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## MEMORANDUM

**DATE:** October 1, 2009  
**TO:** TechMIS Subscribers  
**FROM:** Charles Blaschke and Blair Curry  
**SUBJ:** Title I Guidance Update; LEA Reporting on Job Creation; SIG Comments; and State Profile Updates

On September 15<sup>th</sup> we issued three TechMIS Special Reports on:

- New Title I guidance on opportunities for professional development and expanded tutoring;
- Analysis of new guidance on how IDEA stimulus funds could be used; and
- Preliminary comments on Race to the Top by education groups focusing on school improvement models and use of funds.

In this TechMIS issue, we provide an update of previously sent reports and new developments which should be of interest to most TechMIS subscribers which include:

- **Page 1**  
More detailed comments on draft regulations for School Improvement Grants by major education groups which call for a greater flexibility and support the so-called transformation model which, if taken seriously by the Administration, could have positive implications for most subscribers.
- **Page 4**  
An update on the new Title I guidance concerning use of regular and stimulus funds which, not only provide greater opportunities for firms wishing to partner with “Identified” districts who operate their own SES and wish to expand training to non-Title I staff, but also suggest the best opportunities are in Title I schoolwide programs and more centralized district-level decision-making.
- **Page 6**  
Secretary Duncan provides several hints of most important changes/provisions in proposed ESEA reauthorization which are consistent with his testimony before Congress in July 2008 on NCLB changes he felt should be needed; some are already being implemented through the regulation/waiver process and others

included in Race to the Top and related competitive grants; however, reauthorization is likely one to two years away.

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USED issues clarifying guidance for LEA reporting on use of ARRA funds in creating or retaining jobs, which could provide firms an opportunity to gain a competitive edge if they have a capability and are willing to assist LEAs in preparing such reports.

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The most recent GAO report on “draw downs” by states and “expenditures” by districts of stimulus funding is misleading and shows wide variation among states due to SEA “regular” reporting procedures; subscribers should expect major Title I and IDEA purchasing cycles to begin in October using both Title I and IDEA regular funds, as well as the recently-released last 50 percent of Title I and IDEA stimulus funding.

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Miscellaneous Items:

- Senator Harkin appointment good news for special education funding
- GED test taking increases for college enrollments
- NIMAS implementation update
- Early Reading First grants awarded
- House passes HR 3221 with new Obama initiatives with funding uncertainty

State profile updates address a number of issues including state budgets, assessments, charter schools, online instruction, and Race to the Top preparations.

# **Washington Update**

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*Vol. 14, No. 10, October 1, 2009*

## **Almost All Major Education Groups Call For Greater Flexibility in Use of School Improvement Grants, Supporting the So-Called Transformation Model, and Agree on Other Changes to Draft Regulations Which, if Taken Seriously by the Administration, Could Have Positive Direct Implications for Firms Wishing to Partner With Districts and Lowest-Performing Schools**

Based on a review of comments submitted on September 25<sup>th</sup> by major education groups (including AASA, NSBA, AFT, CGCS, and CCSSO) on draft regulations, the \$3.5 billion School Improvement Grant initiative should provide much more flexible use of such funds at the district and school level. The vast majority of comments support the so-called transformation model which offers greatest opportunities for most TechMIS subscribers. If, as is likely, the Administration incorporates some of the proposed changes into the final draft, there will be greater opportunities for firms planning to partner with, or otherwise provide products and services to, districts/schools receiving such grants.

All of the major education associations and advocacy groups favor the transformation model and believe it should be provided on a level playing field with the other three models for districts/schools to select. The organizations prefer the transformation model largely because of its flexibility and because, based on recent research, it has the highest probability of being successful in

actually turning around the lowest-performing schools. AASA, NSBA, and even the New Teachers Project feel that it is the only option for the vast majority of lowest-performing schools in rural districts that do not have readily available access to charter schools or EMOs and that do not have available skilled staff to fill positions if the requirement to remove existing principals and up to half of existing teachers is imposed. As AASA emphasized, “The transformation model includes nearly all of the actions that have a research base, and thus is the only real rigorous option available to school districts.”

Virtually all groups say that such staff removals should be based on hard evidence and that districts should be allowed to obtain waiver approval based on strong justifications for retaining principals and other appropriate staff. Indeed, NSBA recommends that districts be allowed to implement other options if they can demonstrate these interventions have the potential for success including the extensive use of intermediate education agencies, citing examples of success in Michigan and Wisconsin. The Council of the Great City Schools feels that the “restart” model, which assumes takeover by charter schools or EMOs should include, as an option, the creation of magnet or theme schools which are similar to those used by Secretary Duncan when he was CEO in Chicago (see related [Washington Update](#) item). The Council also supports inclusion of a “scale-up” model for local interventions which have documented success, especially those

which are effective in schools with significant numbers of English language learners, citing several successful models used to turn around the lowest-achieving schools in Richmond, Long Beach, Boston, and Atlanta. The AFT recommended that USED consider offering districts “a fifth model that would allow a school to choose the appropriate components” of the existing four models that meet the needs of a school and that this model be available to all targeted schools. CCSSO recommends that a state be allowed to propose “an alternative school intervention” approach which would have to be approved through a peer review process.

Virtually all commenters propose that an LEA be able to use one model in more than 50% of Tier I and Tier II schools, calling arbitrary the draft requirement that if a district has nine or more Tier I or Tier II schools, no more than 50 percent could use only one model, which “favors” the use of charter schools. As the National Association of State Title I Directors stated, “It could be that a school district has good reason to choose one particular model. The school district should be able to present its reasons. It is not the federal role to make this determination for a local district.”

One of the major procedural concerns expressed by the National Association of State Title I Directors (NASTID), and buttressed by even stronger statements from the CCSSO, related to the delayed allocation of SIG (g) funding to SEAs and then districts, and what happens to reform initiatives already underway within certain districts funded under previous SIG guidelines. NASTID emphasized reform activities already underway and strongly stated, “In addition, the denial of the use of

the FY 2009 1003(g) funds that were expected summer of 2009 is having a negative impact on the on-going school improvement programs. Many of these programs have been in the planning stages for years.” CCSSO argued that, “Dramatic changes in program requirements may cut off funds to current, promising school intervention projects.” Moreover, it warned USED: “Consolidating FY 2009 and AARA appropriations and releasing these funds only after the final notice is issued and applications are submitted under the final notice will cause a one-year gap in the flow of funds under this program...There is some potential that this delay could have the effect of disrupting and terminating many current school interventions that were just started in the last year or two, including many that are beginning to make progress in changing the culture and increasing student achievement in underperforming schools.” These and other groups recommended early release of some of the 1003(g) funds, in addition to the release of the SEA four percent set-aside allowed in the other recent USED guidance, or that the Department seriously consider waiver requests by LEAs and/or SEAs to continue funding reforms already underway in districts which appear to be having some success in turning around lowest-performing schools. To the extent USED takes into account these procedural concerns, it is likely that some of the Tier I schools (especially those with components of the prescribed models) which have been funded in the recent past will continue to receive additional SIG funding over the next three years. Strategies being developed by firms should take this consideration into account by approaching districts now, as we recommended in the August TechMIS [Washington Update](#).

As expected, some of the comments and recommendations made by various groups were self-serving. For example, all three major principal groups vehemently opposed replacement of principals in the intervention models. Communities In Schools (CIS) recommended that where community-oriented supports and services were required, “make it clear that research-based methods have priority,” claiming that the ‘CIS model’ is the only dropout prevention program in the country with scientifically based evidence to prove it reduces the dropout rate and increases the on-time graduation rate. The Massachusetts Insight Education & Research Institute called for the final regulations to include “Lead Partners” in the turnaround option, noting that, “Our framework provides for a ‘Lead Partner,’ either an in-district organizational unit or an external, contracted organization, which is responsible for integrating all services at the school level.”

Comments by other groups were somewhat surprising and may or may not be seriously considered. The Council of the Great City Schools argued that Tier I schools with 500 or more students should request \$500,000 per year, while those with less than 500 students request not more than \$250,000 per year and that “surplus” funds in any one state which does not have a large number of Tier I, II and III schools be reallocated to other states. Following the strict interpretation of provisions in ESEA, the Council recommended that waivers not be approved to serve Tier II schools as proposed because these high schools are not receiving Title I funds, although changes in appropriations language may allow the funds to be so used in the near future. Also, CGCS recommends that waivers not be allowed for targeted assistance schools to be

identified as a Tier I school.

In addition to supporting the transformation model, NSBA also recommended that technology be included as part of permissive activities, allowing LEAs to determine whether and how to use such technology. In its comments, SIIA argued that technology can support extended learning and more productive use of student and teacher time through differentiated instruction; it also recommended, as did the Council for Exceptional Children, the inclusion of a schoolwide Response-to-Intervention model as a requirement beyond just a “permissive” activity. The Council for Exceptional Children called for greater attention to be paid to the plight of students with disabilities who have only a 57 percent exit rate from high schools with a standard diploma. CEC also called for particular attention to be paid to the high dropout rate of gifted and talented students and recommended that positive behavioral interventions and supports (PBIS), Universal Design for Learning (UDL), and RTI models be included in all three of the intervention models.

The most serious immediate implications for firms targeting School Improvement Grant funding relates to the procedural issues raised by NASTID and CCSSO because the 1003 Part g funds (approximately \$550 million) were not allocated to states as expected in July-August and will not likely be available until the \$3 billion Part g School Improvement Grant ARRA funding is available expected in March. Continued funding by states to Tier I schools that were funded last year will have to be continued using leftover 1003 (g) funds from last year’s budget, if any, or the 40% set-aside. Where such funds are not available or are

grossly inadequate, many of the turnaround activities which could qualify for funding under the new regulations (which may not be available until December) may be “put on hold.” Hence, in many states, districts will likely be in a planning mode for the next eight to nine months and reform initiatives in some districts may be postponed/terminated. Moreover, when the \$3.5 billion SIG funding becomes available next March/April, many schools and districts which would otherwise be eligible as a Tier I or Tier II school may not wish to participate because of the principal and staff removal requirement (unless that has changed) or because they feel USED “pulled the rug from under their feet” during the current funds allocation hiatus.

Many SEA Title I directors are also concerned that next year the four percent SEA set-aside for school improvement may not be available because of hold harmless provisions once the stimulus funding is completed. And, because of this procedural funding issue and the fact that district reform measures may have to be put on hold, Congressional leaders who have already expressed skepticism about the lack of research supporting the models described by the Administration under School Improvement Grants may have even a greater justification for not increasing funds for SIG the following year. How these issues are resolved at the Federal, and perhaps more critically at the state, level is an important area on which we will continue to monitor and report.

Please call Charles Blaschke to discuss how this situation could affect your firm’s strategies (703-536-2310).

## **New Guidance on Use of Title I/ARRA Stimulus Funds Provides Greater Flexibility of “Supplement Not Supplant” Rule Providing Increased Opportunities for Partnering and Training All District Teachers Using Set-Asides**

On September 2<sup>nd</sup>, USED issued new guidance on the use of Title I regular and ARRA funds to “drive reform and improve student results.” Under new interpretations of the “supplement not supplant” rule, districts have greater flexibility in the use of such funds, particularly with non-Title I teachers. In certain districts, potential sales beyond schools providing Title I services could be two to three times greater than in the past.

One newly created opportunity is in the area of professional development in districts which are identified for improvement, of which there are currently about 2,500. In general, such districts have to set aside ten percent of their Title I allocation for professional development only for Title I teachers and staff. If any of the 10 percent set-aside remains at the end of the year, it must be carried over and added to the 10 percent set-aside for the next year. Unlike unspent SES funds, the remaining 10 percent professional development set-aside cannot be reallocated for other allowable purposes at the end of the fiscal year. In 2005, USED sent policy letters in response to requests from a small number of districts and states noting that schools identified for improvement must set aside 10 percent for professional development; however, those set-aside funds can be used to serve “the greatest need” and do not have to be targeted only on teachers in the school identified for

improvement. The new guidance states that the “only exception” to the rule that Title I funds can be used to provide professional development only to Title I teachers and staff is districts that are in improvement status. It explicitly emphasizes, “An LEA in improvement status may provide professional development to instructional staff throughout the LEA with Title I, Part A ARRA funds it reserves ‘off the top’ of its Title I, Part A allocation, provided the professional development activities are related to the reasons the LEA is in improvement status.” Hence, as long as the professional development relates to the reasons for the district being identified for improvement, then professional development funded under Title I and provided to Title I teachers and staff can also be provided to any or all staff in the district. In most districts that opt for this flexibility, the market potential in the district for professional development expands greatly. If a district decides to have all teachers trained in the use of a particular instructional program, software application, etc., then Title I funds can be used to purchase some units of materials and equipment for use in non-Title I schools to be used as an “object of the training” for non-Title I teachers as long as the costs are “necessary and reasonable.” Funding from other sources may be required to purchase additional units of the product and materials for student/instructional use in the non-Title I schools.

The new guidance also provides an example which could create opportunities for firms with products and programs that can be used in tutoring. Under a new interpretation of the so-called “exclusion principle” of supplement not supplant rules, the guidance states that a district can rebut allegations of

“presumed” supplanting if the services provided to non-Title I students meet the intent and purposes of Title I; if so, the district may exclude those services from supplement not supplant considerations. The district could argue that the services are supplementary and designed to improve achievement of students who are failing, even if the non-Title I students are funded with supplemental state or local funds in non-Title I schools. As the guidance states, “For example, if an LEA offers after-school tutoring for any student who scores below proficient on the State’s mathematics assessment, paying for Title I students with Title I funds and non-Title I students with supplemental local funds would not violate the supplement not supplant requirement because the students in the non-Title I schools, by virtue of being non-proficient in mathematics are failing to meet the State’s mathematics standards and thus would be eligible for Title I services if they attended a Title I school.” Hence, if a superintendent or other high-level official wants to purchase a certain instructional program, delivery system, etc. for tutoring for all students who are at-risk, the district may use Title I funds to purchase the product for use in Title I schools and use other state or local funds to purchase it for use in non-Title I schools. The potential for expanded use increases in a district which, for example, takes advantage of the IDEA Section 613 provision which allows up to 50 percent of an increase in IDEA funding in one year to be used to free-up that amount of local funds spent on special education programs which can be used for any purpose allowed under ESEA; or, if the district receives a portion of the ARRA State Fiscal Stabilization Funds that are remaining after the state has restored previous cuts in 2009-10, then such funds could also be used to purchase products and

applications to facilitate tutoring for at-risk students in non-Title I schools using the above rebuttal argument against supplanting.

The new Title I guidance also strongly encourages districts to put in the Title I central office “reserve” all or most of the ARRA Title I funds and ensure that as much of these funds as possible be allocated for products and services in Title I schoolwides (which now constitute about 60 percent of all Title I schools) and allow those funds to be consolidated with a portion of IDEA funds and other Federal state and local funds to be used to serve all students in schoolwide programs without having to report in detail how such funds are expended.

The implications for these new interpretations, which could affect upwards of \$4-5 billion of Title I regular and stimulus funding over the next two years are straightforward. First, target those districts that are identified for improvement, especially those receiving large regular Title I allocations this year and that have been approved to provide their own SES; this could create expanded opportunities for partnering with districts and providing training to all teachers. Second, one can reasonably expect more and more centralized purchasing decision-making in Title I district offices than at the school-building level, continuing a trend which we have noted over the last 10 years. And last, target Title I schoolwide programs which have the greatest flexibility, are likely to receive proportionately more funding, and operate under much more flexible supplement not supplant rules and reporting on the use of funds.

Our associates at MCH inform us that

approximately 2,500 LEAs (as defined under Title I funding allocations) have been identified for improvement. Some of these include public charter schools, as well as regional offices within large districts that are considered LEAs for Title I funding allocation purposes. As one might expect, in some of the larger states, a large number of districts have been identified for improvement (which are currently undergoing changes as state AYP calculations are being met), such as California (253 LEAs), Illinois (158), and Ohio (314); also included, however, are a relatively large number of LEAs in states with many rural districts such as: North Carolina (69) and Missouri (266), among others. For additional information about identified districts, the number of schoolwide programs identified for improvement, and schools in corrective action or restructuring, contact Joan Whitney at MCH (800) 776-6373.

For a copy of the guidance go to: [www.ed.gov/policy/gen/leg/recovery/guidance/titlei-reform.pdf](http://www.ed.gov/policy/gen/leg/recovery/guidance/titlei-reform.pdf)

### **Secretary Duncan Provides Several Hints of Important Changes/Provisions in the Proposed ESEA Reauthorization Which, In Most Respects, Are Consistent With His Testimony Before Congress in July 2008 on NCLB Changes Which He Felt Are Needed**

In the first of a series of “Public Conversations” on the reauthorization of ESEA, Secretary Duncan outlined some general principles and needed changes in NCLB, many of which have already been

made through the regulatory process and waivers, while others form the pillars of Race to the Top and School Improvement Grants. Most of his proposed changes are consistent, at a general level, with his earlier testimony, although in some areas his priorities and emphases appear to have changed.

In his “Why we can’t wait” written preparation on September 24<sup>th</sup>, Secretary Duncan laid out general principles based on his “listen and learn” town hall-type 30 meetings he and his staff have held throughout the country over the last several months: “People want support from Washington, but not interference. They want accountability but not oversight. They want national leadership, but not at the expense of local control....So today I’m calling on all of you to join with us to build a transformative education law that offers every child the education they want and need -- a law that recognizes and reinforces the proper role of the federal government to support and drive reform at the state and local level.” Many education policy observers agree that the framework for the proposed ESEA is reflected in the “pillars” underlying the Race to the Top fund. As Secretary Duncan restated them, “Our shared goals are clear: higher quality schools; improved student achievement; more students going to college; closing the achievement gap; and more opportunities for children to learn and succeed.” Such a transformative education law is one in which:

- respects the status of educators who should be “valued as skilled professionals rather as mere practitioners and are compensated accordingly.”

- ends the culture of blame, while encouraging, recognizing and rewarding excellence;
- demands “real accountability tied to growth and gain both in the individual classroom and in the entire school.... and not just the tiny percent near the middle who can be lifted over mediocre bar of proficiency with minimal effort. That’s not education. That’s game-planning tied to bad tests with the wrong goals.”
- discourages a narrowing of the curriculum, promotes a well-rounded education, and allows children “to develop their unique skills, interests, and talents.”
- ensures a critical mass of great teachers and principals will be assigned to underperforming schools.
- uses a “testing and accountability system that accurately and fairly measures student growth and uses data to drive instruction and teacher evaluation.”

In our December 19, 2008 TechMIS Special Report, we discussed some of the most likely priority initiatives under Secretary Arne Duncan, based on his July 2008 testimony before Congress. We noted that some of them “may be introduced as pilots through the regulatory process, while others will likely require legislation either separate from or as part of NCLB reauthorization....Moreover, the evolutionary nature of these initiatives will be based on available research and evidence, but grounded in pragmatism in the context of what Duncan feels will work and fits into his vision.” In that testimony, the Secretary identified some specific types of strategies

and interventions which, since then, have been incorporated into regulatory changes, including the waiver process and competitive grants -- such as Race to the Top and School Improvement Grants -- using increased stimulus funding. In that testimony, Duncan identified “a few simple strategies” he used in Chicago: “Before the accountability and intervention measures of NCLB, Chicago took the initiative to hold students accountable to annual state assessments, to identify students in the most chronically failing schools, and to provide intervention services including mandatory summer school, after school programs, alternative schools with smaller class sizes and extended day programs.” Already incorporated into Race to the Top School and Improvement Grants and, most likely, Innovation Grant priorities, are many of these tactical initiatives.

In his July 2008 testimony Duncan also identified school improvement initiatives undertaken in Chicago. Based on recommended changes by groups such as the Council of the Great City Schools we believed, at that time, a policy would evolve of targeting the SEA four percent set-aside and School Improvement Grants to “schools based on a ‘most in need’ formula and prescribing a certain percentage of such funds to be used, during the three-year intervention period, for instructional strategies such as differentiated instruction, instructional coaching, data-driven decision-making, professional development, formative assessments, and extended time programming and supplemental services.” Having fought a two-year (2005-06) battle with USED over regulations not allowing districts identified for improvement to provide their own supplemental educational services (SES), Secretary Duncan

announced last spring proposed regulatory changes in that USED policy and, until such regulations can be changed, states and districts can apply for and easily obtain a waiver allowing districts identified for improvement who have a demonstrated record of increasing student performance to provide their own SES if they are approved as a provider by the SEA. In addition, waivers can be obtained to provide SES during the first year a school is identified for improvement.

Many of the other school improvement initiatives gleaned from Duncan’s earlier testimony have been incorporated in the massive \$3.5 billion School Improvement Grant program, as reflected in draft regulations.

Regarding the use of charter schools to turnaround failing schools, the Secretary’s priorities appear to have been expanded and emphasized more heavily than in his earlier testimony. In 2008, he noted that 20 Chicago schools that had been identified for improvement under restructuring sanctions became “charter” or “contract” schools which were designed not to compete with public schools, but rather to provide options for students with different interests and learning styles. Or, they could provide options for teachers who had different teaching styles and approaches. In our December 19<sup>th</sup> report we noted that based on the earlier testimony, these charter schools appear to be more like “magnet schools” which served as incubators for innovation. Most education groups, in their comments on the proposed School Improvement Grant draft regulations, have suggested that the Administration has created a “tilted level playing field,” favoring the re-start alternative which calls for large charter

school and education management organization (EMO) groups that go beyond the concept of magnet schools noted by Secretary Duncan in his July 2008 testimony. (See also comments by CGCS in Washington Update)

Looking at the amount of disagreement with proposed guidelines and provisions in draft regulations affecting proposed Race to the Top and School Improvement Grants by powerful education groups, one can certainly infer that some of the Duncan priorities and tactical initiatives which may be included in the Administration's reauthorization proposal will be difficult to sell to such groups. Moreover, during the most recent hearings and debates on the proposed FY 2010 budget, Congressional opposition to proposed funding increases beyond ARRA stimulus money included in the 2009 budget has already been voiced, particularly with respect to reallocating Title I formula grant funds to expand School Improvement Grants. One likely outcome will be that NCLB reauthorization will be on a backburner in Congress until some of the results, if not perceptions, of proposed initiatives under Race to the Top and School Improvement Grants become more apparent.

For a copy of the Secretary's September 24<sup>th</sup> announcement on ESEA reauthorization, go to:

<http://www.ed.gov/print/news/speeches/2009/09/09242009.html>

## **USED Issues "Clarifying Guidance" for ARRA Reporting on Job Creation Estimates Which Could Provide Opportunities for Firms to Gain a Competitive Edge for Firms Which Have a Capability and Are Willing to Assist LEAs in Preparing Such Reports**

In September, USED issued "clarifying guidance" on how state recipients and LEA sub-recipients should report on job creation or retention associated with ARRA expenditures. Although details in several areas of reporting have yet to be specified by states to ensure LEAs report accurately and uniformly, the guidance suggests several areas in which firms that provide products and/or services to LEAs which use ARRA funds for purchases could gain a competitive advantage. The new guidance, which has more examples than the draft we reported on in the Washington Update (April), reinforces suggestions which we made earlier.

As the guidance states, "While sub-recipients [e.g., LEAs] are not responsible for entering, and will not be able to, enter jobs data into the system, they are required to provide job estimates and a narrative description of the types of jobs to the prime recipients" [states]. A job is "created" if a new position is created and filled or an existing unfilled position is filled; a job "retained" is an existing position that would not have been continued to be filled were it not for ARRA funding. Either of these situations could be counted even if the position is paid for with non-Recovery Act funds "as long as the job would not have been created or retained in the absence of the Recovery Act funding." All jobs created or retained must be in the U.S. or outlying

areas to be counted.

A distinction is also made between “direct” and “indirect” jobs. LEAs should report on jobs created or retained for providing services such as professional development. The guidance states that recipients “should not attempt to report on the employment impact on vendors from whom recipients are purchasing materials, equipment, or other supplies (so-called ‘indirect’ jobs), except in those instances where the value or the quantity of the purchases is so significant as to have an identifiable employment impact on the vendor.”

Following this Federal guidance, which may be expanded upon by SEA reporting requirements placed on LEAs, one can infer that the following types of activities undertaken by firms may give them a competitive advantage:

- A firm that provides a service such as professional development should seriously consider hiring some full- or part-time local staff to assist in providing in such professional development and particularly follow-on support. Not only would it be easy for the LEA to identify the amount of FTE or hours of job creation, but also reduce the LEA’s concern of possibly having to release those person(s), if a district hired the person(s), after the ARRA funds run out; also, the firm should have a capability of identifying the number of jobs created or retained on its own staff which could include not only trainers, but internal support, development, and related staff and be willing to report this information to LEAs.
- A firm that provides services to a district that pays for them using a number of ARRA funding buckets (such as Title I, IDEA, Race to the Top, among others) should be able to report on the number of FTE jobs created or retained attributable to each of the funding sources and report that information periodically to the LEA to assist them in completing their quarterly reports.
- When an LEA sub-recipient decides to increase an order, a firm that provides materials, equipment, and supplies (which are referred to as “indirect” jobs) under a pre-ARRA existing contract should be able to estimate and report to the LEA on the number of jobs created or retained as a result of the increase in the order to attribute purchases paid for out of ARRA funds.
- A firm that provides a service (e.g., online tutoring) should ensure that the persons filling jobs created or retained are located in the U.S. and outlying areas and report these estimates to the LEA.

While SEAs may place additional reporting requirements on LEA sub-recipients, the Federal guidance states, “The LEAs, which are sub-recipients under this program, will be expected to contact their vendors, as necessary, to estimate the jobs created or retained as a result of Recovery Act funding. Since the LEAs that are procuring goods and services from vendors would normally have information on salaries and personnel on invoices and other procurement documents, these LEAs may have the data they need to identify jobs created/retained and to estimate the number of hours worked.”

For a copy of the most recent guidance for recipients go to: [www.ed.gov/policy/gen/leg/recovery/section-1512.html](http://www.ed.gov/policy/gen/leg/recovery/section-1512.html)

**Government Accountability Office Reports That Spending Patterns of Initial ARRA Stabilization and Other Funds Vary Due to Unique SEA Funding Procedures; However, With the Release of the Remaining \$11-12 billion of Title I and IDEA ARRA Funds on September 4<sup>th</sup> and Release of Remaining Advanced Funding for Title I and IDEA After October 1<sup>st</sup>, Major Purchasing Cycles Can Be Expected to Begin Shortly**

A recent report by the Government Accountability Office (GAO) on state “draw downs” and LEA “expenditures” of ARRA Stabilization, Title I and IDEA funds has found significant variance among states which can be attributed partly to LEA uncertainty, but mostly to existing procedures used by SEAs for allocating regular Title I and IDEA funds. While states may be required to change some procedures, especially those identified through GAO-conducted “risk assessments,” the rate of expenditures by LEAs should increase greatly starting in October which will likely begin this year’s largest purchasing cycle in the Title I and special education market niches.

In its review, GAO focused on 16 states which includes most of the states receiving the largest ARRA allocations. As we have reported in our recent TechMIS Washington Updates and State Profile Updates, some

states such as California, Illinois, and Michigan, as well as Oklahoma (not included in the GAO report) allocated most, if not all, of their initial stabilization funds to districts quickly. As of August 28<sup>th</sup>, the District of Columbia, Mississippi, New Jersey, Texas, and Pennsylvania had not drawn down any of their Stabilization funds. The states in which LEAs reported expending large portions of the Stabilization funds were: Ohio, Illinois, Georgia; eight states reported no expenditures by the end of August by LEAs. Expenditure patterns as of August 28 regarding Title I ARRA funds were significantly different from stabilization in that 11 of the 16 states reported LEA expenditures that were generally higher than the amounts “drawn down.” Most of these differences, in such states as Massachusetts, were due to unique reporting and allocation requirements. Yet, in some states, expenditures were delayed; as GAO reported, “However, in California, we found that, as of August 7, 2009, 7 of the 10 California LEAs receiving the largest Title I allocations had not spent any Title I, Part A Recovery Act funds and, therefore, had cash balances.” The states in which the actual “expenditures” reported by LEAs were greater than the amount of available funds “drawn down” included: Arizona, Florida, Georgia, Massachusetts, North Carolina, Ohio, Pennsylvania, and Texas. One might infer that, in these states, LEAs are likely to spend early the second half of their Title I and IDEA ARRA funds allocated to states on September 4<sup>th</sup>.

LEA expenditure patterns regarding IDEA ARRA funds were similar to Title I patterns; eight of the 16 states reported LEA “expenditures” larger than the amounts “drawn down.” These included Arizona, Colorado, Florida, Georgia, Massachusetts,

North Carolina, Ohio, and Texas. One possible reason why LEA expenditures exceeded state draw downs may have been the desire for states and selected districts in these states to take advantage of the Section 613 local adjustment option which allows an amount up to 50 percent of the increase in total IDEA funding a district receives to be used to free up local funds currently being allocated to special education programs. The GAO report notes that USED is planning to collect information on the number of LEAs that are taking advantage of this flexibility. GAO notes, "This is of potential concern in future years because LEAs are required to maintain their previous year's level of local spending on special education and related services to continue to receive IDEA funds, and by reallocating local funds out of IDEA programs, they will lower the level of local spending the LEA must maintain in subsequent years."

GAO also notes that USED is collecting information on the number of school districts that are setting aside up to 15 percent of IDEA funds for Coordinated Early Intervening Services. However, this information will not be reported until 2011. We intend to continue monitoring and reporting on state level policies and district allocations related to the Section 613 option and the 15 percent set-aside for CEIS/RTI.

For a copy of the GAO report go to: [www.gao.gov/new.items/d091016.pdf](http://www.gao.gov/new.items/d091016.pdf)

## **MISCELLANEOUS**

- Shortly after the death of Senator Ted Kennedy, the Senate selected Senator Tom Harkin (D-IA) as his replacement as Chairman of the

Senate HELP committee. While Senator Kennedy certainly was considered an advocate for policies and funding supporting students with disabilities, Senator Harkin has been without question the staunchest supporter of expanding programs for the disability community, including "full" and "mandatory" funding for IDEA. During the debates earlier this spring on ARRA, Senator Harkin, who will continue to be Chairman of the Education Appropriations Subcommittee, called for the stimulus portion for IDEA (approximately \$11 billion) to be considered the benchmark for the 2011 appropriations proposal in order that the "falling off the cliff" effect be minimized when such ARRA funding runs out after September 30, 2011. The Senator has called for and submitted legislation which would increase IDEA funding beyond that date in such a way that, in several years, the 40 percent mark -- which was included when PL 94-142 was passed in 1975 -- would be achieved. The Federal portion of the cost of special education, including the stimulus portion this year, would be slightly over 25 percent -- up from 17 percent last year. Moreover, Senator Harkin has advocated through legislation that IDEA become a "mandatory" budget item rather than "discretionary" funding which must be debated and appropriated each year. In addition to calling for significant continued increases in Federal IDEA funding, Senator Harkin has also been a leading proponent of the use of

instructional materials for students with disabilities to be grounded in Universal Design for Learning Principles. In addition, the Senator was instrumental in supporting the development of NIMAS standards (see related miscellaneous item) to make print material accessible to print-disabled learners.

While Universal Design for Learning Principles and NIMAS standards have created problems for some supplemental software and print publishers, over time Senator Harkin's impact not only on authorizing legislation, but also on appropriations, should weigh more heavily on the balance sheet in increasing sales of firms which target the special education and directly related niche markets, especially at the K-12 level.

- According to the American Council on Education, administrator of GED testing and certification, in 2008, the number of people taking the GED test grew by almost seven percent -- to 777,000 from 2007. In some states, such as Louisiana and North Carolina, the number grew by more than 20 percent during the first two quarters in 2009. As The Wall Street Journal (September 12<sup>th</sup>) pointed out, "The growth has come as the job market has worsened." The exam, which can take 5-8 hours to administer, includes tests in reading, writing, social studies and math. The conventional wisdom for the last 20 years has been that, if one does well in reading, one is likely to do better in the other subject areas than their

peers who have reading problems. According to The Wall Street Journal, "Community colleges are trying to get more students without a high-school diploma to take the GED exam, with an eye on enrolling them after they pass. According to the American Council on Education survey, 60% of test takers say they took it to pursue further education."

The demand for GED prep programs will likely continue to increase as more and more Iraq and Afghanistan war veterans -- up from 277,000 this month -- take advantage of the new GI Bill for education. Under the Act, which went into effect in August, a veteran can receive \$100 per month for 12 months to take refresher courses, special tutoring, and GED prep programs before enrolling in freshmen credit courses. In September, the House passed HR 3221 which includes the community college initiative President Obama announced during the summer. The \$12 billion initiative, entitled the American Graduation Initiative (AGI), would provide grants for colleges to increase opportunities for five million low-income students to successfully enroll and then graduate from college by 2020 (see below).

- The National Association of State Directors of Special Education (NASDE) recently released the results of its updated survey on the implementation of the National Instructional Materials Accessibility Standard (NIMAS), which affects many publishers of print supplemental materials. The purpose

of NIMAS is to provide guidance to states and districts to ensure that students with print disabilities have access to the general education curriculum through specially adapted print materials. Among the issues that could affect print supplemental materials publishers is the cost of formatting their materials in electronic form to meet the NIMAS requirements and the potential misuse (and thus violation of copyrighted materials), not only by print-disabled students, but also by other students. These implications could affect not only cost but also revenues. The NASDE survey found that, as of July of 2009:

- 49 responding SEAs have a designated state-level NIMAS coordinator whose responsibilities include developing policies pertaining to NIMAS requirements for publishers;
- 28 SEAs have developed guidelines for use by local special education administrators and teachers;
- 47 SEAs have signed “limitation of use agreements” to ensure that “NIMAS file sets will be converted for exclusive purpose of producing accessible instructional materials for blind or other persons with print disabilities”;
- Ten states have one authorized user, two states have as many as eight authorized users; in 19 SEAs, the authorized users include

Recording for the Blind and Dyslexic, Bookshare.org, or American Printing House for the Blind;

- 22 SEAs have legislation or regulations relating to NIMAS which reflect Federal language; and
- 35 SEAs have plans to convert NIMAS files to alternative formats.

The NASDE survey also found that only seven states reported having challenging issues with the Limitation of Use indemnity clause, while six SEAs had challenges locating Accessible Media Producers to convert NIMAS files. Among the 43 states that specified next steps, one initiative would be to “work with publishers to encourage the market model,” while another was to “determine a balance of copyright versus special education laws.” For a copy of the survey findings and more detailed information, go to <http://nimas.cast.org/about/resources/statesdoesurvey>, where state-by-state information, with a list of pertinent state websites is available.

- USED has awarded \$108 million early Reading First grants to 28 LEAs and other entities to improve school readiness of young children. Unlike the Reading First program whose future funding has been curtailed, the Early Reading First program appears to have much greater support in Congress and is one of the Administration’s priorities as reflected by the Early Learning Challenge Fund legislation proposed

by the President and recently passed by Congress. The 52 new projects are designed to provide high-quality research based experiences in language and early literacy. Funds can be used for extensive research based professional development and purchasing preschool instructional materials which can develop pre-reading skills. For a list of the grantees and project directors, go to <http://www.ed.gov/programs/earlyreading/index.html> or see the USED press release dated September 22<sup>nd</sup>.

- On September 17<sup>th</sup>, the House passed the Student Aid and Fiscal Responsibility Act (SAFRA) HR 3221 which, among other initiatives, would provide funding for the Obama Administration's proposed Early Learning Challenge grants. Funding would come from freed-up money, an estimated \$90 billion, over the next ten years in savings by converting the Pell grant loan program to a direct Government grant system. According to a press release dated September 17<sup>th</sup> by Secretaries Duncan and Sebelius, two key funding elements would be:
  - Quality Pathway grants made to high-capacity states which are already making significant progress in establishing a comprehensive

high-quality early learning system and who wish to take such improvements to scale;

- Developmental grants to states showing promise for strengthening and expanding early learning systems but who need additional assistance.

A “manager’s amendment” submitted by Committee Chairman George Miller includes, as enumerated uses of funds, student support and workforce programs grants for library services and information literacy activities. The bill could also include \$10 billion over ten years for community colleges to improve remedial and adult literacy programs, expand dual enrollment offerings, and a variety of other activities. One of the activities would be offering online education resources, possibly for remediation for low-income students and to assist returning veterans. The Senate is expected to address its version in the near future.

# Alabama Update

## October 2009

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According to the Montgomery Advertiser, State tax revenues that traditionally pay for Alabama's education expenses were down by \$463 million from last year. The State's Education Trust Fund is likely to see its third budget cut for FY 2010 and could cut K-12 education funding by as much as \$1 billion for FY 2011. Last year, the State released half of its rainy day fund to account for budget shortfalls. Legislative budget discussions began in September and are expected to run through November.

The Birmingham News reports that Alabama plans a major revision of the State's testing program including elimination of the Alabama High School Graduation Exam in favor the ACT college entrance exam and end-of-course tests. Currently, in order to graduate, high school students must pass three of the five sections of the graduation test which consumes 15 instructional days each year. Under the new plan, all eleventh-graders will take the ACT and a writing assessment with the State paying the \$75 ACT fee. Currently, 74 percent of Alabama students take the ACT anyway. In addition to the ACT for eleventh-graders, the new assessment plan includes: *Explore*, ACT's college readiness assessment (eighth-grade); the *PLAN* assessment, a midway check for tenth-graders; and the *WorkKeys* assessment measuring job skills (twelfth-graders). The cost of the four new tests is estimated to be \$3.9 million. But the State expects to save \$4 million by eliminating the graduation exam.

# Arizona Update

## October 2009

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The Arizona Republic reports that a new State law will allow an expansion of online programs for the State's K-12 students. For the past ten years, an Arizona pilot program has allowed 14 school districts and charter schools to offer virtual classes for 15,000 K-12 students. Now, under a new State law, all 227 of the State's school districts and 500 charter schools can provide online learning. Schools will have to apply to either the State Board of Education or the State Board for Charter Schools in order to provide such classes. The law gives schools three years to show proof that they are improving their students' academic performance.

Arizona State University is in the process of developing its own network of K-12 charter schools. The first ASU school opened last school year in Mesa and the second opened this year in Phoenix. ASU expects to create at least two more charter schools -- near ASU campuses -- in the next few years. University Public Schools' teachers spend six weeks each year on professional development and 90 minutes per day on classroom planning. Like other university-based charter schools, the ASU charters focus on disadvantaged students.

# California Update

## October 2009

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As we have reported in recent months, California has had to take a number of drastic steps to close its \$26 billion budget gap. Education Week reports that thousands of teachers have been laid off and the State has deferred the adoption of new textbooks at least until the 2013-14 school year. Overall, the State has cut funding for public schools on top of \$12 billion in earlier cuts.

The San Francisco Chronicle reports that California high school students have shown modest improvement on the California High School Exit Exam (CAHSEE). Approximately 80 percent of the State's tenth-graders have passed each of the English and math sections of the test when they took it in the Spring. Still, 100,000 members of the Class of 2011 must pass it to graduate. Students who fail the CAHSEE may take it up to seven times over the next two years. Special education students also improved on the CAHSEE with 57 percent passing -- up from 55 percent last year. But special education students are exempt from having to pass the exam in order to graduate. Last year, the State allocated \$58 million for tutoring and other remedial help for students who failed the CAHSEE. The State's financial crisis has, however, caused the State to take the earmark off the funds allowing it be used for other purposes.

As part of its campaign to improve its position for funding under the Federal Race to the Top (RTTT) program, California has implemented a student database known as CalPADS that will, it is hoped, make it possible to measure what works in the classroom. A second component, a teacher and administrator database called CALTIDES, will come on line in 2011. As reported in the Los Angeles Times, the State legislature helped the State's RTTT position by setting aside a law that prevented the State from using the data system for evaluating teachers. The State has also proposed a major education reform bill that includes a provision that would make teachers accountable for their students' performance.

# Colorado Update

## October 2009

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An analysis by the Denver school district indicates that students from the eight elementary schools that were closed two years ago are performing better in their new schools. The school closings saved approximately \$3.5 million a year, \$2 million of which was allocated to the students' new schools for academic interventions. The 2,000 students in question showed higher reading, writing, and math scores on the 2008-09 Colorado Student Assessment Program than they did when they were at their old schools.

# Connecticut Update

## October 2009

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State assessment data indicate that 406 Connecticut schools (40 percent) failed to make adequate yearly progress (AYP) under the Federal No Child Left Behind Act -- down slightly from 408 schools the year before. NCLB now requires 80 percent of a school's students and student subgroups to score at "proficient" or better in reading and math on the State assessments. According to the Hartford Courant, many of the State's best schools missed the AYP standard often because of one subgroup. Of the high schools that failed to make AYP, two-thirds failed in both reading and math while another 25 percent missed because of math scores alone.

# Florida Update

## October 2009

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As reported in [The Miami Herald](#), the State-funded Florida Virtual School has seen its budget cut by nearly ten percent -- \$11 million -- this year with another \$22 million to be cut next year. Most of the lost funding is due to the elimination of class-size money that traditional school districts receive. Meanwhile, the schools' enrollment is expected to increase by at least 50 percent. It is estimated that the Florida Virtual School, largely because it is exempt from class-size limits, will spend about \$1,500 less per full-time equivalent student than traditional schools. The school is expecting to have up to 190,000 students this year, up by about 60,000. Most will be part-time -- a total of 250,000 half-credit enrollments, compared with 175,000 last year.

As reported in [FloridaToday.com](#), a State law requires all school districts to provide full-time online instructional programs in K-8 in the 2009-10 school year and in high school this January. Under the law, each district pays \$3,995 in State-provided money to the online provider and is allowed to include virtual school students in their attendance counts. Virtual school students are taught by State-certified teachers using email and telephone communication, but are required to take State-mandated exams (including the Florida Comprehensive Assessment Test) at their traditional school campus. Students whose families do not own a computer and who are eligible for free or reduced-price lunch, may be eligible for technology assistance which adds \$1,000 to the annual per-pupil cost.

According to [Urban Educator](#), the Duval County (Jacksonville) school district, in coordination with the mayor's office and community organizations, has implemented a dropout prevention program known as the Learning to Finish Initiative. The Initiative will conduct pilot programs in six schools intended to identify sixth- and ninth-graders at risk of dropping out and to develop strategic plans to help them through high school.

# Georgia Update

## October 2009

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As reported in the Atlanta Journal-Constitution, the Gwinnett County school district has filed a lawsuit against the State of Georgia because the State reallocated money intended for the district to a financially struggling charter school. The district lost almost \$850,000 to the Ivy Preparatory Academy of Norcross when the charter school received matching local funds. The suit also challenges the constitutionality of the Georgia Charter Schools Commission, a State-level charter authorizer. Similar court actions have been filed in Florida (unsuccessfully) and Colorado (successfully).

# Hawaii Update

## October 2009

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According to the [Honolulu Advertiser](#), only three of Hawaii's 33 public high schools have made adequate yearly progress (AYP) under the Federal No Child Left Behind Act. NCLB requires that, this year, each of 37 student subgroups must meet specific targets -- 58 percent proficiency in reading and 46 percent proficiency in math.

The [Honolulu Advertiser](#) also reports that the pencil-and-paper version of the Hawaii State Assessment (HAS) will be replaced by an online version in the 2010-11 school year. Modeled after the Oregon assessment system, the online structure will increase the testing window from two weeks to eight months, allowing students to take the exam up to three times per year. It will also give teachers immediate feedback on their students' performance relative to reading, math, and science standards. Hawaii currently spends more than \$10 million a year to give the HAS to 92,000 students; the annual cost is expected to drop to \$6 million by the 2012-13 school year. A field test of the online HAS will be conducted next Spring.

The Hawaii Department of Education is seeking, for the second time, legislative approval for "reconstituting" failing schools -- that is, replacing principals and teachers. A prior effort failed because of concerns about collective bargaining and opposition from teachers' unions. A total of 36 Hawaii schools have failed to make adequate yearly progress under the Federal No Child Left Behind Act for at least four years. Hawaii expects to use Federal School Improvement Grants (SIG) -- up to \$1.5 million per school -- to turn around underperforming schools. One of the SIG's options, the Turnaround Model" is virtually the same as the State's reconstitution plan. The list of schools under restructuring for four or more years is available at the [Honolulu Advertiser](#) website (8/31/09).

# Idaho Update

## October 2009

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According to Education Week, 18 of Idaho's 115 school districts have declared a "financial emergency." This designation allows the districts to reopen collective bargaining agreements with local teachers' unions.

According to the Idaho Statesman, Idaho currently has 36 charter schools which serve 12,000 students -- 4.3 percent of the State's enrollment -- with about 7,000 students on charter school waiting lists. Six new charters are expected to open their doors in 2010. State data suggest that test scores for Idaho's charter school students are higher than those for students in traditional schools. But, as some State officials note, charter schools often pick and choose their students. Many charters are, however, struggling financially. Traditional schools have a safety net that says they will receive 99 percent of the previous year's State funding even if their enrollment declines. Charter schools have no such protection. Charter schools will also take a hit because the State's total K-12 education spending has been cut from \$1.42 billion to \$1.23 billion.

# Illinois Update

## October 2009

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The Chicago Tribune reports that the elimination of a State-funded textbook program, because of overall budget cuts, has put even greater pressure on local school district budgets. Last school year, the State contributed \$42 million -- \$40 per student -- to the program, often to buy textbooks for special programs and to implement new curricula in both public and private schools.

Urban Educator reports that, starting this school year, Chicago high school students will be required to take a financial literacy course covering such areas as household budgets, debt control, and retirement planning. The district has also begun implementing an initiative to ensure the integrity of performance and progress data.

# Indiana Update

## October 2009

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According to the Chicago Tribune, Indiana is considering a change in its school accountability measures. Many of the proposed changes are modeled after the system implemented in Florida, including an emphasis on struggling students, more charter schools, and requiring reading proficiency before third-graders can be promoted. State officials say many Indiana schools focus on “bubble” students -- those close to passing the State assessment and not on the lowest-scoring students. The plan also calls for an increase in the number of charter schools; currently there are 53 charters in the State.

# Iowa Update

## October 2009

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According to the Des Moines Register, Republicans in the Iowa legislature have put forth a proposal that would require all high school seniors in the State to an exit exam in order to graduate. Under the proposal, students would have to meet a series of benchmarks in all academic subjects. Those who fail would have to go to summer school or demonstrate, in an alternative way, that they have learned the skills needed after graduation. The plan also calls for an entrance exam for beginning teachers and the establishment by the State of core academic standards.

# Kansas Update

## October 2009

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The Kansas City Star reports that 1,251 Kansas schools (87.6 percent) made adequate yearly progress (AYP) under the Federal No Child Left Behind Act, down from 172 (90 percent) last year. The Kansas City (Kansas) school district showed a drop in the number of failing schools for the third straight year -- from 26 missing AYP two years ago to 23 last year to 20 this year. Other districts have seen less steady improvement. Shawnee Mission had seven schools that failed to make AYP, compared with only three last year, but eight the year before that. And Olathe had four schools that missed AYP versus only one last year and five two years ago.

According to Urban Educator, the Wichita school district is expanding its engineering program to one more high school and seven middle schools this year. Known as *Project Lead the Way*, the high school program combines math and science courses to prepare students for technical majors in college. The middle school component, *Gateway to Technology*, introduces students to high school math and science courses.

# Kentucky Update

## October 2009

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The Lexington Herald-Leader reports that 60 percent of Kentucky's public schools made adequate yearly progress (AYP) under the Federal No Child Left Behind Act -- down from 73 percent in 2008. State education officials attribute the dropoff to new, higher goals. The officials noted that 228 of the 464 schools that missed AYP actually made 80 percent of their goals. A total of 26 schools in the State have failed to make AYP for seven straight years and eight others have missed AYP for five years in a row.

# Louisiana Update

## October 2009

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According to the Louisiana Department of Education, 19 private organizations have indicated a desire to establish 23 publicly funded charter schools across the State in the Fall of 2010.

Twenty of the new charters would be brick-and-mortar schools, 16 of which would be in New Orleans. The others would be in Baton Rouge (2), Opelousas, and Vermilion Parish. Three of the proposed charters would be cyber schools based in New Orleans (2) and Baton Rouge.

These schools hope to draw more than 1,000 students each from across the State. Louisiana currently has one public online school, the Louisiana Virtual School, which serves 5,000 high school students.

As reported in USA Today, New Orleans has 52 current charter schools -- compared with 37 traditional schools -- as the result of an educational upheaval caused by Hurricane Katrina.

Before the disaster, New Orleans schools were among the worst-performing in the nation. Now, with more charter schools and Federal funding, New Orleans schools have earned the praise of national education leaders and improved scores on State assessments. As a district, New Orleans' performance score last year was 66.4 compared with 56.9 pre-Katrina. During the same period, average scores Statewide barely changed -- 87.2 last year vs. 87.4 pre-Katrina.

Louisiana has the fastest growing community college system in the country. With ten colleges, some with multiple campuses, the system's enrollment has grown to 60,000 students in the ten years since the system was founded. According to the Inside Higher Ed, the Louisiana Community and Technical College System has, in recent years, received more than \$171 million capital construction (funding 23 facilities projects) and \$10 million for the Workforce Training Rapid Response Fund to address training needs after natural disasters and other times of crisis.

The National Governors Association's Center for Best Practices has awarded Louisiana -- and five other states (Florida, Indiana, Kansas, Rhode Island, and Tennessee) -- a grant to develop a new model for paying teachers. The \$25,000 grant will be used by a State education panel to

develop compensation strategies for recruiting new teachers, retaining high-performing teachers, and providing teachers with incentives to work in hard-to-staff schools and subject areas. The panel's report is due next May.

The East Baton Rouge Parish school district is, according to Urban Educator, implementing a new elementary science curriculum that covers physical, life, earth, space, and environmental science. The program also incorporates hands-on activities for students.

# Maine Update

## October 2009

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As reported in the Kennebec Journal, Maine education officials have proposed new procedures for providing services to students with severe disabilities. In the 2007-08 school year, the State and local school districts spent \$60.8 million for placements in private programs for special needs students. School districts will continue to pay daily rates of \$100 to \$500 per student plus the cost of specialized transportation. The rates are negotiated with the Maine Department of Education. The State is encouraging districts to form partnerships that could provide in-school programs for these high-need students.

# Maryland Update

## October 2009

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The Baltimore City school district has opened 15 new “transformation” middle-high schools. Urban Educator reports that the schools, operated by outside contractors, offer small classes and have focuses in particular areas -- college, career, credit recovery, or dropout prevention.

The Anne Arundel County school district is expected to receive \$33.7 million over the next two years from the Federal stimulus program. Of that total, \$8.7 million will be used to offset cuts in regular State aid. Another \$6.1 million will go for such extra services as after-school programs and installing reading resource teachers in high-poverty schools. Approximately \$18.9 million will be devoted to special education including new technology (e.g., interactive Smart boards, laptop computers) and the hiring of 41 new special education teachers and support staff.

# Massachusetts Update

October 2009

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According to the Boston Globe, Massachusetts has the highest academic standards in the nation. As a consequence, student scores on the State assessment (MCAS) show that more than half of the State's schools failed to make adequate yearly progress (AYP) under the Federal No Child Left Behind Act. State officials have said they will not make the test easier to improve schools' performance ratings. Ten years ago, 24 percent of the State's tenth-graders scored proficient or better on the MCAS; this year, 75 percent rated as proficient. A total of 937 schools missed AYP this year but only about 30-40 schools require heavy intervention.

Also reported by the Boston Globe, ten percent of the high school Class of 2010 in Massachusetts has yet to pass all three components of the State assessment (MCAS), a requirement for graduation. The science test is the biggest obstacle with 6,000 seniors yet to pass. They will have at least two more chances to take the test -- February and possibly April/May. Massachusetts high schools are also revising science courses specifically to include material covered by the MCAS. The State also allows a student who fails the science exam to graduate if he or she has good science grades and the school files an appeal on the student's behalf.

An Education Week blog (Teacher Beat) reports that a Boston charter school has approved the State's first charter school contract with a teachers union. The contract between the Conservatory Lab Charter School and the Massachusetts affiliate of the American Federation of Teachers will give administrators and teachers autonomy over pay decisions. To go into effect for the 2010-11 school year, the contract specifies that student performance measures -- except test scores -- can be used in the pay determination policies.

# Michigan Update

## October 2009

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The Detroit Free Press reports that, under Michigan's school accountability system -- known as *Education Yes!* -- more schools are meeting State and Federal academic standards. The system evaluates, not only test scores, but also a number of other areas including teacher quality and parental involvement. State data indicate that 35 schools that have failed to meet standards for many years have improved enough over the last two years to avoid sanctions. Moreover, the number of schools that have failed because of the performance of specific subgroups (English language learners, special education students, poor, minority) is declining. Of the 524 schools that failed to meet goals, 100 are in the Detroit school district. And, in the Detroit metro area, 61 schools have missed standards for four or more years.

As reported in the Chicago Tribune, Michigan has asked local school districts for innovation proposals for reforming education in the State. The State expects to use the ideas as the basis for its application for funds under the Federal Race to the Top program. Among the district proposals are those calling for expanded preschool programs and high school/college cooperative programs. The Wayne Regional Educational Service Agency and 14 districts have combined to propose a plan that would eliminate traditional English and social studies courses in favor of more in-depth classes that, it is suggested, would be more meaningful to struggling students.

Education Daily reports that the Michigan legislature has reconsidered the State's requirement that high school students pass Algebra II in order to graduate. Three slightly different bills have passed in the legislature to eliminate the graduation mandate for the Class of 2010. The House bills (H.B. 4410 and H.B. 4511) would allow students to drop Algebra II for a more tailor-made curriculum (whatever that means). The Senate bill would allow students to replace Algebra II with a career/technical education class that teaches Algebra II principles.

# Mississippi Update

## October 2009

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In early September, Mississippi Governor Haley Barbour, faced with lower revenue estimates, imposed a budget cut of \$171.9 million with \$158.3 million coming from K-12 and post-secondary education. The cuts amounted to five percent of the State's education budget. The Governor said that, even with the latest cut, K-12 education will still receive \$20 million more than last year.

Mississippi has received a \$150,000 grant from the National Governors Association to develop a model for transforming underperforming schools. As reported in the Sun-Herald, a new State accountability law which went into effect in July has been cited by the NGA as a possible model for other states. The law could cause district superintendents and school boards to be fired if they failed to perform satisfactorily for two consecutive years. The NGA and the Mass Insight Education and Research Institute are helping the State develop the school turnaround models. The State has been following the transformational model recommended by the NGA and Mass Insight.

# Montana Update

## October 2009

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According to The Missoulian, almost three-quarters of Montana's public schools made adequate yearly progress (AYP) under the Federal No Child Left Behind Act. Montana students in grades 3-8 and 10 take reading and math assessments; science assessments are given in grades 4, 8, and 10. State data indicate that 83 percent of the State's public school students rated "proficient" or higher in reading and 68 percent met that standard in math. As a result, 603 of the State's 823 public schools (73 percent) met AYP requirements -- up 14 schools from 2008.

# New Jersey Update

## October 2009

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A recent study by the New Jersey Department of Education found that, in 2007, 57 percent of the State's high school students spent at least three hours a day during the school year online -- playing video games, web surfing, or watching television. About half spent more than five hours a day in front of a screen. State educators say they hope to develop new instructional strategies such as the use of cell phones and text messaging for answering classroom exercises.

The Newark school district, in an effort to increase the number of its high school students taking Advanced Placement courses, has developed an AP Summer Institute which provided students with introductions to AP classes in calculus, biology, history, and English language and literature.

# New York Update

## October 2009

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According to The Buffalo News, the number of New York school districts identified as “in need of improvement” dropped from 61 last year to 35 this year. The number of schools so identified similarly fell from 665 to 499. The Buffalo school district has now been in “improvement” status for seven consecutive years, but the number of Buffalo’s 60 schools in improvement has fallen from 35 to 25 in the last year.

The New York Times reports that, as of mid-September, New York City had 1,500 teachers without permanent job placements on its payroll. This pool of teachers is the result of school closings or staff reductions due to budget cuts or declining enrollments. Despite resistance from some principals, the district has specified that schools hiring new teachers must hire from this teacher pool.

# North Carolina Update

## October 2009

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According to Education Week, North Carolina's budget for FY 2010 cuts State aid to public schools by approximately \$400 million -- about five percent. It is expected that the funding cut will result in less money for textbooks and the elimination of support for literacy coaches.

In August, the North Carolina legislature voted to stop requiring students to pass a computer competency test in order to graduate from high school. The decision was based on budget concerns as well as the belief that the test was no longer relevant. State education officials have stated that computer skills should be integrated into all curricula rather than separate courses. Students who failed to graduate because of the computer test requirement can petition for a diploma.

Charter schools in North Carolina have gone to court to get the same level of funding that traditional schools get for buildings and equipment. Under the 1996 State law creating charter schools, charters can receive State and local money only for staff, instructional materials, and other operating expenses. The schools have asked the court to declare the charter school funding law unconstitutional and to make charter schools "uniformly considered" for capital funds as well as operating expenses. Currently, North Carolina has a cap of 100 charter schools.

A study to be published in the October issue of the American Economics Journal: Applied Economics indicates that, when the quality of teachers improves, it has a positive impact on their colleagues. The researchers found that, based on 11 years of data on North Carolina students, student achievement increases across a grade when a high-quality teacher comes to a school. This "spillover effect" was noted for students in third-fifth grade reading and mathematics.

# Ohio Update

## October 2009

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The Cincinnati Enquirer reports that 211 Ohio public schools, serving nearly 90,000 students, have shown chronically low academic performance. Under the Ohio Education Choice Scholarships program, these students are eligible for private school vouchers next year. Currently in its fourth year, the EdChoice program is, this year, providing vouchers for 12,685 students. The program will only fund 14,000 vouchers each year, renewing existing vouchers first. The vouchers are worth up to \$4,250 for elementary students and \$5,000 for high school students.

The Columbus Dispatch reports that Ohio's new grading system for schools will, for the first time, penalize schools that perform well on State tests but which do not show academic growth. Academic data released in August give school and school district ratings -- on an A+ to F scale -- for the 2008-09 school year. Districts and schools making less than a year's worth of gains for three years in a row will be penalized by one grade. As many as 300 schools across the State could be affected.

The Cleveland Plain Dealer reports that a 21 percent cut in Ohio's assessment budget means that, for at least the next two years, the State will drop testing in writing (grades 4 and 7) and social studies (grades 5 and 8). Only high school students will be tested in writing and social studies. The cuts are expected to save the State \$9 million over the next two years. Under the State's education reform plan, Ohio's academic standards will be overhauled and the high school graduation test will be replaced with end-of-course exams, a college entrance exam, and a senior project. The State is also considering the administration of State exams online.

The Ohio Supreme Court has ruled that installation of video lottery machines at horse tracks is subject to a Statewide referendum. According to Education Week, the slot machine proposal had been expected to provide \$850 million in the State's two-year 2010-11 budget for K-12 education. State education officials and public school advocates have yet to determine how they

will address the new shortfall.

The Ohio Supreme Court has ruled that the Cincinnati school district does not have to disclose the semester exams given each year to ninth-graders. According to The Columbus Dispatch, the Court said that the tests would be exempted from public records law. The Court's ruling said that the test's 40-45 multiple-choice questions are trade secrets but the four essay questions are not. The district argued that making the tests public could cause cheating and cost the district \$270,000 a year to replace test questions. In past years, the State has released parts of the Ohio Graduation Test and State tests for grades 3-8 in order to help students and teachers prepare for the tests.

# Oklahoma Update

## October 2009

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Oklahoma's State superintendent for nearly 20 years, Sandy Garrett, is stepping down. During her five elected terms, the State developed a universal prekindergarten system, implemented a Statewide curriculum and assessments, and put in place a number of education reforms.

According to [NewsOK](#), many Oklahoma school districts have begun providing online classes either on their own or through contracts with private providers. State data show that, in the 2008-09 school year, about 1,100 students took online courses through these districts. In order to ensure accountability, these students must still take tests in person at their home district. State officials are concerned that there is no comprehensive plan covering Internet instruction.

# Oregon Update

## October 2009

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New State data indicate that, last year, Oregon middle school students made significant achievement gains in reading, math, and science. The largest improvements came in sixth-grade reading (+5 percentage points), seventh-grade math (+4 points), and eighth-grade reading (+4 points). State officials attributed the improvement to increased teacher training and mentoring and summer programs. In other grades, the results were mixed. Scores in fourth-grade reading increased by one percentage point, writing went down by one percentage point, and math stayed the same. Tenth-grade students showed gains in reading (+1 percentage point) and math (+2 points) but drops in writing (-1 point) and science (-1 point).

A recent report funded by the Chalkboard Project says that the continuing achievement gap between white and Latino students in Oregon should be addressed at an early age. Conducted by ECONorthwest, the study found that Hispanic students learned at the same rate as white students but usually started further behind. The report highlighted 42 Oregon schools that have shown success in narrowing the gap between white and Latino students in reading and math.

# Pennsylvania Update

## October 2009

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The York Daily Record reports that, if Governor Ed Rendell's budget proposal is approved by the legislature, Pennsylvania will be one of the few states that will increase State (not including stimulus) education funding this year. It has been nearly three months since the State's budget deadline has passed without budget agreement. Under the plan, basic education funding will increase by \$300 million which does not include Federal stimulus money. Because of the budget delay, districts have already missed three of their basic education subsidy payments from the State.

The Pittsburgh school district is implementing a program called *9<sup>th</sup> Grade Nation* intended to ease the transition to high school. As reported in Urban Educator, all district ninth-graders will be required to participate in the program which covers: (a) study, organization, and time management skills; (b) graduation requirements; (c) extracurricular opportunities; and (d) college visits.

The Philadelphia school district has begun implementing a strategic plan to improve student performance, equity, and accountability over the next five years. Known as *Imagine 2014*, the program calls for smaller class sizes in grades K-3, an expansion of early childhood programs, and an increase in the number of counselors in middle and high schools.

# Rhode Island Update

## October 2009

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Rhode Island State data show that three-quarters of the State's students do not show proficiency on Statewide science tests. As reported in The Providence Journal, the State's classroom science instruction is lagging behind the new, more rigorous standards jointly developed with Vermont and New Hampshire. The New England Common Assessment Program, given to students in grades 4, 8, and 11, covers four major areas of science: earth, life, physical, and inquiry. Rhode Island elementary students score at 40 percent proficiency on the Common Assessment, compared with 53 percent in New Hampshire and 52 percent in Vermont. At the middle school level, proficiency levels are even lower with Rhode Island students scoring only 17 percent proficiency, compared with New Hampshire (24 percent) and Vermont (25 percent).

# South Carolina Update

## October 2009

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The Post and Courier reports that South Carolina currently has 35 charter schools that serve approximately 9,000 students. The South Carolina Association of Public Charter Schools has set as a target a charter school enrollment of 70,000 students -- ten percent of the State's public school students -- within five years. Ten new charter schools are expected to open in the Fall of 2010 and another 15 have indicated a desire to open in 2011. The Association is planning to create an Institute of Charter School Excellence designed to provide training for staff of both established and prospective charter schools.

# South Dakota Update

## October 2009

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According to The Argus Leader, South Dakota ranked 34<sup>th</sup> in the nation in student participation in Advanced Placement classes. Only 98 percent of the State's 2008 graduates passed at least one end-of-year AP exam, compared with a national average of 15.2 percent. State officials attribute this low AP participation to South Dakota's rural nature; the Sioux Falls school district accounted for about 45 percent of all AP exams taken. The State is hoping online classes and cash incentives will improve participation. The State pays the schools' \$300 fee for every student who earns a C or better. Another program, *Learning Power*, run by Rapid City's Technology and Innovation in Education gives \$100 awards to students who pass AP final exams and \$100 to their teachers and mentors.

# Texas Update

## October 2009

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As reported in The Dallas Morning News, the State has imposed new, tougher rules for counting dropouts this year. For the first time, Texas school districts are required to count as dropouts, students who failed the State's graduation exam, students enrolled in GED classes, and fifth-year high school students who do not enroll at the beginning of the school year. As a result, schools are looking for missing students and checking paperwork to account for any misidentified students. And, because dropout rates are a part of State ratings of districts and schools, the number of appeals of ratings has more than doubled -- from 83 last year to 180. Appeal decisions are expected in October; last year, 60 percent of appeals were rejected.

Education Week reports that Texas has developed a set of Texas College and Career Readiness Standards which are being integrated into the State's K-12 accountability system in order to improve its college-going rate. Currently, only about 40 percent of Texas high school graduates go to college and about half of those that do go to college require remediation. The 43-page standards document, developed cooperatively by K-12 and higher education officials, is intended to clarify what students must master to succeed in college. Texas has also implemented other means of improving its high schools including strategic anti-dropout programs, cash rewards for Advanced Placement performance, and increasing academic rigor and school choice.

The Houston Business Journal reports that Texas school districts will receive \$62.8 million in disaster funds to cover the costs of lower enrollments and repairs for damage done by Hurricane Ike. The money, part of House Bill 4102, will be distributed by the Texas Education Agency.

The Dallas school district has established the High School Early Start Academy intended to help entering ninth-graders be successful in high school. Funded with money from the Federal stimulus package, the summer program gives students the opportunity to improve their language arts, math, and science skills, according to Urban Educator.

Also according to Urban Educator, the Austin school district has established a dropout recovery program through which volunteers call students who have dropped out and encourage them to return to school. Every high school in the district has a dropout recovery team that follows up on the volunteer phone calls.

# Virginia Update

## October 2009

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According to the Newport News Daily Press, starting in the 2010-11 school year, Virginia seventh-graders will be required to develop an academic plan for high school and beyond. The plans, which must be approved by parents and school officials, must include high school academic goals and post-secondary expectations including possible employment interests. Seventh-grade students will have to complete their initial plans by the beginning of eighth-grade and will update them throughout high school. The Virginia Department of Education is developing a template to help students with their plans.

# Wisconsin Update

## October 2009

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The Milwaukee Journal-Sentinel reports that the Wisconsin Knowledge and Concepts Examinations (WKCE) will, after 17 years, be phased out in favor of a new, more “balanced assessment system.” The WKCE, given annually to students in grades 3-8 and 10, will be administered for the next two years while the new assessment system is being developed. The decision to replace the WKCE was recommended by a State task force and has been praised by many of the State’s education organizations as well as the State’s largest teachers union. Among the new systems looked at by the task force was Oregon’s computerized testing system which gives students several opportunities to take state assessments.

Also according to the Milwaukee Journal Sentinel, Wisconsin has been ranked near the bottom of all 50 states with regard to qualifications to receive funding under the Federal Race to the Top (RTTT) program. In an effort to improve the State’s position for RTTT money, Governor Jim Doyle and Milwaukee Mayor Tom Barrett have proposed a mayoral takeover of the Milwaukee school district. The Governor, the Mayor, and other City officials believe such a structure will establish a “clear line of accountability” for the new superintendent of the Milwaukee school district and help the State put reform models in place to enhance its RTTT application.

# Wyoming Update

## October 2009

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Although scores have not been completely compiled, results from this year's Proficiency Assessments for Wyoming Students (PAWS) show that about 50 percent of the students in grade 3-6 who attend the Wyoming Virtual School (WVS) scored at the "proficient" or "advanced" level compared with 76 percent of students at the State's traditional schools. In reading, 41 percent of WVS students scored at the proficient or better level compared with a Statewide average of 64 percent. And in writing, only 22 percent of WVS students scored well; the Statewide average was 53 percent. The Wyoming Virtual School uses a largely online curriculum provided by K12 Inc.