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M E M O R A N D U M

TO: TechMIS Key Contacts

FROM: Charles Blaschke

March 19, 2003

SUBJECT: Title I Directors Begin Spending Reserve Earmarked Funds for Transportation and Supplemental Services Which Were Not Incurred

As a reminder to suggestions our recent reports, memos, and conversations, we conducted a brief survey of Title I directors in districts which have a relatively large number of schools identified for improvement and have found they are beginning to purchase products and services. They are using money held in the central office reserve to cover possible costs of transportation and supplemental services which in fact did not occur to any significant degree.

For districts with Title I schools which have been failing for three consecutive years, USED draft regulations in August 2002 required them to reserve up to 20 percent for transportation and supplemental services. Moreover, many of these districts received relatively large increases in Title I funding for this year (see February 19, 2002 Special Report with a list of these districts) and are now aware that they will be receiving the lion's share of the $1.4 billion Title I increase for next year. For these two reasons these districts, for the most part, have decided not to carry over funds from this year to next year and are attempting to expend such funds before the end of the school year on products and services. The states with the largest number of these types of schools identified for improvement are California 534, Georgia 360, Massachusetts 74, New York 368, Pennsylvania 245, Indiana 77, and Arizona 227.

Many of the districts with schools that have been failing for two consecutive years and therefore had to offer parents choice options for transferring their student to other schools, are likely to also be spending Title I funds reserved for potential transportation costs which did not occur to any great extent. In addition, these districts are required to allocate at least 15 percent of the school Title I allocation from the Title I central reserve for staff development. These districts will be looking for firms that can provide additional staff development and/or have products which can boost student scores quickly, therefore reducing the probability that these schools will be identified for failing three consecutive years; otherwise next year they have to provide supplemental services which could result in districts losing Title I funds to outside groups. States with the largest number of schools identified for improvement for failing two consecutive years are New Jersey 268, Illinois 232, Colorado 89, Washington 50, Wisconsin 38, Virginia 34, Missouri 37, and Minnesota 59.

Please call Charles Blaschke if you have questions or wish to discuss how to approach Title I directors with what types of messages.