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MEMORANDUM

DATE: September 21, 2006

TO: TechMIS Subscribers

FROM: Charles Blaschke

SUBJ: Special Report on Targeting

Attached is a TechMIS Special Report which attempts to provide guidance to subscribers as to what "similarly-situated" states, districts, and schools they should be targeting, depending on the nature of their products and services. Over the last six months, we have sent out several lists and special alerts regarding new USED policies and guidance. This report attempts to highlight the rationale for targeting certain types of districts and schools on those lists, which could be affected by new USED policies, especially those related to "earmarks." The lists of similarly-situated districts (i.e., districts which are likely to set aside 20 percent for SES and parent choice transportation), are included in the previous referenced TURNKEY reports or Washington Update items. If you do not have access to previous issues, please contact us so we can send them to you. For a couple of the lists that we do not maintain, you may wish to contact Mary English at MCH (800-776-6373). Key MCH lists (e.g., schools with 21st Century Community Learning Center funded afterschool programs) have also been included in the Pathfinder CD-ROM (which we assisted in helping them to develop), along with guidance similar to this report on how to use such lists.

As always, call me directly if you have any questions.

Suggested Ways to Select Districts and Schools For Targeting

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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September 21, 2006

The purpose of this brief report is to suggest different ways of selecting districts and schools to target depending on the types of products and services being offered by the vendor and other considerations which are highlighted below. The intent is to help marketing and sales staffs identify districts and schools which are "similarly situated" and to identify the types of products and services which are most likely to meet their priority needs, as well as when and how to approach them. Federal funding allocations and purchasing cycles will vary among certain groups of districts.

There is not a uniform national NCLB Title I program, but rather 50 different state Title I programs actually being implemented; hence, firms need to take into account some of the USED "negotiated amendments" with various state education agencies (SEAs). Some of the negotiated amendments which have resulted in different implementation processes and impacts among states are described below:

- What criteria or standards does the SEA use in determining whether a district is identified for improvement? If a district is so-identified, then, under USED Non-Regulatory Guidance, that district is not supposed to be allowed to provide its own supplemental educational services (SES); however, USED has allowed some districts to continue providing Title I-funded SES as part of a "national pilot program" (Chicago, New York, Boston, Anchorage, Hillsborough County [Florida], and Memphis).

- If a district is identified and not allowed to provide its own SES, what types of "related entities" within the district can provide such services? In Florida, USED and the Florida SEA have ruled that district teacher associations or post-secondary district offices cannot provide SES. On the other hand, in Toledo, Ohio; Rochester, New York; Las Vegas, Nevada; and New York City, AFT and NEA affiliates have been allowed to do so.

- Thirty-three SEAs recently reported to USED that between 90 and 99 percent of their classes have teachers who are highly-qualified, while the remaining states report percentages ranging between 70 percent and 89 percent. Some states will likely ask for a one-year extension which USED indicated it would allow under certain conditions. If a school is identified for improvement for the first time (after May 2006), it must earmark at least 10 percent of its Title I allocation for professional development. If not all the teachers in that school are highly-qualified, the earmark is increased to 15 percent. Hence, the percentage will vary depending upon the situation confronting the school identified for improvement for the first time.

In addition to negotiated amendments to SEA accountability plans approved by USED, SEAs also have the flexibility to determine the amount of "adjustments" that are made to preliminary Title I funding allocations and for districts announced in March 2006 (see March TechMIS Special Report) by USED. As described in the Special Report, some SEAs such as California will take much of the increases away from districts' preliminary allocations to be reallocated to the four percent SEA set-aside for school improvement. Other SEAs will reduce increases in preliminary allocations to certain districts and will reallocate such funds to districts receiving more than 10 percent cuts in Title I funding to meet the "hold harmless" requirements in the Title I formula. The September 1 TechMIS Special Report also provides some guidance to marketers in deciding which states are likely to be making the most adjustments to districts' preliminary Title I allocations.

Due to the above variances and dynamics of change among the various states, our suggestions should in no way be considered definitive for every state or district. However, they are based upon a "most likely scenario" gleaned from the experience of Education TURNKEY Systems staff who have worked with state and local Title I offices and IDEA/Special Education programs and/or who have monitored implementation of the legislative changes in these programs over the last 3-1/2 decades. Based upon the success of many TURNKEY clients, we believe the record speaks for itself. The suggestions below are directed at firms with specific types of products and services which should be high demand.

1) <u>Professional Development</u>

Very quietly, the USED issued Non-Regulatory Guidance in May 2006 which clarifies conditions under which unspent earmarks for SES can be reallocated to purchase other Title I allowable products and services. Perhaps more importantly, for the first time, it also requires districts that are identified for improvement to set aside ten percent of their total Title I district allocation for staff development which must be spent during the year or carried over for staff development during the following year. These changes strongly suggest firms should partner with districts which wish to provide their own SES and, if the district is identified for improvement, the firm can continue providing training and support to the district and be paid out of the ten percent earmark.

Generally, a district which has a school identified for improvement (i.e., failed to meet Adequate Yearly Progress [AYP] targets for two consecutive years) is supposed to earmark at least ten percent of its Title I budget for that school for professional development. If the school uses teachers who have not met the highly-qualified teacher requirements under NCLB, the earmark increases to 15 percent. Although varying from district to district, the types of professional development in high demand are, in general, likely to be:

- Training teachers to use application tools to analyze assessment data and prescribe effective interventions;
- Selecting effective methods and instructional strategies that are based upon scientifically-based research;
- Implementing instructional practices that are supported by evidence of increased student performance, particularly in math and reading;
- Training staff to become effective reading or literacy coaches to support or mentor other teachers; and
- Ongoing training and support to ensure teachers are implementing interventions in the prescribed manner.

One important USED policy letter -- sent in October 2004 to Chief State School Officers -- confirmed that the district must set aside for professional development ten percent of the Title I allocation of a school identified for the first time unless it can demonstrate to the SEA that there is no need for additional staff development. The policy letter stated that the district may use the funds to provide professional development in areas of "greatest need" -- which may not be for the teachers in the school identified for improvement. The example in the policy letter is that the district may want to provide professional development for teachers in middle schools which "feed" into the high school, which had been identified for improvement for the first time.

Under recent USED guidance (March 2006), if a school identified for improvement also is being designated as a Schoolwide Program (SWP) for the first time (i.e., at least 40 percent of the school's enrollment are from low-income families), additional priority must be placed upon appropriate professional development activities, particularly relating to selection and use of interventions which will improve the academic performance of all students in the Schoolwide Program. In addition to Title I funds, Title II A/Teacher Quality funds could also be used to provide professional development for regular teachers in a Schoolwide Program, not just Title I teachers.

2) <u>Products and Services Which Can Be Used in SES Programs</u>

A number of products and services are being used by approved third-party SES providers, as well as by districts or "related entities" (e.g., teacher groups) which operate SES programs, including:

- One-on-one or small-group tutoring;

- online tutoring, remediation, test prep, and skill development in math and/or reading;

- specific instructional products/interventions which are designed for use by certain groups of students -- such as English language learners, special education students, etc. -- to increase their performance in math and/or reading;

- supplemental instructional materials and software, as well as online services, that clearly supplement existing district "core programs," but which offer alternative types of interventions;

- programs, lessons, and content, which are clearly aligned with state and district standards and, most critically, state assessment domains, which could have a positive impact on student performance on state assessments; state assessments will increasingly be used to assess the effectiveness of SES programs;

- programs which are easy to implement in a uniform manner to ensure quality control over the SES program; and

- administrative applications which can be used mostly by districts in administering SES programs, which include a range of capabilities from notifying parents of their students' eligibility for SES through actual payment to third-party SES providers based upon attendance, performance, or other data.

In a district with schools identified for improvement for two consecutive years (i.e., having failed to meet AYP targets for three years in a row), the district must set aside 20 percent of its Title I budget for a combination of SES and parent choice transportation costs.

While firms may wish to target third-party SES providers for sales of their products and services, the suggestions here relate to potential "partnering" by the vendor/publisher with the district -- or a high-performing school within the district -- which would provide the SES program. Although, as noted above, USED policy does not allow districts which are identified for improvement to provide their own Title I-funded SES programs, some large urban districts -- such as Chicago, New York, Memphis, Anchorage, Hillsborough County, and Boston -- have been allowed to continue providing these services even though they have been identified for improvement. Moreover, in another pilot program, USED has allowed 23 districts in Virginia, Alaska, Indiana, North Carolina, and Delaware to provide SES before having to offer the parent choice transportation option (see August TechMIS). Even in those districts identified for improvement, if approved independent third-party SES providers will not serve students with disabilities and/or English language learners, the district must still provide SES for these groups of students as appropriate. Approximately 50 percent of the districts in the Fourth Annual NCLB Implementation Study, conducted by the Center on Education Policy (CEP), reported that their providers could or would not serve these types of students. Obviously, firms with products designed to help these groups of students would be ideal candidates with which districts could partner. In addition, the same CEP study reported that in many, if not most, of the districts which were required to provide the transportation option but in which parents did not want to transfer their student or the district did not have another eligible school to which students could transfer, the districts themselves decided to implement SES in lieu of parent choice transportation. This is allowable under certain conditions under USED SES Non-Regulatory Guidance. Recent USED policy changes are reducing the percent of districts identified for improvement.

In May 2006, USED announced a major policy change designed to increase the participation rates of eligible students in supplemental educational services. Similar to the 23 schools in Virginia and the five other states in the pilot, schools identified for improvement for the first time be allowed to offer SES in lieu of the parent choice transfer option. The type of districts most likely wanting to participate will be those with large numbers of schools being identified for the first time and, where possible, many of these districts will want to provide their own SES for a lower per-pupil cost than using a third-party provider, which would likely increase overall student participation rates.

In many of the districts receiving Title I increases this year, which also have large numbers of schools required to provide transportation and/or SES, there are likely to be some unspent, previously earmarked SES funds which a district may decide to spend before June 30, 2007. As detailed in the enclosed TechMIS Special Report of September 1, 2006, these districts are good candidates to approach early to take advantage of unspent money which districts might decide not to carry over to the 2007-2008 school year. The next purchasing cycle begins in November and runs through February, especially in large districts receiving Title I increases, after the final Title I allocations are made.

As one approaches districts with a proposal to partner with them by providing an instructional products, training, and support, a firm may also wish to consider approaching current providers of afterschool programs, including the district or "affiliated entities." As described in our August 2006 TechMIS Washington Update, USED has stated that afterschool programs can be approved as SES providers even if they are operated by district staff if the afterschool program is distinct and separate from the district. This is particularly true for afterschool programs funded by a different funding stream such as 21st Century Community Learning Centers. Many of these current providers already have a relationship with a district and are operating state or Federally-funded programs under the 21st Century Community Learning Centers afterschool program. They may be interested in expanding their offerings for SES-eligible students. In addition to approaching a Title I director and school principals, vendors may wish to contact individuals or groups which operate afterschool programs in districts with schools identified for improvement which are required to provide SES. (Many of the specific lists of districts [i.e., districts which have been identified for improvement] and schools [e.g., schoolwide programs] are available separately from MCH or in a new CD-ROM produced by MCH, with TURNKEY assistance, called *Pathfinder*. The regular license price of the CD-ROM, which allows unlimited uses for one year, is $1,800.)

Another group of districts to approach are those receiving a 20 percent increase in preliminary allocations for next year for the 2006-07 school year, which is at least $50,000 (see TechMIS Special Report March 2006). Many of these districts are not aware of the projected increase they are likely to receive. For those districts whose increases will not be reallocated by the SEA for the purpose of "hold harmless" and other adjustments, the October-November second Title I allocation, which will include all of the funding increases, should provide opportunities for another mid-school year purchasing cycle. These districts are not likely to add additional staff as the increase they receive will be viewed as a "one time" windfall increase.

3) Replacing Curriculum and Providing Training and Support

A recent USED-sponsored study reported that 45 percent of districts selected or implemented a new curriculum or instructional program as one of several strategies for improving schools identified for improvement. Moreover, 60 percent of districts reported that schools that were "continuously" identified for improvement (i.e., three years in a row failing to meet AYP) adopted a new reading or language arts curriculum while 53 percent reported that "continuously" identified schools selected or adopted a new mathematics curriculum. Schools that were "continuously" identified for improvement reported conducting more improvement activities and resources than their counterpart schools that were no longer identified.

When a district has a school that has been identified for improvement for three consecutive years the school is identified as being under "corrective action," the initial stage which, two years later, could result in the school falling under the category of "restructuring." Anywhere along this continuum the school may choose, as one option, to replace its entire curriculum and provide intensive training to teachers, with follow-on support. Most of the schools which have entered "restructuring" are in California, Georgia, Illinois, Michigan, Maryland, New Jersey, New York, and Pennsylvania, whose statewide assessments used to calculate AYP had been in place prior to the passage of NCLB. In addition to the Title I funding which the district receives, SEAs may also allocate a portion of the State's four percent set-aside for school improvement (where it exists), targeting grants to districts and schools under "corrective action" or "restructuring." In some states -- such as California -- additional state funds have been targeted for schools under "restructuring." Some of these schools may also have received Reading First grants which could mean replacement of the core curriculum, the addition of supplemental interventions aligned with the core material, or additional teacher training and monitoring to ensure the program is being implemented as recommended by the publisher.

Initiation of the "corrective action" process is largely a function of SEA policies and, if AYP targets continue to be missed, the process leads to "restructuring." Contacts with appropriate district-level Title I officials should be timely, taking into account the nature of the corrective action planning process which may occur over an extended time period.

4) Schoolwide Programs: A Heightened Priority

A USED report to Congress in March 2006 noted that 85 percent of Title I students are enrolled in Schoolwide Programs, which must have 40 percent or more "poverty" students enrolled. A Schoolwide Program has much greater fiscal flexibility, does not have to provide details on how Title I and other Federal funds which are "commingled" with Title I are spent, and can serve all students, not just those that are Title I-eligible. Recent USED Guidance on Designing Schoolwide Programs (March 2006) is much more prescriptive than previous guidance and can result in an increased demand for intervention-type products and services -- particularly in math and reading -- which can not only facilitate "schoolwide reform" but also increase student achievement in meeting NCLB mandates (see June 7, 2006 TechMIS Special Report). In newly-designated schoolwide programs, the leader or chairperson of the schoolwide planning committee, as well as committee members, have become important decisionmakers and influencers.

The types of products and services which should grow in demand, especially in newly-created schoolwide programs -- and more especially if the schoolwide programs are entering "corrective action" -- will include:

- integrated learning systems which adapt to different "entry" levels of students to ensure achievement increases for all students;

- diagnostic/prescriptive systems and tools which can be useful to teachers in placing students and selecting appropriate interventions;

- extensive teacher training in how to use assessment data and select appropriate interventions; and

- instructional management tools which allow for continuous benchmark or formative assessments of students' progress being made.

Many of the types of interventions recommended for use in schoolwide programs under the new SWP guidance could also be used with borderline students who are having reading problems in order to reduce the possibility of these students having to be placed in costly special education programs. Under the new IDEA Early Intervening Services provisions, if a district has an over-representation of minorities in special education programs, then the district must allocate 15 percent of its IDEA allocation to another office, such as the Title I program, to use these interventions with these students to remediate their reading or math problems, especially for students who are thought to have learning disabilities. Nationwide, the amount of IDEA funds that could be set aside for early intervening services will be between $1 billion and $1.5 billion during the 2006-07 school year.

Closing Comment

The above recommendations are designed to give users a competitive advantage at a general level. However, firms with very specific non-traditional products or services are advised to contact TURNKEY regarding the appropriateness of such products and services for the Title I and related niche markets.