

Education TURNKEY Electronic Distribution, Inc.

256 North Washington Street
Falls Church, Virginia 22046-4549
(703) 536-2310
Fax (703) 536-3225

MEMORANDUM

DATE: March 11, 2013
TO: TechMIS Subscribers
FROM: Charles Blaschke, Blair Curry, and Suzanne Thouvenelle
SUBJ: Sequester Update; President's State of the Union New Proposals and Reactions;
and Waiver Developments

This TechMIS issue includes a special update on sequester implications and scenarios which are now intricately tied into the passage of a Continuing Resolution on March 27th and/or a possible full-fledged FY 2013 budget which could affect sequester cuts and schedule.

For most TechMIS subscribers, the likely best case scenario for districts to begin spending Title I funds held in reserve (about \$3 billion) by June 30th (44 states) and September 30th (remaining states) would appear to be a full FY 2013 education appropriation. In such case Congress would likely level-fund Title I and IDEA special education and reduce non-Defense discretionary funding in other USED areas and agencies enough to remove totally or partially the sequester cuts (5.1%) and the caps which could affect budgets for FY 2014 and thereafter. The second best scenario for firms would be for the House and Senate to negotiate a compromise Continuing Resolution through September 30th, which would give the Secretary of Education (and other non-Defense agencies) the right to reallocate funds selectively among programs rather than being forced to implement a 5.1% across-the-board cut on all USED programs (e.g., deciding whether to cut formula programs such as Title I and IDEA which all districts receive versus competitive programs such as Race to the Top which benefit only a limited number of states and districts). The net result of allaying districts' sequester anxieties will be an increase in district spending, especially among those which carried over more than their 15% Title I limitation last year, most likely on products with low operating costs and investments such as professional development rather than salaries, beginning in April.

This TechMIS issue should allow TechMIS subscribers to follow in the media certain Federal sequestration developments, including the most likely scenario, which we will continue to address in a subsequent update shortly. Included in this abbreviated, focused TechMIS issue are

the following related Washington Updates:

- **Page 1**
Highlights of Secretary Duncan’s testimony before the Senate Appropriations Committee on the impact of sequestration, which was criticized by some Republican leaders and others as a “scare tactic” to pressure GOP members in both the House and Senate to reach a compromise which diffuses the impact of sequestration. The Obama strategy has apparently changed to focus on House and Senate members who could be swayed to support his “common sense”/“grand design” compromise.
- **Page 3**
After the Secretary’s testimony, lead GOP Senators requested detailed information on the rationale and the impact of full sequestration on education programs; especially how cuts will be applied and the justification for placing a higher budget priority on competitive grant programs such as Race to the Top which are “unproven,” ignoring formula-funded programs such as Title I and IDEA.
- **Page 4**
In his State of the Union address, President Obama proposed a “new” Race to the Top initiative which states and districts would develop a “smarter” high school curriculum to meet the demands of a high tech economy. This is likely to raise the politically sensitive issue of a Federally-developed national curriculum among conservatives who oppose Race to the Top and other Obama flagship projects. Even though details are not available, the components which were mentioned by the President have already been incorporated, to some extent, into other programs such as Teacher Incentive Fund and School Improvement Grants which the Administration will likely continue even if no new funding is provided for the proposed “new” initiative.
- **Page 5**
Details are dribbling out on the President’s other proposed State of the Union initiative for universal pre-K and early education through a new Federal/state partnership which builds on recent initiatives such as Early Learning Challenge grants, and Head Start grantee recompetitions, among others. Some states have voiced concerns about mandates and “strings” being attached to Federally-funded components.
- **Page 7**
A survey of Washington insiders by White Board Advisors found that the universal preschool/early education proposal is felt to have a very low probability of being implemented, while the Race to the Top high school “smarter curriculum” redesign initiative has some chance.
- **Page 9**
Shortly before his Senate testimony, Secretary Duncan highlighted many of the positive

aspects of the ongoing Ed Flexibility State Waiver initiative during which Senator Lamar Alexander, ranking Republican on the HELP Committee, asked whether he would support California districts' requests for waiver flexibilities to get out from under many NCLB mandates; Senator Alexander questioned the legal bounds of the Secretary's legal waiver authority. If the Secretary's encouragement to the California districts to submit waiver requests is an indication that he might approve such requests, which appear to be likely, it could further dampen his relationship with Senator Alexander -- a key player in a reauthorization of ESEA -- who recently called for a "redoubling" of the reauthorization effort in the Senate.

As noted earlier, this TechMIS issue focuses mainly on sequestration, budget, and proposed State of the Union initiatives and reactions from states and observers. The next TechMIS issue, to be sent shortly, will include highlights of recent surveys on topics such as factors affecting transition of waivers to ESEA reauthorization when it occurs, survey findings regarding the adequacy of teacher preparation and other factors affecting implementation of Common Core Standards and assessments, and State profile updates. Also included will be highlights from the March 9-12 Council of the Great City Schools legislative conference and more reliable updates of the actual sequester cuts on member districts than those released by USED before the conference.

Sequestration Update: Likely Impact and Implementation Scenarios

*A Technology Monitoring and Information Service (TechMIS)
Special Report*

*Prepared by:
Education TURNKEY Systems, Inc.
256 North Washington Street
Falls Church, Virginia 22046-4549
(703) 536-2310 / (703) 536-3225 FAX*

March 11, 2013

The purpose of this update on the sequestration, Continuing Resolution, and FY 2013 budget is to provide the latest information on the most likely impact of the March 1st sequestration “trigger” and possible scenarios that could result in local districts’ spending of Federal Title I funds being withheld when district “anxieties” are reduced. The information below is based on official statements and/or communications between USED sequestration officials and school districts as well as other sources which we have found to be reliable on such matters in the past and our own analysis based on our experience in related matters.

As we have previously reported, the actual funding impact of sequestration on Federal education programs such as Title I and IDEA, which are forward-funded, will not be felt until after July 1st should sequestration in its current form remain in place. However, there are two major Federal education programs which are expected to feel the actual funding impact of a 5.1 percent cut more quickly.

The Impact Aid program is not forward funded and, hence, the sequestration impact (approximately \$65 million cut) would be more immediate. The education entities which will be affected most are: (1) districts in which Impact Aid constitutes a relatively large portion of their operating budgets; and (2) education service agencies (ESAs), which are classified by the state as LEAs and which also receive a substantial amount of Impact Aid funding (see Washington Update item on Secretary Duncan’s testimony). Most of these ESAs also received a large amount of Title I and IDEA funds (e.g., for training Title I staff) which would add further to the impact, but not until July. Education Week’s Politics K-12 blog quoted John Forkenbrock, Executive Director of the National Association of Federally Impacted Schools, “The sky is not falling on these districts. We were able to kind of give them forewarning.” The blog also noted that, to soften the blow further, the Obama Administration has provided the Impact Aid program with about \$20 million in extra funding through April.

USED’s response to the question of the impact of sequestration on Head Start was, “The Head

Start program could face a cut right away [estimated by the Committee for Education Funding at \$400 million], but it's unclear just how individual grantees would be affected...the folks at the U.S. Department of Health and Human Services and the Office of Management and Budget haven't said just how they would implement the cuts." Subsequently, a DHHS official emailed to say that, if sequestration happens, Head Start programs that do not offer summer services would either end their current school year earlier than planned, or delay the start of the next school year. Year-round programs would likely decide not to fill openings after children age out, he added. And grantees could also cut transportation services to find savings.

Then, on Friday, March 1, 2013 on a Head Start conference call, Yvette Sanchez Fuentes, Director of the Office of Head Start, announced that all Head Start and Early Head Start programs would face a five percent cut in their FY 2013 funds and should expect reduced enrollment and workforce, particularly in the upcoming program year. Programs were directed to keep the following principles in mind:

- The first priority for all programs is to maintain a high quality of service provided to children and families and to ensure their health and safety.
- It is critical to minimize disruptions to currently enrolled children for this program year.

She noted that additional options that grantees might consider to handle the required five percent cuts were: shorter days, fewer days of service, staff reductions, not providing transportation, etc.

Under the current sequester situation, programs which are forward-funded would feel the actual budget impact starting in July, including the following programs and cuts: Title I grants to LEAs (\$727 million in cuts), IDEA state grants (\$580 million), Career and Technical Education State Grants (\$56 million), School Improvement State Grants (\$27 million), 21st Century CCLC grants (\$58 million), and Race to the Top (\$27 million). It is important to emphasize that the above sequester cuts were estimated by CEF and depend on what happens with the Continuing Resolution on March 27th. As Jason Delisle and Clare McCann (New America Foundation) wrote in their blog on February 26th, when Congress passes an FY 2013 budget or a Continuing Resolution, "...contrary to the sequester's blunt across-the-board cuts, lawmakers *must set the specific funding levels for each program*. And those funding levels need not match the post-sequester figures for any specific program that the White House is citing. In short, the sequester is in place for less than a month before the funding it cuts expires completely." Hence, the actual amounts of sequester cuts, if any, depends on what happens in the Continuing Resolution or FY 2013 budget. Several scenarios exist.

The first scenario began with House Republicans passing a Continuing Resolution on March 6th through September 30th which would rearrange the current spending pattern in the Defense budget to reallocate \$7 billion to the operations and maintenance (O&M) component. The Senate will propose a Continuing Resolution which could allow (like Defense) cabinet secretaries to be more selective in determining what budget items to cut rather than implement across-the-board percentage cuts, still remaining at the agency's overall level as provided in the Continuing Resolution, minus the total sequestered amount.

During the President's lengthy March 1st press conference, reporters asked whether President

Obama would sign a Continuing Resolution that continues the sequester cuts, but avoids shutting the Government down as occurred in 1995. Among the President's several responses, "We agreed to a certain amount of money that was going to be spent each year, and certain funding levels for our military, our education system, and so forth. If we stick to that deal, then I will be supportive of us sticking to that deal. It's a deal that I made. The sequester are additional cuts are on top of that. And by law, until Congress takes the sequester away, we'd have to abide by those additional cuts." Then, in response to another question, "Just to make it 100 percent clear, you'd sign a budget that continues to fund the government even at the lower levels of sequester, even if you don't prefer to do that?", he responded, "I never make myself 100 percent clear with you guys. But I think it's fair to say that I made a deal for a certain budget, certain numbers. There's no reason why that deal needs to be reopened...And if the bill that arrives on my desk is reflective of the commitments that we've previously made, then obviously I would sign it because I want to make sure that we keep on doing what we need to do for the American people." It is important to note that President seemed to be equating non-Defense discretionary funding with education funding, as the example of non-defense discretionary funds and budget levels which suggests there might be some room for negotiations between the House CR and the to-be-submitted Senate/White House proposal in mid-March. As Chuck Edwards in *TitleI-derland* noted in his blog, "The current FY 2013 continuing resolution expires March 27th, and Congress is expected to come to some kind of compromise to fund the government for the remainder of the fiscal year. It is likely that the sequester cuts will be replaced or modified in that bill." After the passage of the House Continuing Resolution by a vote of 267-151, Politico reported that the bill would go to the Senate "where a bipartisan coalition hopes to expand 'on the bill' to give other Cabinet departments the same relief promised to the Pentagon."

Education Week's Politics K-12 blog quotes Joel Packer, Executive Director of the Committee for Education Funding as saying, "I think the sequester is unfortunately here for this fiscal year. I think the fight has shifted to fiscal '14 and beyond." However, the blog also points out a possible second scenario which the Chair of the Senate Appropriations Committee, Barbara Mikulski, hinted at during the hearings two weeks ago -- namely the Senate could propose and pass an FY 2013 full-fledged budget which the Committee has been working on for several months, according to various sources. As *Politics K-12* notes, "The U.S. Senate -- which is controlled by Democrats -- still hasn't released its spending legislation for fiscal year 2013. The Senate Appropriations panel could decide to do a real spending bill rather than just an extension measure [i.e., a CR]. That, theoretically, would allow Congress to steer more funding to important programs (like Title I and special education) to help alleviate the impact of sequestration."

As reported in the Washington Post (March 7th), "Aides say Obama accepts that the sequester cuts are here, for now at least. But he wants to replace them quickly with a deal that includes overhauling entitlement programs such as Medicare and Social Security in exchange for raising \$600 billion in new revenue by rewriting the tax code."

Which scenario plays out is difficult to predict given the volatility of the situation with the upcoming Continuing Resolution March 27th deadline; however, whichever scenario that would

allay the most uncertainty and anxiety among school districts, particularly Title I offices which are holding in reserve approximately \$3 billion in FY 2012 funding will go a long way in determining how much Title I spending occurs between April and the end of the fiscal year (June 30th) in 44 states and in the remainder by September 30th. While some districts will carry over some (i.e., less than 15%) of this year's Title I funds to next year to soften the sequestration blow, others will begin spending/obligating Title I funds beginning in April.

As we previously suggested, marketing priority should be placed on: (1) districts which received large absolute or high percentage increases in Title I allocations for this year (see our May 2, 2012 district allocation report); (2) districts located in states which have a record of encouraging districts to hold Title I funds in reserve until uncertainties are lifted (see TechMIS Special Report on Title I conference); (3) districts that carried over large amounts last year and have held in reserve more than 20% thus far this year; and; (4) districts with large increases in poverty rates in the latest census data. (Recently released USED preliminary cuts for the top 100 districts do not take into account "hold harmless" poverty provisions; hence, USED overstates the 5% cuts in most districts -- more on this later).

Obviously there is more to come on this subject which we will continue to monitor carefully.

Washington Update

Vol. 18, No. 3, March 11, 2013

Secretary Duncan Testifies Before Senate Appropriations Committee on Impact of Sequestration

In his February 14th testimony before the Senate Appropriations Committee, Secretary Arne Duncan reiterated previously reported possible impacts of sequestration on specific education segments, also identifying a number of other effects, designed to evoke increased Congressional support to overturn the March across-the-board sequester cuts. As we and other groups, such as AASA, have reported, a major impact would be felt by school districts receiving Impact Aid basic support payments, forcing districts to “make wrenching, mid-year adjustments. Many districts are already dealing with reductions of instructional and non-instructional staff and delaying needed building maintenance for buildings that are in serious disrepair,” said the Secretary, referring to an earlier survey conducted by AASA. The estimated \$60 million immediate reduction in Impact Aid funding could also have a major effect on some of the 500+ education service agencies (ESAs), many of which are dependent on Federal Impact Aid for more than 50 percent of their operating budgets, as AASA surveys have reported.

Secretary Duncan reiterated that sequestration would hit hard efforts to improve education opportunities for nearly 23 million students receiving Title I services, which would be cut by \$725 million; eliminating support to an estimated 2,700 schools serving 1.2 million

disadvantaged students and putting at risk the jobs of nearly 10,000 teachers and aides. Part B funds of IDEA would be reduced by as much as \$598 million, which would have covered the costs of approximately 7,200 teacher aides and other staff, placing an additional burden on cash-strapped states and districts. Previously projected impacts on Title I and IDEA funding of close to \$1 billion each have been reduced because the percentage of across-the-board cut was dropped from 8.2% to 5.1% for Federal non-defense discretionary programs.

Also included in the Secretary’s projected impacts were some new areas. Under the Vocational Rehabilitation state grants program, sequestration would eliminate \$100 million immediately from funds supporting activities to help individuals with disabilities become employed, reducing counselor caseloads, and increasing wait time for individuals to receive services, thereby increasing the unemployment rate. He noted that, although the sequester legislation exempts Pell grants, the funds for not-for-profit contract servicers (who administer student loans affecting as many as 29 million student loan borrowers) and for-profit contractors (who administer functions such as FAFSA Pell grant processing and loan collections), would have their contracts cut, reducing the amount of loans to be repaid to the Treasury and thereby increasing the deficit. Beyond administrative cuts, funding for Federal Work Study and Supplemental Education Opportunity Grants could also be cut by \$49 and \$37 million respectively, eliminating

participation for about 100,000 recipients under both programs.

He pointed out that, as an alternative to sequestration, between 2010 and 2012 the Department had identified cuts in 49 programs which saved \$1.2 billion annually, freeing up funds for reinvestment in other programs that worked. Almost \$70 billion has also been saved by recent reforms of the Pell grant program. As he noted, "These are examples of selective cuts and investments where Congress made choices based on performance and evaluations and cost-savings. That is a much better approach than the mindless across-the-board sequestration." He argued that non-Defense discretionary spending is "now on a path to reach its lowest level as a share of GDP since the Eisenhower Administration." Moreover, he pointed to "signs of renewed economic growth, as well as the positive impact of historic education reforms in programs like Race to the Top and School Improvement Grants that will contribute to future growth and prosperity, it just makes no sense at all to undermine this progress through the sequestration of Federal education funds." (See related [Washington Update](#) on Senator Alexander's reactions to the Secretary's impact estimates)

In an attempt to tie education to the impact of sequestration on defense and security, he argued that cutting education "could hurt our military preparedness, because we won't have enough high school graduates for our uniformed services. Already nearly 25 percent of American students do not graduate from high school and will not be able to serve in the military, and 30 percent of high school graduates still lack the basic math, science and English competency skills to pass the military's entrance exam.

Sequestration would only make this situation worse."

After Secretary Duncan's testimony, during the remainder of the hearing, other cabinet heads, the Office of Management and Budget, and almost all members of the Senate committee headed by Chair Barbara Mikulski (D-MD), pointed to the downside of sequestration. Senator Mark Pryor (D-AR) raised the question how much waste will occur in planning for and the actual sequestration. All cabinet members, including Danny Werfel who testified for the Office of Management and Budget, said the amount would be great, to which Senator Jack Reed (D-RI) said that it would appear the sequester would cost more than it would save in the long run. In addition, Werfel also cited a recent estimate that the \$85 billion sequester would have a ripple effect throughout the economy and that one of the better estimates is that it would have a .5- .7 percent negative impact on Gross Domestic Product. The Secretary of Housing and Urban Development said that public housing for the homeless would be cut and that it would have an impact on veterans, which are supposed to be exempt from the sequester, because 10 percent of the homeless are veterans.

Several senators asked Werfel what would happen if the sequester occurred on March 1st, to which he replied that the impact on the different agencies would be "multi-dimensional," ranging from heightened negotiations between Government officials and unions to a staged furloughing of employees over a period of time. He did note, however, that the sequester would not have the impact that a government "shutdown" would, as happened in 1995.

Senator Lindsey Graham (R-SC), at one point in the hearing, asked whether everyone thought sequestration was "dumb" to which everyone agreed. Chair Mikulski concluded that the sequester could have the effect of a firestorm; however, she said that her committee would follow the normal budget schedule for finalizing the FY 2013 budget or a Continuing Resolution, and move along procedurally, as in the past, on a FY 2014 budget.

Lead GOP Senators Request Detailed Information on the Rationale and Impact of Full Sequestration on Education Programs by March 8th

The ranking Republican on the Senate HELP Committee, Lamar Alexander, and Jerry Moran, ranking member on the Senate Appropriations Subcommittee, have requested an explanation for Secretary Duncan's recent estimates of the impact of full sequestration on education programs such as Title I and IDEA special education, especially how cuts will be applied. Secretary Duncan has recently been criticized for claiming enormous politically sensitive cuts; the Senator's letter states that, in many cases, districts have the flexibility to decide whether or not teachers might be laid off or furloughed.

As the letter also states, "Additionally, while the Department highlights the potential for teacher job losses under Title I and the Special Education Grants to States program, you ignore that the Administration has continued to advocate for investment in programs that are unproven and benefit only a few states and school districts which are funded at the expense of formula funded education programs."

The letter requested the Secretary to provide the following information to clarify questions that still remain about how the Administration plans on implementing the sequestration reductions:

- 1) What sequestration percentages was the Department requested to use when coming up with sequestration implementation plans?;
- 2) Please provide the detailed plan(s) for all Department accounts, including the options transmitted to the Office of Management and Budget, for how the sequestration reductions will be met. Please include the cost savings generated for each measure outlined in the plan."

The letter also requested information about internal Department of Education estimates, such as travel and conference spending, the inclusion of political appointees in estimated furloughs and other matters.

The letter also suggests some of the areas in which compromise might be sought prior to or included in a deal to extend the Continuing Resolution. The letter also notes, "We were disappointed by your February 1, 2013 letter to the Senate Appropriations Committee, which suggests you have decided to dramatically cut funding for programs that serve some of the most vulnerable populations." As noted in the *Politics K-12* blog (March 1st), the most recent budget request from the Administration has sought more money for competitive grants, while generally seeking level-funding for big formula programs such as Title I and IDEA. It is likely that any budget compromise will pit Republican support for formula programs such as Title I and IDEA against the Duncan/Obama

flagship competitive grant programs such as Race to the Top and School Improvement Grants.

President Obama Proposes New Race to the Top Initiative for States to Develop a Smarter High School Curriculum to Meet the Demands of a High Tech Economy, Which is Likely to Raise the Politically Sensitive Issue of a National Curriculum Among Conservatives

In his State of the Union Address, the President proposed a new Race to the Top initiative, working with states to develop a smarter curriculum by announcing "a new challenge to redesign America's high schools so they better equip graduates" and to "reward schools that develop new partnerships with colleges and employers, and create classes that focus on science, technology, engineering and math -- the skills today's employers are looking for to fill the jobs that are there right now and will be there in the future." According to the *Politics K-12* blog on Education Week (February 12th), White House aides described the plan to reporters in advance of the speech as "a Race to the Top style grant program for high school curriculum..." And as the *Curriculum Matters* blog (February 13th) noted, "But I couldn't help noticing something in the president's remarks that I haven't heard much -- if ever -- before when he's talked about improving K-12 education: he said the word 'curriculum.' And, in saying that, he could be walking straight into the buzz saw of conservative criticism about the federal government overstepping its role by meddling in what's taught in the classroom. When Obama has talked before about his administration's work to improve

K-12, he has consistently talked about raising standards."

As we have reported over the last year, many of the elements of what a detailed proposal might entail under a Race to the Top high school "smarter curriculum" grant program have already been incorporated in other initiatives. In fact, the most recent Race to the Top-District competition strongly encouraged partnerships among high schools, colleges and local industry which could enhance personalized learning by requiring the removal of certain barriers (such as "seat time") while incorporating mastery or competency assessments. Another increased emphasis would be in the STEM area, with funding coming from sources which were incorporated in the last competitive funding round under TIF. In his speech, the President also called for USED financial aid to colleges to be based, to some extent, on student outcomes or student graduation rates, especially for under-served students. However, as we have reported over the last six months, more than 30 states are either already basing some state aid to colleges on graduation rates rather than enrollments, or considering similar proposals in state legislatures. Indeed, a college in Utah, working with the Western Governors University, pays publishers, in part, based on the performance of students using their instructional materials. In this case, Federal policy would follow what's actually happening in states. And as *Politics K-12* noted, last year, the Administration put forward a blueprint for updating career and technical education program (which is up for reauthorization) that "called for making a portion of the funding competitive, which generally jibes with the broad proposal in the speech." In the blueprint, the within-state competitions would require a matching

contribution from employers which, according to the *Ed Money Watch* blog, sounds like a "challenge to redesign America's high schools' in the President's speech." The blog also notes that it is encouraging that the President included the oft neglected "career" component of college and career readiness, but cautioned that details would probably not be known until the President releases his budget in March.

And last, under the NCLB Flexibility state waiver initiatives, states have the flexibility to use some freed-up money to implement much of what is likely to be included under a detailed plan for the newly proposed Race to the Top high school curriculum initiative. On one hand, the Race to the Top initiative would pull in many components and smaller initiatives implemented under different programs under one umbrella which could take advantage of economies of scale, efficiencies, and possibly bureaucratic ease. On the other hand, it could provide a focal point on which the Federally-developed curriculum issue could surface once again. About three years ago, the Federally-developed curriculum issue raised concerns when the two state assessment consortia -- SMARTER Balanced and PARCC -- received RTTT add-ons (e.g. about \$30 million each) to develop, among other items, "curriculum units." Astute education political observers such as Christopher Cross, former Assistant Secretary for Education, pointed to the political dangers of a national curriculum. Over time, the "curriculum unit" development process has either been deemphasized or the "name" was changed to become a guide to be used only in professional development. However, as *Education Week's Curriculum Matters* blog concludes, "Those critics have repeatedly argued that if the government is using its

clout to persuade states to take on a set of standards, and to use certain tests, then what goes in between -- curriculum -- is essentially government controlled too...Regardless of what side of this argument you're on, though, Obama's clear connection of curriculum and a government-funded competition to foster its development could unleash fresh waves of angst and sniping about what the government is doing, and whether it's on the right side of the legal fence."

Details Dribbling Out on President Obama's State of the Union Early Education For All Americans Plan

In the *President's Plan for a Strong Middle Class and a Strong America*, President Obama identifies providing high-quality preschool for every child as an essential element of Equipping Americans with the Skills They Need. Through a new Federal-state partnership, he proposed, in his State of the Union address, to provide all four-year old children from low- to moderate-income families with high-quality preschool, while also expanding these programs to reach additional children from middle class families and incentivizing full-day kindergarten policies. These efforts, although still scant on details, are to be funded through a cost-sharing model of Federal and state partnerships that would result in closing America's school readiness gap and ensuring that children who enter kindergarten are ready to benefit and experience success.

The February 13th White House announcement of *Preschool for All* proposes an expansion of Federal funds, combined

with state efforts to enroll four-year-olds from families at or below 200% of the poverty level. The funds would be distributed to local school districts and other providers to implement the program.

Funds would be targeted to support high-quality programs including such elements as:

- state-level standards for early learning;
- qualified teachers for all preschool classrooms; and
- a plan to implement comprehensive data and assessment systems.

State preschool programs would meet common and consistent standards for quality across all programs, including:

- well-trained teachers, who are paid comparably to K-12 staff;
- small class sizes and low adult-to-child ratios;
- a rigorous curriculum;
- comprehensive health and related services; and
- effective evaluation and review of programs.

Continued and growing investment in the Federal Head Start program and expansion of full-day kindergarten are also central to the proposed early education initiative.

Under the *Quality Early Learning for Our Youngest Children* piece of the proposed expansion are two specific programs: (1) the Early Head Start-Child Care Partnership to encourage states and communities to increase the availability of quality slots for infants and toddlers (children from birth through three years of age); and (2) an evidence-based home-visiting initiative that,

through voluntary programs, provides nurses, social workers and other professionals to meet with high-risk families, and connect them with assistance to promote child well-being.

The President's comprehensive early learning agenda, to begin at birth, would provide the support and services needed to set children on a path of success in school and in life that builds on the Administration's past successes and includes:

- **Race to the Top -- Early Learning Challenge:** The Early Learning Challenge has funded 14 states that have agreed to raise the bar on the quality of their early childhood education programs, establish higher standards across programs and provide critical links with health, nutrition, mental health, and family support for neediest children.
- **Head Start and Early Head Start:** Increased investments in the Head Start and Early Head Start programs could reach an additional 61,000 children. Enrollment in Early Head Start in particular has nearly doubled. The Obama Administration has also attempted to implement needed reform in the Head Start program by identifying lower-performing grantees and ensuring that those failing to meet new, rigorous benchmarks face new competition for continued Federal funding, which has been stalled, as we have reported.
- **Supporting our Federal Child Care System:** The President has proposed new investments to expand

access and quality in the Child Care and Development Block Grant.

As we have noted in a related [Washington Update](#) item, the Whiteboard Advisors feel that there is little chance that these proposed new initiatives will receive new priority funding. There may be some states where budgets do permit implementation of some of the provisions as they begin to build comprehensive state systems of services to support employability of parents that require childcare.

One of the reasons while the President's universal pre-K initiative given by Washington Insiders was unlikely state acceptance because of Federal mandates and "strings," especially in the 40+ states in which some pre-K programs are underway. Indeed, the Education Week lead article (February 27th) includes interviews with state officials in which virtually all of the states expressed concern about cumbersome requirements and strings being attached to the use of such Federal funding. Bobby Cagle who heads the Georgia Department of Early Care and Learning is quoted as saying, "If the Federal government wants to make sure that Georgia would not participate, they would say you have to do x, y, and z and offer no flexibility." The Massachusetts Commissioner of Early Education and Care who directs the Race to the Top Early Learning Challenge state grant said, "I haven't met the dollar than didn't have strings attached."

During an interview with Education Week staff, W. Steven Barnett who directs the NIEER which tracks individual state progress in implementing pre-K programs says the White House SOTU proposal was particularly appealing because it would

support what states are already trying to do. As he added, "For the states that have high standards and are willing to go for excellence, the President's plan is a beautiful opportunity," Barnett argued.

Washington Insiders View President's State of the Union Universal Preschool Proposal as "Very Low Probability," With Race to the Top High School Curriculum Redesign Initiative at Some Level as "Probable"

The most recent White Board Advisors survey of "education insiders," a small group of key, influential education policymakers, found that almost 75 percent believed that the President's proposed high-quality universal preschool proposal was "Not happening -- dead on arrival (DOA)" or "Doubtful." None in this anonymous survey felt that the initiative was "Definitely -- It's in the bank." In addition to costing too much Federal funding, other reasons included reliance too heavily on states (which also do not have the money), delivery system fragmentation and regulatory complexity, and conflicts between Federal mandates (e.g., personalization of services) with states' political realities in dealing with a patchwork of powerful delivery systems for preschool education. Quality improvement in certain areas could "gain traction" if only minimal additional Federal funding would be required.

At the same time, 46 percent of insiders felt that the Race to the Top (RTT) high school redesign initiative, which includes a "smarter curriculum," had a "Maybe" chance of becoming a reality "mostly

because of the existing RTT brand and history of receiving appropriations.” On the other hand, 23 percent were “Doubtful” and another 23 percent said “Not Happening.” As one insider responded, “We always get something for RTT. May not be a lot -- but it will be enough to do a handful of schools.” Another respondent said that RTTT was relatively inexpensive and has a good brand, while another felt there would be a major “pushback from traditional interests that this is nothing more than trying to turn k-12 into a jobs or vocational program.” It is interesting to note that the reported negative reasons did not include resistance to Federal attempts to support or fund a national “smart curriculum,” an issue raised by Education Week’s Curriculum Matters blog. We too feel this will be a major hurdle.

Regarding the insurgence of the STEM Master Teacher Corps for Science, Technology, Engineering, and Math (STEM) initiative, almost 60 percent of insiders were “skeptical of the initiative passing, but 42 percent thinks there’s a chance.” According to the White Board Advisors report, most insiders felt strong business and bipartisan support could fan political winds behind the initiative. Others felt that the only chance would be to replace existing programs or consolidate various programs because Congress is not willing to commit “new resources” to the effort. Another participant said that increasing by 10,000 the number of STEM teachers would result in reducing the “quality of STEM teachers overall.” The White House has provided no details since they first put the proposal out last year and “they didn’t seem to have much better idea this year either.” We remain skeptical about the creation of a new STEM teacher initiative supported with

additional Federal funding; however, we believe the Administration will continue to place a high priority on STEM-related activities and use increased flexibility in other large grant and formula programs to fund specific STEM components, initiatives, etc. (e.g., under grant programs such as i³, RTT, Teacher Incentive Fund (TIF), Title IIA, and in certain programs in other agencies such as the National Science Foundation).

Regarding the “Fix It First” program to modernize schools, the White Board Advisors report concludes, “Insiders are also mixed here, but most think the odds of ‘Fix It First’ coming to fruition are middling at best.” Thirty-eight percent were “Doubtful” and 33 percent said “Maybe.” One insider observed, “This is so overdue and its jobs and the economy -- a real opportunity for labor and big business to come together,” while another felt that it may “resonate” because it has “a new twist with private capital,” unlike previous stimulus initiatives several years ago. While we too are skeptical that this initiative will come into fruition, it is important to note that Congress recently included, as part of the Continuing Resolution, a permanent reauthorization of the Quality Zone Academy Bonding (QZAB) program, with an annual credit authorization of \$400 million. As we have noted over the last decade, the QZAB program has provided interest-free loan funding for school districts to revise entire curricula in certain schools, including implementation of one-on-one computing and other curriculum modernizations and upgrades.

Secretary Duncan's Serious Consideration of California Districts' Applications for Education Flexibility Waivers Could Dampen Relationship with Senator Lamar Alexander and Hamper Transition of State Waiver Initiative to ESEA Reauthorization

Shortly after President Obama's nomination of Arne Duncan to be Secretary of Education four years ago, Senator Lamar Alexander said Secretary Duncan was best of all cabinet nominees and heartedly endorsed his track record of achievements in Chicago. During last year's Senate debate on ESEA reauthorization, Senator Alexander parted ways with the Obama/Duncan position on teacher evaluation, arguing that teacher evaluation should be a state responsibility, not a Federal one. During the most recent Senate hearings, now ranking Republican on the HELP Committee, Alexander asked Secretary Duncan if he was considering Education Flexibility waivers for school districts, specifically the nine California districts which have formed the so-called California Office to Reform Education (CORE) ten district coalition. According to Education Week's Politics K-12 blog (February 26th), the Secretary gave "the strong impression that he was not considering this despite his own earlier comments that district-level NCLB waivers are very much on the table." In a recent statement to *Politics K-12* blogger Alyson Klein, Alexander stated, "At a hearing two weeks ago, I asked Secretary Duncan if he planned to offer waivers to school districts, and he said he wanted to continue to work with states, and agreed that the best solution would be for Congress to fix and reauthorize the law. I can't imagine that has changed in just two weeks, especially before the

deadline for states to apply. In any event, federal law does not give the secretary authority to grant waivers directly to school districts." In fact, as noted in the blog, the Secretary's waiver authority embodied in NCLB "does allow for waivers directly to districts, so long as the state gets a chance to 'review' the flexibility request." In the last Race to the Top-District competition, state "review" was also required but not necessary "approval," which was an important "bone of contention." In the *Politics K-12* blog entitled "District NCLB Waivers: Do Risks Outweigh Rewards?," a Senate aide reportedly said that, if Duncan goes ahead with district waivers, it will "make it that much more difficult to get any Republican to work with the department in good faith." States have already objected to this potential move as undercutting their authority.

Four superintendents who are part of the California CORE consortium met with Secretary Duncan to "make the case for their waiver proposal," according to the *District Dossier* blog on Education Week (February 20th). USED officials confirmed that the Secretary would "take the group's waiver proposal seriously." If the CORE waiver proposal is approved, it would represent the first districts approved for waivers previously allowed only for states. During the March 10 Council of the Great City Schools conference, Secretary Duncan confirmed his "serious consideration" of the districts' waiver requests.

As we suggested more than a year ago, Senator Alexander could become the key player/broker in arriving at a consensus on ESEA reauthorization. It would appear that the recent CORE application for waivers for the consortium whose districts represent

more than one million students, if approved under the Secretary's waiver authority, could affect the transition or incorporation of many waiver provisions into the ESEA reauthorization, when such a reauthorization occurs. Both HELP committee Chairman Harkin and ranking Republican Alexander have recently called for a "redoubling" of the effort to reauthorize ESEA.