nevada also became eligible for more than $266 million under the State stabilization component of the stimulus package. According to Nevada's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $139 million and $70 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, there will be no remaining funds for reallocation to local school districts. The State will be eligible for another $131 million in stabilization funds this Fall.

Governor Jim Gibbons has signed a supplemental appropriation that gives Nevada schools $323 million to offset unanticipated revenue shortfalls this fiscal year. Under the Governor's proposal for the next two fiscal years, K-12 schools will get $2.3 billion -- 37 percent of the total State budget. That represents a decrease of 2.6 percent from the previous biennium. Per-pupil spending under the plan would drop from $5,098 this year to $4,945 next year and $4,946 the following year.

New York Update
June 2009

In April, New York received more than $879 million in Federal stimulus funding including $454 million for Title I and $409 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, New York also became eligible for more than $2 billion under the State stabilization component of the stimulus package. According to New York State's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $2.34 billion of its initial SFSF allocation to restore support for K-12 education in FY 2010. Among the areas that will have funding restored are Academic Enhancement Aid to districts identified for improvement for five consecutive years and Instructional Materials Aids (including computer hardware and software). After restoration of support for K-12 and post-secondary education, the $45 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $996 million in stabilization funds this Fall.

According to State data, 82 percent of students in grades 3-8 Statewide met State standards; that is, they scored at Level 3 or 4 on the State test. This is up from 74 percent the year before. In New York City, 69 percent of third-sixth-graders met standards compared with 58 percent last year. Actual raw scores on the test show more modest gains. Fifty-seven percent of eighth-graders in New York City met standards, up from 43 percent last year. Actual scores increased only slightly, however, from 647 to 653. Some State legislators have expressed doubt about the test score gains, noting scores for City students on National Assessment of Education Progress showed few signs of progress.

According to a new report by New York City's public advocate's office, the number of students who leave public schools without graduating has continued to increase despite an effort by the city to track students better. More than 20 percent of students in the Class of 2007 were "discharged" (the City's term for not graduating) compared with 17.5 percent for the Class of

2000. Much of the difference can be attributed to students who are discharged in the ninth-grade -- up to 7.5 percent for the Class of 2007 compared with 3.8 percent for the class of 2000. The report also found that many more Black and Hispanic students are discharged than White or Asian students. The City has been criticized for trying to improve test scores by pushing out students who are unlikely to graduate.

North Carolina Update
June 2009

In April, North Carolina received more than $309 million in Federal stimulus funding including $129 million for Title I and $170 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, North Carolina also became eligible for more than $1 billion under the State stabilization component of the stimulus package. According to New York State's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $721 million of its initial SFSF allocation to restore support for K-12 education in FY 2010. After restoration of support for K-12 and post-secondary education, the $314 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $409 million in stabilization funds this Fall. North Carolina's stimulus money is being held without commitment until the State's final budget is clarified.

Education Week reports that the North Carolina legislature is considering a pending State budget for FY 2010 that would cut $3.6 million from non-Federally required assessments, including norm-referenced tests.

As reported in The News & Observer, the Halifax County school district will be overseen by the State for the next three years. The State is implementing a plan to improve the deteriorating student performance in the impoverished district. None of the district's schools are meeting Federal progress measures. Under the State's plan, teachers, principals and central office staff will receive intensive training and monitoring with teacher training to begin in August. The district will also hire 12 full-time coaches to mentor and observe teachers.

Ohio Update
June 2009

The Columbus Dispatch reports that Democrats in the Ohio legislature has proposed budgets for FY 2010 and FY 2011 (Sub HB1) which are more favorable to charter schools than Governor Ted Strickland's original proposal which would have cut funding for virtual charter schools by 75 percent. The proposed budget eliminates language that would have prohibited districts from contracting with for-profit school management companies and preserves funding for charter schools that have been rated "Continuous Improvement" or higher. The budget proposal reduces State funding for education from the current $6.58 billion to $6.45 billion in FY 2010 and to $6.47 billion in FY 2011. However, when Federal stimulus money is included total spending for education goes up to $6.85 billion and $6.86 billion, respectively, in the two years.

Also according to The Columbus Dispatch, Ohio's proposed two-year spending plan for K-12 education includes sharp cuts in two early childhood programs that serve nearly 20,000 low-income children. The budget cuts could eliminate as many as 6,400 slots in the Statewide Early Learning Initiative (funded by no-longer-available surplus Federal welfare funds) and a public preschool program offered in 173 school districts.

According to the Cleveland Plain Dealer, Governor Ted Strickland is consulting with other governors about the possibility of a joint effort to apply for $5 billion in Federal stimulus funding intended to encourage innovation in public schools.

The Ohio legislature has set forth a new funding formula for the State's public colleges and universities. As reported in Inside Higher Education, the University System of Ohio has had limited performance-based funding for more than 20 years -- in the form of special supplemental grants. Basic State funding was based on the number of students enrolled. The new State formula bases most funding on the number of individual courses students complete, graduation rates, and the average cost of a program. The undergraduate formula would have adjustments for the number of "at-risk" students.

According to The Columbus Dispatch, colleges in Ohio are making extensive efforts to attract and help military veterans. The State has initiated the "Ohio GI Promise" which hopes to attract 230,000 more students by 2017 by offering tuition assistance at public colleges as well as a housing stipend and in-State privileges for out-of-State veterans. For example, Ohio State University offers veterans counseling, health care, mentoring, and scholarships. Ohio University has veterans-only, general education classes intended to help veterans returning to civilian life. Information about the Ohio GI Promise is available at: http://universitysystem.ohio.gov/veterans.

Oklahoma Update
June 2009

At the end of April, Oklahoma Governor Brad Henry vetoed a bill that would have removed testing responsibilities from the State Department of Education. As reported in the Tulsa World, the measure (Senate Bill IIII) would have placed testing under a renamed Educational Quality and Accountability Office.

Oklahoma has become the ninth state to authorize the alternative teacher certification program offered by the American Board for Certification of Teacher Excellence (ABCTE), despite opposition from the State's teachers union. The ABCTE's online program is intended for professionals in other fields who wish to go into teaching, particularly in high-need areas like math and science in which there are teacher shortages.

Oregon Update
June 2009

In April, Oregon received more than $121 million in Federal stimulus funding including $47 million for Title I and $69 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, Oregon also became eligible for $382 million under the State stabilization component of the stimulus package. According to Oregon's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $282 million and $63 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, Oregon will have no remaining funds for reallocation to local school districts. The State will be eligible for another $188 million in stabilization funds this Fall.

According to The Oregonian, Oregon will use nearly $3 million in Federal stimulus funding to implement a new Statewide program designed to early childhood education in the State. Known as the Education and Quality Investment Partnership (EQUIP), the initiative will give money to early childcare and education workers who complete college or training courses. The Partnership will pay incentives -- ranging from $50 to $500 -- to workers who pass Oregon Registry milestones.

According to the Center on Budget and Policy Priorities, Oregon will use up to $51 million from the Federal stimulus package to help districts avoid shortening their school year. To be eligible for such money, districts will have to submit applications detailing how they will maintain the full school year.

According to the Statesman Journal, the Oregon legislature is considering a bill that would restrict the operation of virtual charter schools in the State. The proposed amendment (Senate Bill 767) would include reporting requirements for virtual schools, establish a moratorium on the approval of new virtual charter schools, and place a limit on the number of students in the schools.

The Oregon legislature has passed a law that prohibits anyone from claiming to have a college degree if the diploma was purchased from a “diploma mill.” The Oregon Student Assistance Commission maintains a listing of more than 300 unaccredited suppliers of college degrees.

Data from the Oregon Department of Education show that nearly half of all Oregon high school dropouts in 2007-08 made it to their senior year before leaving school. Statewide, the dropout rate of 3.7 percent was the lowest since the State began recording dropouts. Of the 36,000 Oregon students in the Class of 2008, 22 percent earned a State certificate of academic mastery by passing State exams in reading, writing, math, and science and by completing specific projects.

Pennsylvania Update
June 2009

In March, the Pennsylvania Department of Education published a guide for school districts on how to use Federal education stimulus funds. The guide advises school districts to invest funds from the one-time stimulus funding streams, after deducting funds needed to avoid layoffs and make up for revenues short-falls, primarily for such activities as:

- full deployment of Classrooms for the Future in high schools and expansion to middle schools ($22,000 to $34,000) per classroom for technology);
- improved middle and high school science labs ($285,000 per lab);
- a pilot program of principal and building-based teacher incentives;
- a preK-12 school safety plan (including technical assistance);
- more library materials; and
- tutoring and other extended learning opportunities (including computers when needed).

The State is developing such tools as: (a) a voluntary model curriculum in reading, math, science, and social studies; (b) identifiers of individual students' learning needs; (c) longitudinal data systems; and (d) analyses of classroom-level data. The State will also facilitate State-level contracts to aggregate school district purchasing power.

A recent report, entitled "Many Children Left Behind: How Title I Weighted Grant Formulas Favor the Few at the Expense of the Many in Pennsylvania," describes the effects of the Title I formulas on high-poverty districts in the State. Last year, for example, more than $14 million was shifted from 400 small districts to nine large ones. And because Title I formulas are used to allocate Federal stimulus money, there are wide variations in per-student allocations. Philadelphia with a 33.6% poverty rate received $2,213 per eligible students from the Title I stimulus while districts such as Farrell Area (43.7% poverty) got only $882 per student and Midland Borough (31.7% poverty) got $605 per student.

The Pittsburgh Post-Gazette reports that the Pennsylvania Department of Education has stopped making payments to the Agora Cyber Charter School citing "ongoing concerns over misuse of taxpayer funds." Managed by K-12 Pennsylvania, LLC, the online school, located in Charter County, will continue to operate with payments going into an escrow account. A suit has been filed asking for the appointment of an independent trustee to oversee the school's operations.

As reported in Education Daily, the Philadelphia school district has undertaken a five-year project -- called the Imagine 2014 Strategic plan -- intended to reduce by half the City's dropout rate of 45 percent over the next five to seven years. Between 1995 and 2005, the school district's graduation rate rose from 39 percent to 62 percent. District officials attributed the improvement to a new core curriculum, data-driven decision-making, small and accelerated high schools, and more public school choice. Under the district's Imagine 2014 plan, $126 million will be spent in the first year to: (1) increase the number of seats in high schools for disadvantaged students from 1,275 to 3,000; (2) focus on early warning indicators of at-risk students; (3) provide more options such as CTE and Renaissance High Schools; and (4) increase support for a student Reengagement Center.

Rhode Island Update
June 2009

In April, Rhode Island received more than $43 million in Federal stimulus funding including $18 million for Title I and $24 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, Rhode Island also became eligible for $111 million under the State stabilization component of the stimulus package. According to Rhode Island's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $50 million and $53 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, Rhode Island expects to have no funds remaining to be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $54 million in stabilization funds this Fall.

Data from the Rhode Island Department of Education show that more than 80 percent of Rhode Island public schools have met standards under the Federal No Child Left Behind Act -- up from 73 percent last year. However, only 54 percent of the State's urban schools reached the benchmarks compared with 91 percent for the rest of the State.

South Dakota Update
June 2009

In early April, South Dakota received nearly $38 million in Federal stimulus funding including $17 million for Title I and $18 million for IDEA/Special Education -- 50 percent of the Title I and IDEA stimulus funds for which the State is eligible. On April 20, South Dakota also became eligible for more than $85 million under the State stabilization component of the stimulus package. According to South Dakota's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $22 million and $25 million of its SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010, respectively. After restoration of support for K-12 and post-secondary education, the $34 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $42 million in stabilization funds this Fall.

Tennessee Update
June 2009

Through May 18, Tennessee had received $228 million in Federal stimulus funding including $97 million for title I and $123 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, Tennessee also became eligible for $635 million under the State stabilization component of the stimulus package. According to Tennessee's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $154 million of its initial SFSF allocation to restore support for K-12 education in FY 2010. After restoration of support for K-12 and post-secondary education, the $337 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $313 million in stabilization funds this Fall.

The Tennessean reports that the Tennessee legislature has approved a measure that would make high school diplomas for home-schooled students equal in weight to those from public schools. The proposal would require all State and local entities to reorganize diplomas issued by home schools and church-affiliated schools as having the same rights and privileges as public school diplomas. In the past, home-schooled students have been unable to get certain jobs (e.g., police officers, day-care workers) because State laws require those workers to have a high school diploma.

Texas Update
June 2009

The United States Government Accountability Office (GAO) has compiled profiles on the way a number of states have applied accountability issues to initial implementation of the ARRA (stimulus). Texas plans to use its allocated Federal funds to:

- support efforts to assess school performance, teacher incentives, and teacher equity;
- mitigate higher education tuition and fee increases;
- support modernization, repair, and renovation of college facilities; and
- provide incentive funding based on degrees awarded.

The Texas legislature, according to The Dallas Morning News, is considering a bill that would allow school districts to use their State textbook money to purchase digital versions of books, including software, online content, laptop computers, and Kindle readers. Although it was reported some textbook publishers tried to delay implementation of the plan, the measure would apply to next year's scheduled adoption of new books for English, reading, and Spanish courses.

The Texas legislature has approved a series of bills that would emphasize college readiness for college students and would eliminate the requirement that elementary and middle school students pass the Texas Assessment of Knowledge and Skills (TAKS) in order to be promoted. Under the measures, high school students would follow one of three graduation plans; basic, recommended, or advanced. Most students would be encouraged to take the recommended plan for college which would include four courses each in four core subject areas -- English, math, science, and social studies. In addition, the legislature's plan would base school ratings on three years of test scores rather than just one and would also consider dropout rates and finances.

As reported in The Dallas Morning News, the Texas legislature has decided to terminate the State's four-year-old merit pay plan for teachers -- the Texas Educator Excellence Grant (TEEG) program -- despite having invested $100 million a year into the program. Aimed at schools in low-income areas, the TEEG program imposed criteria that caused large numbers of schools to drop in and out of the program from year to year, making it difficult to determine if teacher bonuses were actually improving student performance. Part of the planned funding for the TEEG program will be shifted to another plan -- District Awards for Teacher Excellence (DATE) -- which began last Fall in 203 school districts. DATE has State funding of $148 million and is open to all districts, not just schools in poorer neighborhoods.

The Austin American-Statesman reports that the Texas legislature is debating a proposed measure that would give students with high grades and test scores priority for State college grants. The Senate version of the State budget for the next two year would increase spending for college grants by $86 million, enough to raise slightly the percentage of eligible students who would receive a grant. The House version includes $224 million for the program covering more than 60 percent of those eligible.

According to The Dallas Morning News, the Dallas school district has warned 580 teachers (about five percent of the district's teachers) that their contracts will not be renewed after the 2009-10 school year unless their performance improves. These teachers were, in general, rated in the bottom 20 percent on the district's "Classroom Effectiveness Index," a system that measures how well teachers contribute to their students' learning.

Utah Update
June 2009

In April, Utah received more than $86 million in Federal stimulus funding including $25 million for Title I and $57 million for IDEA/Special Education -- 50 percent of the Title I and IDEA stimulus funds for which the State is eligible. Utah also became eligible for more than $321 million under the State stabilization component of the stimulus package. Utah plans to use $139 million of its Education Stabilization Fund allocation to restore the level of State support for K-12 education in FY 2009 and $141 million to restore the level of State support in FY 2010. It does not expect to have any remaining funds after restoration. The State will be eligible for another $158 million in stabilization funds this Fall.

The Salt Lake Tribune report that many of Utah's large school districts have indicated their plans for using their share of Federal Title I stimulus money:

- Granite is planning to hire 21 extended learning coordinators for its Title I schools to expand after-school and summer school programs. The district also expects to add two more schools to the Title I program next year.
- Alpine will pay teachers to work extended school days, expand summer, and offer opportunities for students to start school early in the Fall. It also plans to establish a performance-pay program for teachers at Title I schools.
- Davis will use its Title I stimulus money to hire seven academic coaches and offer three days of professional development for its 450 Title I teachers.
- Jordan will add three Title I schools, hire six curriculum coaches, and direct funds toward instructional materials, training and technology.
- Salt Lake will hire 15 assistant principals and create a pool of replacement teachers for Title I schools.

Washington Update
June 2009

As reported in Education Week, the Washington State legislature has passed a bill that would overhaul the State's system of public education by 2018. House Bill 2261 would, starting in 2011:

- provide full-day kindergarten for all children;
- extend the school year in grades 7-12 by 80 hours;
- increase the number of teacher professional development days;
- establish a new data system to track student and teacher performance;
- create early education programs for at-risk students; and
- include gifted children in the definition of basic education.

Wisconsin Update
June 2009

Through May 5, Wisconsin had received more than $192 million in Federal stimulus funding including $74 million for Title I and $113 million for IDEA/Special Education -- half of the Title I and IDEA stimulus funds for which the State is eligible. In May, Wisconsin also became eligible for more than $587 million under the State stabilization component of the stimulus package. According to Wisconsin's approved application for funding under the State Fiscal Stabilization Fund (SFSF) component of the Federal stimulus package, the State will spend $291 million and $260 million of its initial SFSF allocation to restore support for K-12 education in FY 2009 and FY 2010 respectively. After restoration of support for K-12 and post-secondary education, the $157 million remaining will be reallocated to local school districts through the State's Title I funding formula. The State will be eligible for another $289 million in stabilization funds this Fall.

The Milwaukee Journal Sentinel reports that the teachers union for the Milwaukee school district has rejected a proposal to lengthen the school day by 25 minutes. The additional time would be used to teach math to students in all schools covering grades K-8. Under the proposal, the teachers would have been paid for the extra time with Federal stimulus money. The union argued that there are better ways than a longer school day to improve education.