

# *Washington Update*<sup>8</sup>

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## **New Center for Education Policy Report Reflects Growing Consensus and Reality of Implementing the Spirit of NCLB: Provide States Flexibility to Target Unexpected Limited Federal and Shrinking State Funds on Those “Failing Schools” in Greatest Need**

In January, political reality surrounding NCLB implementation surfaced as the Center for Education Policy released its first annual report on state and district progress and problems with the new law. Fueled by the highly contested appropriations battle widely-reported in the press and ignited by the President’s statement on January 11 that his proposed increase in Title I would be significantly less than Democratic-supported levels (\$5-\$7 billion), the highly regarded and influential CEP called for national policymakers to “carefully monitor how the requirements play out in states, schools, and classrooms. If unintended effects emerge, then changes in the law should be considered in later years. For example, if large numbers of schools are targeted for interventions because of test score volatility unrelated to student learning.....then policymakers should consider changes that would target interventions and assistance on schools with the highest degree of failure and greatest needs.” The CEP report also urges USED and education policymakers -- including the White House -- to “tone down the rhetoric” as “challenges” in the implementation increasingly surface; rather, they should emphasize the soundness of

NCLB goals within the context of recognizing how much effort is being required at the state and local levels. USED should also be flexible and sensitive to state circumstances, particularly in states that have assessment and accountability systems that are working. Otherwise, a “rigid, heavy-handed approach” could divert prevailing states’ dedication from the goals of the program to the creation of an audit mentality that addresses primarily compliance needs rather than the needs of students.

There appears to be a growing consensus among partisan political groups that reflects CEP’s recommendation about targeting state and other resources to districts and schools that have the greatest need. On December 11, the Business Roundtable sponsored a panel to address “The No Child Left Behind Act: Where We Stand After One Year.” The panel moderator was Sandy Kress, former education advisor to President Bush, who played the most pivotal role in crafting and enacting NCLB and who is now advisor to the Business Roundtable. In his opening comment, Kress, who has been consulting with several SEAs, predicted that, “...within the next two to three years we will begin to see the first signs of discernable improvement in the long-stalled student achievement data and continuous and steady improvement from there and thereafter...I’m no Pollyanna about all this. I recognize that this law is complex and a real challenge to implement. And we can’t make these changes overnight, but we can begin.” In his opening comments, Tom Houlihan,

Executive Director of the Council of Chief State School Officers, identified a major issue being states' limited capacities to carry out all the requirements, particularly providing professional development and technical assistance to local schools as they are identified for improvement. He also noted the importance of state accountability systems meeting, not only Federal requirements, but also local and state needs. He also called for the Department of Education to use an "artful" enforcement philosophy rather than a "blunderbuss enforcement of treating bad actors and technical violators exactly the same."

During the Q and A session, Joel Packer of the National Education Association (who prefaced his question by noting that the President's budget for FY 2003 for No Child Left Behind is \$90 million less than this year's budget), addressed to the panel the question of whether all "failing schools should be treated the same and whether states should have the flexibility to target schools with the greatest need and be provided some flexibility to use different models."

In deference to the panel, Kress responded directly to the question as follows: "I think if you look into the regs, the Secretary is actually opening up some very interesting avenues for flexibility to address some of the problems that you've raised, that may allow us to avoid having to reconsider the Act or these provisions....it seems that the Secretary has opened the possibility that states could grade schools, or could rate schools on how well they do on a variety of factors that may be important to the people of that state, and yet, at the same time, do the AYP calculation just as the federal law requires and integrate it into one grading

system. It's a bit complex, but yet I think some states are going to be coming forward here soon with some very creative and constructive alternatives to do both of those things. And then they [states] could say, in effect, we're going to target most of our resources.....on trying to fix the really broken schools."

While high level USED officials' comments on the CEP report reflect previously stated "hardline" positions, public comments from Kress, who was the primary architect of the Act, personally negotiating with Democrats and Republicans on behalf of the President, reflects political reality in several respects. Growing opposition at the state level and grass roots to the some of the major provisions could, as the CEP report noted, convert dedicated supporters of NCLB goals to operational resistors, thereby creating "bureaucratic" bickering over compliance issues. Also, by not increasing the FY 2003 or proposed FY 2004 budgets to the levels proposed by Capitol Hill Democrats, the President could gain political points by providing states with greater flexibility, thus reducing the additional cost effects of some of the provisions, such as those surrounding adequate yearly progress (AYP); he could thereby justify a smaller than previously promised funding increase to implement NCLB. As an aide for Senator Kennedy noted this summer, the bipartisan marriage between Senator Kennedy and the White House was separated a year ago when the President's FY 2003 budget for only a million dollar increase for Title I was proposed.

When such flexibility is actually communicated and provided to states, two important things should occur: (a) uncertainty in states such as North Carolina,

Michigan, and others with strong accountability and assessment systems will be reduced significantly and district efforts and funds will be reallocated to improving instructional practices rather than to continuing bureaucratic attempts to meet compliance guidelines; and (b) less than expected Federal funds next year will be targeted even more precisely to schools with lowest achievement levels or otherwise meeting state definitions of having “greatest needs.” For a copy of the CEP final report go to [www.cep.org](http://www.cep.org) and for a transcript of the Business Roundtable on December 11 go to [www.brt.org](http://www.brt.org).

### **New Survey Suggests Which States Provide More State Funds To High-Poverty Schools And Are Likely Not To Receive Major Budget Cuts In These Programs Next Year**

A survey conducted by the Center on Budget and Policy Priorities has ranked states on several indices related to state funding for low-income students for 2001-02 school year. In certain states, because of a high calculated “implicit poverty” weight, such funds are not likely to be reduced as the result of state revenue shortfalls this year and the next. The average state poverty funding per low-income student ranges from \$111 in Arkansas to almost \$5,200 in Massachusetts. The Center also estimates that, in 2001-02, approximately \$8.6 billion of state funds were allocated on the basis of more poverty criteria. Approximately 75 different funding programs were used to distribute funds in 38 states. Of the \$8.6 billion in 2001-02, \$4.6 billion was allocated through “categorical grants” in 25 states;

seven states (including Indiana, New York, and Wisconsin) provide poverty-based funding for class size reduction. Many programs, particularly categorical grants, offer specific solutions such as interventions for students who fail state assessments; some of these include the Texas Compensatory Education Program (funded at \$1.1 billion); the New Jersey Demonstrably Effective Program Aid (\$199 million); the Michigan At-Risk Pupils Program (\$308 million).

One of the measures used by the Center to rank states was the “implicit poverty” weighting which was computed by comparing the poverty funding per low-income student in the state to total state/local per-pupil expenditures. The states with the highest “implicit poverty weights” and the amount of poverty funding for low-income students are displayed below.

<u>State</u>	<u>Implicit Poverty Weight</u>	<u>Poverty Funding Per Low Income Student</u>
MA	52.5 Percent	\$5,200
MN	35.8 Percent	\$3,075
MO	36 Percent	\$2,700
NJ	32 Percent	\$3,732
TX	27.7 Percent	\$1,979
CT	37 Percent	\$4,200
KY	25.5 Percent	\$1,642
MI	20 Percent	\$1,800
RI	25 Percent	\$2,516

The twenty-five states that provide poverty-based funding through categorical grants are less likely to receive budget cuts than the 20 states where the poverty weight is built into the regular K-12 basic aid formula because:

a) a reduction in the basic aid formula would result proportionately in reductions in poverty-related funding streams; and b) categorical programs have much more politically powerful constituencies which pressure legislatures to continue or increase funding. Also, in six states (Washington, Virginia, Kentucky, Connecticut, Alabama, and Georgia) in which poverty-related funding is tied to test scores, these programs are less likely to be cut. Categorical programs which were designed to reduce class size however, are more likely to receive the brunt of any state budget cuts.

The survey also found that 20 states base all of their poverty-based education funding on the free and reduced lunch program while ten use the number of students eligible for free meals only, which are the base for determining Federal Title I allocations to states, to districts, and to schools. Hence, in most cases the states and districts to target are those receiving increases in Title I funds as they are also likely to be the recipient of most of the state poverty-related funding. For a copy of the entire report, which includes specific state programs and 2001-02 funding levels, go to [www.cbpp.org](http://www.cbpp.org).

### **Most States Placing Lowest Priority on NCLB Provisions on Scientifically-Based Research and Desire Greater Flexibility in Subsequent Implementation**

A new survey from the Center for Education Policy -- which will be conducting annual evaluations of NCLB implementation -- has found that "States are not as far along in implementing the new requirements for scientifically-based research as they are with

other major components of the law. This seems to be mostly because states were waiting on the federal government to provide more definitive guidance, and a few felt they lacked expertise on the issue. Some states, however, did not really want more guidance from the Department because they feared it would be too restrictive." This finding supports our contention over the last year that, with the exception of Reading First, the scientifically-based research term, and the related What Works Clearinghouse, is being "cussed" and discussed in two worlds: (a) the Washington inside-the-beltway research community and associations with vested interests (e.g., NEKIA which represents regional labs, American Association of Publishers); and (b) the "real world" at the state and local levels where practical "realism" overrides intellectual stargazing. The new CEP report also notes that some state officials believe that strict adherence to the law's general definition of scientifically-based research will result in only a limited number of programs and approaches being qualified. Our discussions with state officials and certain vendors indicate that some states also wish to have the flexibility to limit the scientifically-based approaches that qualify under Title I or Reading First (or even as supplemental service providers) to those assessment and other products developed by the state, such as the early childhood, readiness assessment products developed by Texas and Oregon.

In other states, SEAs and large LEAs wish to have the flexibility to include only selected reading and other products advocated by political pressures placed upon them. The bottom line is that SEAs or LEAs will be making most of the decisions related to reading programs, technical assistance

and professional development approaches, and other NCLB Titles which fall under the concept of scientifically-based research.

While scientifically-based research is included in several Title I provisions, USED has not issued nonregulatory guidance or regulations on how this concept should be applied operationally in Title I. Such guidance and regulations have been provided under Reading First, Comprehensive School Reform, and Title II/Improving Teacher Quality, regarding professional development practices and approaches. Rather, Title I directors have to rely upon the rigorous definition included in the law. The CEP report notes that in some states the SEA is planning to apply the Reading First definition of scientifically-based research and criteria to Title I; CEP notes that there are some major differences in the Law's definitions of "scientifically-based research" between the two programs. For example, the five essential elements of a reading approach which qualifies under Reading First are intended to be applied more to basal texts than they are to supplemental materials and software, which are the only types of instructional products that can be purchased using Title I funds. Another difference was noted in Education Technology, January 15, by Tom Fagan, who participated in the CEP study: It (Reading First) has a less stringent definition, a definition different from the rest of the act. The Reading First definition lacks two components: that it be based on experimental or quasi-experimental research and that it be proven as sustaining." He also noted that most states he interviewed are relying on the Reading First definition for Title I.

The report recommends that states seriously reconsider adopting definitions applicable to Reading First for Title I generally. The CEP report also "urges" USED not to apply, through regulations or guidance, the use of scientifically-based research requirements which would limit practices that teachers can use, thereby overstepping the prohibitions in NCLB against Federal "intrusion" into local curriculum and instructional decision making. Rather, CEP urges a more reasonable approach by encouraging educators to require publishers and others to provide research-based evidence that clearly demonstrates how and under what conditions a product or practice will improve student achievement and meets the claims attributed to the program or practice.

It is not likely that USED will publish regulations related to scientifically-based research requirements for Title I. On the other hand, it may provide nonregulatory guidance, which does not have the effect of law under the Title I "legal framework"; this will provide states and districts greater flexibility than if a strict interpretation of the concept is followed. Individual state definitions, approaches, review processes, etc. will continue to evolve and eventually a limited number of state or state consortium models will surface for potential adoption in other states.

For more information on the CEP report entitled, "From The Capitol to the Classroom," go to [www.cep.org](http://www.cep.org).

## **FY 2003 Appropriations Update**

The FY 2003 Federal education budget, as of January 20, is under a “continuing resolution” through the end of January; this means that programs that have not been “advanced funded” would continue to operate under existing funding levels. However, in a major development on January 16, the Senate approved -- by a 52 to 45 vote -- an amendment sponsored by Senator Judd Gregg (R-NH) which would increase funding for FY 2003 by \$5 billion. These funds would be allocated to Title V/Innovative Program Strategies, which has been a block grant program since 1982. The Senate was able to find the funds elsewhere in non-military programs through across-the-board cuts of 1.6 percent initially and then an additional 1.3 percent. The net increase under the Senate-passed version would be about \$4.5 billion. This is less than the \$7.7 billion increase proposed by Senators Kennedy and Harkin, which was defeated by a vote of 51 to 46. Under the Kennedy-Harkin proposal, Title I would have received a \$4.7 billion increase, most of which would have gone to large urban districts with high concentrations of poor students.

The President’s proposed budget for FY 2003 calls for a billion dollar increase in Title I with all increased funding going out under “targeted” grants, which will benefit large urban districts with the high concentrations of poverty enrollment. The Education Technology (Title II D) state grant program would be level-funded, and other smaller technology earmarked programs would be zero-funded, including Star Schools and Community Technology Centers. The proposed budget also calls for

a billion dollar increase in IDEA funding. An alternative to the President’s budget (HR 246) has been proposed by Appropriations Committee Chairman Ralph Regula (R, Ohio).

The Senate strategy calls for a major increase (at the expense of other programs) in Title V which provides local districts with great flexibility in spending 85 percent of the proposed increase; state education agencies would receive 15 percent of the increase. (See September 2002 Washington Update for an analysis of USED guidance for Title V programs listing newly authorized uses of such funds.) This flexibility will bring pressures to use the increases to make up for local or state budget shortfalls or recent cuts; this would violate the “supplement not supplant” provision embodied in the predecessor ESEA legislation for the last three decades. Districts could also transfer up to 50 percent of their Title V funds into Title I and, in turn, allocate such funds to Title I schoolwide programs in which here is even greater flexibility because schoolwide programs do not have to report how the funds are used.

The likely outcome of the FY 2003 budget battle will be a billion dollar increase in Title I funding and/or an increase in Title V funding with language to encourage strongly the transfer of such funds for school improvement into Title I. Because Senator Gregg, Chairman of the Health, Education and Labor Committee, is an ardent supporter of IDEA, one can anticipate at least a billion dollar increase in IDEA funding. Most of the smaller technology earmarked programs are likely to be zero funded and some possibly could be confronted with a midyear rescission of unspent FY 2002 funding.

## **New Surveys Strongly Suggest that Much ESEA Funding Will Be Reallocated to Reduce the “Teacher Gap” Between Title I and Non-Title I Schools, In Some Cases at the Expense of Funding Used to Purchase Instructional Products**

In order to meet the new high-quality requirements for both teachers and instructional aides under ESEA/No Child Left Behind, two recent surveys strongly suggest that over the next year or two substantial amounts of Federal program funding will be transferred to activities designed to reduce the teacher “quality gap” between high-poverty and low-poverty schools, often at the expense of postponing instructional product purchases. Quality Counts 2003, published by Education Week, found that 34 states and the District of Columbia offer retention bonuses to veteran or highly-qualified teachers, while signing bonuses are provided for teachers in five states (including California and Massachusetts); these bonuses are geared toward teachers who are willing to work in high-need schools or districts. Beginning next year, districts and states must report on their progress in reducing the teacher “quality gap” between high-poverty Title I schools and non-Title I schools.

Quality Counts 2003 found that students in high-poverty, high-minority schools are more likely to be taught by inexperienced teachers. At the elementary level, fewer than nine percent of teachers in low-poverty schools have less than three years experience compared with more than 13 percent of teachers in high-poverty schools. It also found that 22 percent of secondary

students in low-poverty schools take at least one class with a teacher who did not even minor in the subject he or she teaches; in high-poverty secondary schools the percentage is 32 percent. The number of states which allow signing bonuses for teachers and even paraprofessionals, especially to attract them to work in high-need schools, will likely increase over the next couple of years as the result of specific provisions under ESEA Title II A Teacher Improvement which specifically encourages such use of funds as incentives to reduce the teacher quality gap between Title I and non-Title I schools.

The recently released Center for Education Policy report on ESEA implementation entitled, “From the Capitol to the Classroom,” cites NCES statistics of high school teachers regarding the magnitude of “out-of-field” teaching assignments. In 1999-2000, 21 percent of math teachers and 19 percent of English teachers did not have an undergraduate or graduate major in their main field of assignment. CEP also cites a study from the Education Trust indicating that 34 percent of secondary school courses in high-poverty schools use teachers without a college minor in their subject compared to 19 percent of secondary courses in low-poverty schools. One of the NCLB’s high-quality teacher requirements is that new teachers of core subjects and programs supported by Title I must be certified by the state to teach these subjects. Almost 30 states currently require beginning teachers to pass exams of both basic teaching skills and subject matter knowledge under No Child Left Behind; that number should increase over the next year.

The CEP report, in a survey of SEA officials, found that one of the three most

challenging provisions to implement has been, and continues to be, ensuring that all newly-hired instructional aides hired after January 2002, meet the “high quality” requirements in No Child Left Behind (passing a valid and reliable state or local assessment to ensure they have adequate skills in assisting teacher in tutoring reading and/or mathematics programs, and/or have at least two years of college). In fact, the CEP survey found that most states have existing data collection and reporting systems for assessing the magnitude of deficiencies related to teachers meeting the new NCLB highly qualified requirements. Only nine of 46 reporting states, however, felt they had complete information on the qualifications of Title I paraprofessionals, with the remaining states having to refine or develop such reporting systems.

The scope of the problem is significant suggesting that ESEA funds will be transferred to support potential solutions, thus providing firms with “targets of opportunity” this year and next. Citing a five year old USED study, the CEP report estimates less than half of the school districts participating in Title I had some type of system in place to provide paraprofessionals with opportunities to pursue more education and/or career development opportunities (e.g., only 38 percent provided a career ladder for aides to move into teaching careers). Some of the opportunities reported by SEAs, as noted in the CEP report, included:

- professional development and training programs to help aides meet requirements;
- e-learning training modules;

- programs to encourage individuals to become instructional aides.

As of the past summer, 17 states indicated in their consolidated plans (submitted in July), a state plan to adopt commercial assessments for paraprofessionals; since then the number of states which have state contracts with vendors of commercial assessment instruments for instructional aides, has grown to more than 30.

### **New Bush Accountability System for Head Start Likely to Increase Demand for Products Used to Teach Numeracy and Literacy**

In mid-January, the Department of Health and Human Services (DHHS) unveiled the National Reporting on Child Outcomes plan which will push accountability in No Child Left Behind down to the preK level. Beginning next Fall, all 900,000 four-year-old students enrolled in Head Start will be assessed, most likely in the area of literacy and language development, and then once again in the Spring to determine how much early learning has occurred among Head Start programs. Conflicting stories have appeared in The Washington Post and Education Daily as to whether: (a) one of a limited number of commercially available assessment tools (considered standardized tests) will be selected or; (b) other dedicated single purpose instruments will be developed and used on a pre/post test basis. The Center on Health and Education at Georgetown University is selecting/developing the assessment battery.

Groups such as the National Head Start Association, and to a lesser extent the National Association for the Education for Young Children, have expressed concern about the overall Bush Head Start initiative announced over a year ago. They argue that the major purpose of Head Start is to develop a child's social and emotional well-being rather than developing numeracy and literacy skills, even though such development was mandated by Congress in 1998 when Head Start was last reauthorized. Various components of the overall Bush initiative, personally led by First Lady Laura Bush, have included: (a) national promotion of an "optional" curriculum patterned after the Dallas Cone Head Start curriculum developed by a team at Southern Methodist University with support from the Texas Instrument Foundation during the 1990s; (b) training of more than 50,000 Head Start teachers over the last year in diagnostic, prescriptive tools and procedures developed and conducted by the University of Texas; (c) funding of a number of development/demonstration projects focusing on specific literacy skill development areas; and (d) implementation of the Early Reading First initiative.

In a related activity, the Department of Education and Department of Health and Human Services have begun holding two-day sessions, referred to as Educator Academies, which address early learning guidelines (for three- to five-year-old students) that are aligned with state K-12 standards (Education Week, January 22). Requirements to follow the guidelines will be optional for many local and preschool programs, but those that are financed with Federal Title I money eventually will be required to follow these guidelines and standards. During the Presidential

campaign, Candidate Bush proposed to transfer Head Start from DHHS to the U.S. Department of Education, a shift which was vocally opposed by all associations whose memberships include Head Start directors, early childhood specialists, and Head Start teachers.

As reported in Education Week January 15, Wendy Hill, Associate Commissioner for the Head Start Bureau (who formerly directed Head Start efforts in Texas), in response to critics who called the Bush initiative "high stakes testing," stated "the intent of the national reporting system is not to create some kind of pass or fail test for grantees or children." Rather, she noted that the results would help teachers and program leaders do a better job in monitoring their efforts and make corrections where necessary. However, critics like Samuel Meisels, President of the Ericson Institute and a recognized national expert on assessment of young children, argues that it will be perceived as high stakes testing and will result in teaching to the test. Currently, samples of children enrolled in Head Start are assessed using different measures at least three times per year to determine whether they are progressing in the development of numeracy, literacy, and social development.

As reported in Education Week, January 22, Wade Horn, Assistant Secretary for Children and Families (which houses Head Start), assured attendees at the Head Start conference that the Bush initiative would not create an entrance exam for kindergarten; would not be used as the basis for taking money away from Head Start programs; and would not replace locally-developed assessment programs. He did indicate that, based on test results, low-performing Head

Start programs would receive additional resources and training.

The Bush proposal for outcome evaluations using norm-referenced tests would represent a significant turnabout. The TURNKEY 1998 Survey of Technology Use in PreK-K Programs, including Head Start, found that classroom observation and portfolio/authentic assessments were the measures used by most of the survey respondents for measuring early childhood development; none reported using any norm-referenced tests. The same survey did find that Head Start and other preK programs used instructional computers mostly to teach literacy and numeracy, as well as for the development of writing skills and for instructional management. The types of software and tools perceived to be in highest demand were those that could be used in developing collaboration/sharing and high-order thinking skills, followed by promoting creativity and independence. The TURNKEY study also found that the most prevalent preK-K programs used in Head Start -- such as Mobius, High Scope, Creative Curriculum, among others -- provide extensive staff development, sometimes as a precondition for selling products to early childhood program centers.

It is estimated that the cost of creating a new classroom in a Head Start center is between \$10,000 and \$12,000 for all furniture, equipment, and supplies. Estimates suggest that about half of this total is furniture with the remaining \$5,000-\$6,000 used for instructional materials. Approximately 2,500 new Head Start classrooms are created each year. Based upon these estimates, about \$13.5 million is spent to equip these classes with appropriate instructional materials. In addition, modest amounts --

perhaps \$400 -- are spent by the Centers each year on instructional materials for existing Head Start classrooms, yielding an additional \$14 million or so in such expenditures. An average of an additional \$400 per class is contributed out-of-pocket by teachers each year for another \$14 million. These estimates suggest that total annual expenditures for instructional materials and supplies in Head Start classrooms is about \$41 million.

### **New USED Report on Estimated Funds Earmarked for Supplemental Services and Transportation by LEA is Misleading and Could Potentially Create Further Confusion at the District Level**

A new listing, by state and district, of FY 2002 Title I LEA allocations, estimated maximum amounts available for choice-related transportation and supplemental education services, and the maximum per-child expenditure for supplemental education services can be very misleading for providers of supplemental services. It could also create additional confusion for district officials resulting in postponement of purchases of other products and services. The alleged intended audience for the information is school districts to help them determine how much should be reserved for choice-related transportation and supplemental education services. It is also clear, however, that this information is designed to help supplemental service providers to identify priority districts to target and how to price their services. As stated in the preface, "An LEA must use up to an amount equal to 20 percent of its Title I, Part A allocation (the "20-percent

reservation”) received from the State to cover choice-related transportation costs for students who exercise a choice option and to pay for supplemental educational services for students whose parents request such services.”

The information presented is misleading in several respects. First, all of the numbers are inflated to some extent because, as noted in the preface, they do not take into account state-level adjustments made prior to the allocation of funds to districts. These adjustments take into account the number of Title I-eligible students served in charter schools, SEA set-asides for administration, and reserves for school improvement activities. Adjustments in states such as Texas and California, among others, explain why they are among the last states to provide final allocations to some districts this year -- as late as February. Second, the 20 percent earmarked for the reserve does not take into account: (a) unique situations in specific districts which already provide districtwide transportation; (b) the number of LEA schools identified for improvement for failing two years and for failing three consecutive years (thereby being required to make supplemental services available); and (c) the reality of eligible parents exercising their rights to have their children transferred to other schools and/or to receive supplemental services. For example, an official in Hillsborough County, Florida recently indicated that it would be illegal to reserve any Title I funds for transportation as the county already provides districtwide transportation for parents to exercise their choice of schools for their students. To use Title I funds would be considered “supplanting.” As reported in the December TechMIS Washington Update, several surveys conducted in October-November

last year found: (a) many large districts, such as Los Angeles, could provide transportation or supplemental services only to a small percentage of eligible students because the cost of serving all students was greater than the 20 percent limit; (b) in many districts, only 5-10 percent of eligible parents were actually exercising their options; and (c) more than half the states had not provided an approved list of supplemental service providers by that time. The last reality check shows that the number of schools failing for three consecutive years, which are supposed to provide supplemental services for eligible parents and children, is significantly less than the 8,500 estimated by USED a year ago. Based upon recent state assessments, districts in states such as Florida, Texas, and New Jersey, have few failing schools identified for improvement or others for which supplemental services must be provided; this is not taken into account in USED estimates.

The most useful information in the USED listing is the estimated maximum per-child expenditure for supplemental education services; this is supposed to reflect the actual Title I allocation per Title I eligible student in the district. In Florida, for example, this allocation ranges from \$711 in Nassau County to \$970 in Dade County.

Without doubt, the number of schools identified for improvement will increase next year. District Title I coordinators in LEAs which received only slight increases in funding, but which have a large number of schools identified for improvement, view the 20 percent reserve as a major problem because it has resulted in some Title I schools not identified for improvement having to reduce their Title I budgets; or in some districts, the number of schools

receiving Title I funding this year has been reduced thus creating political problems. For districts with a 20+ percent increase in overall Title I funding, the problems have been significantly less. Even though a significant number of eligible parents are not expected to exercise their choice options, some Title I directors have decided to include in their Title I central office “reserve” the 20 percent earmark. These funds will likely be used at the district level to purchase products and services this Spring, especially if the FY 2003 Title I budget is increased likely resulting in some increase at the district level. In some districts however, one of the consequences - either intended or unintended -- is that choice advocates within communities or on the school board will pressure Title I directors to earmark such funds for contingencies to cover the cost of transportation and supplemental services. This, in itself, could result in uncertainty and, hence, postponement of purchases of certain products and services. Any firm that is negatively affected by such activity should refer to the USED report caution, “Please note that the data on these tables are for information purposes only and do not constitute any binding agreement on behalf of the U.S. Department of Education.” To review the report, go to [www.ed.gov/offices/OUSTitleLEAs/FY02a/locations/index.html](http://www.ed.gov/offices/OUSTitleLEAs/FY02a/locations/index.html).