

(703) 536-2310
Fax (703) 536-3225

Education TURNKEY Electronic Distribution, Inc.
256 North Washington Street
Falls Church, Virginia 22046-4549

M E M O R A N D U M

DATE: February 7, 2007
TO: TechMIS Subscribers
FROM: Charles Blaschke
SUBJ: FY 2007 and FY 2008 Education Budget Updates, Proposed Changes by Numerous Groups including the Administration to NCLB Reauthorization, and State Profile Updates

This TechMIS issue provides updates on the FY 2007 and FY 2008 education budgets and highlights proposed changes by the Administration and other education groups to be included in NCLB reauthorization. The following Washington Update items are included:

- Administration proposes FY 2008 budget which would increase Title I funding, especially for high schools, and provide more funds for supplemental educational services which could have positive implications for many publishers;
- Congress very likely to increase the Federal FY 2007 budget for Title I and Special Education suggesting that some districts may be spending unused Title I funds at the end of this fiscal year rather than carrying over funds to next year;
- USED announces its priorities for NCLB reauthorization which could provide increased flexibility for schools and districts to operate their own SES programs and to initiate SES before the parent choice option;
- While Washington insiders feel NCLB reauthorization is not likely until 2009, Senator Kennedy unveils a bill which has likely provisions to be included in his proposed NCLB reauthorization and calls for immediate action;

- New Center on Education Policy study highlights status of each state's assessment and accountability system and includes recent requested changes which could be used by TechMIS subscribers to identify immediate opportunities or provide explanations for delays in certain states;
- National study of the effects of teacher incentives based on student performance finds positive results: in light of recent large increases in Federal and state funding for such initiatives, firms partnering with districts should consider teacher profit sharing arrangements;
- Business Coalition for Student Achievement calls on Congress to strengthen and improve NCLB provisions and funding and to do so this year; the Coalition could have a major influence on reauthorization;
- States proposed specific NCLB reauthorization changes which would erode the rigidity of Federal rules and encourage states to create innovative, sound approaches; and
- Promising practices for effective remediation to help students pass exit exams are surfacing and suggest the format and content for instructional materials for publishers to seriously consider.

State profile updates cover a variety of topics ranging from funding increases for state initiatives, policy changes regarding assessment and AYP calculation rules, and proposed initiatives by governors and legislators.

If anyone has any questions, contact me directly.

Washington Update

Vol. 12, No. 2, February 7, 2007

While Washington “Insiders” Feel NCLB Reauthorization Is Not Likely Until 2009, Senate Leadership Unveils Bill Which Has Some Likely Provisions to Be Included in NCLB Reauthorization and Calls For Immediate Action; However, Both Agree on Changes to SES Provisions Which Could Be Good News for Most Publishers

A survey conducted through mid-December by the Thomas Fordham Institute found that most of the responding Washington “Insiders” were doubtful that NCLB reauthorization would occur prior to 2009. Moreover, the vast majority of “insiders,” speaking for teachers’ unions, think tanks, administrator associations, and other education lobby groups, feel that NCLB will not see a major rewrite, but merely a “tweaking.” On January 4, Chairman Ted Kennedy of the Senate HELP Committee, unveiled S. 164, the SUCCESS Act, which includes a provision for reauthorizing NCLB and doing it much earlier than Washington insiders expect. Kennedy’s counterpart in the House, Representative George Miller, has publicly stated that NCLB reauthorization in 2007 is a “very, very high priority.” Whether or not NCLB is reauthorized this year, changes in certain supplemental educational services provisions are expected by the insiders which should be good news for most TechMIS subscribers.

One common-sensical change would allow SES to be provided by schools identified for improvement before (or at the same time as) the public school parent choice transportation option is offered. Eleven of twelve Washington insiders believe this is a “very likely” or “somewhat likely” change. A similar number of the Washington insiders felt that districts “in need of improvement” will be allowed to continue to serve as supplemental educational service providers, although the number of respondents feeling this change would be “somewhat likely” are almost double the number that felt the change would be “very likely.”

Knowledgeable staff on the Senate HELP committee have indicated that Senator Kennedy would be submitting, likely in early February, some legislative bills to “improve” NCLB which could be part of or separate from any draft bill for NCLB reauthorization. The staff also indicated that some of the proposed changes would be similar to those proposed by Senator Kennedy in 2005 (S. 15) which was the Democratic companion bill to S. 9, proposed by then HELP Committee Chairman Enzi. Both bills addressed supplemental educational services. S. 9 would allow districts to offer SES before having to offer the parent choice transportation option, while S. 15 required service providers to demonstrate that they could provide effective services for children which have limited English proficiency or students with disabilities. In January, Senator Kennedy

also announced that he would be submitting a bill to extend learning in afterschool programs, citing a model program implemented in ten schools by the Massachusetts Department of Education which funded afterschool programs for math and literacy as well as art and physical education. Senator Kennedy's staff has, on several occasions, cited the progress the Boston Public Schools has made in continuing to operate its own SES program as part of the five-city pilot program created by Secretary Spellings last year, even though the district had been identified for improvement.

If the above changes in SES provisions occur in the very near future, the opportunities for publishers and other firms with appropriate products and services to "partner" with schools and districts which would be allowed to provide SES earlier and with districts who operate their own afterschool programs using some SES funding could increase dramatically as we reported in the last two TechMIS Washington Update issues and Special Reports.

In other areas there is a consensus among "insiders" that the following will be reflected in the NCLB reauthorization, including:

- maintaining the requirement that test scores be disaggregated and tracked by race;
- keeping intact the Reading First program;

- allowing states to adopt a growth model voluntarily, within certain parameters; and
- maintaining the requirement that most students with disabilities be included in state testing programs.

Only 14 states' assessment plans have been approved and most awaiting approval have had problems with alternative assessments for students with disabilities, which remains a niche in which the demand for certain assessment-related services and products exist. Insiders also feel that including science assessment results in adequate yearly progress determination will be "very likely" or "somewhat likely." If so, the demand for effective science instructional programs should increase significantly.

The area in which consensus dissipates among insiders include:

- requiring immigrant students continue to be included in state testing after they have been in the country for at least a year;
- equalizing the distribution of experienced teachers across schools in order for Title I schools to be considered to have comparable resources, among others.

For a copy of the insiders views go to:

www.edexcellence.net/doc/CrystalAppleNC_LBBrief.pdf.

New Center on Education Policy Study Highlights Status of Each State's Assessment and Accountability System Including Recent Requested Changes Which Could Be Used to Identify Immediate Opportunities or Provide Explanations for Delays in Certain States

The Center on Education Policy, which has been tracking the implementation of NCLB provisions over the last five years in an objective and insightful way, has published the results of its recent analysis of state assessment and accountability plans and changes which have recently been approved by USED. Only 14 states have received full approval thus far with changes continuing to be made in certain states. On one hand, the findings could point to several opportunities for firms with appropriate products and services; or otherwise the report could partially explain why significant delays have occurred in some states in certain areas such as identifying schools and districts in need of improvement based on last year's test scores. In conducting the study, CEP staff reviewed decision letters from USED to individual states based upon individual negotiations and peer reviews which included only information about the rationale for approval but did not include any information regarding proposed changes that USED denied.

Last year, 17 states received permission to extend timelines for the release of test results and AYP determinations, thereby delaying identification of schools and districts in need of improvement, largely because the state was implementing new

testing programs or tests at new grade levels. Extensions were approved for Connecticut and South Carolina due to problems related to test scoring. In states where new tests were judged to be more difficult than the replaced test, the cut scores for individual students were reduced, as were the annual measurable objectives (AMOs). For certain grade levels in certain states (Illinois, among others), lists of schools and districts identified for improvement have yet to be determined which could mean that in those districts and schools identified for improvement later this year, the earmarked funds may have to be expended quickly for SES or parent choice transportation.

USED also approved a number of state-requested changes which would reduce the number of districts or schools identified for improvement. For example, in 2006, the use of confidence intervals was approved for Tennessee, Rhode Island, Puerto Rico, Oklahoma, New Jersey, Colorado, and Illinois, on top of the 24 states approved in previous years. In addition, in 2006, nine states were allowed to use a policy which would allow a district to be identified as in need of improvement only when it does not make AYP in the same subject across all three grade level spans for two consecutive years. These states included Idaho, Iowa, Louisiana, Massachusetts, Missouri, North Carolina, Tennessee, and Utah, bringing the total where such changes were allowed to 35 states. Many attribute the decrease of about 13 percent in the number of districts identified for improvement for this year to the use of the grade level span method.

In 2006, 28 states chose to use "Option 1" in the draft modified assessments (USED regulations, December 2005) which allowed a state to identify two percent of its students

(i.e., so-called “gap” students) falling under the two percent cap. These states have not yet developed the actual modified assessment instruments. Only five states were approved to use their assessments based on modified standards in determining AYP. If and when the final regulations are published (these were anticipated in December 2006), opportunities may be created in about 30 states which may be required to develop these modified assessment and standards instruments (if Option 1 is phased out).

For a copy of the study and summary of state-by-state highlights go to:

www.cep-dc.org/nclb/stateaccountability/StateAccountabilityPlanChanges/pdf.

First Large Scale National Study of Effects of Teacher Incentives Based on Student Performance Find Positive Results Especially When Relatively Large Bonuses Are Given to a Small Number of Eligible Teachers: Given the Recent Large Increase in Federal and State Funding for Such Initiatives, Firms Partnering With Districts Operating Their Own SES Programs Should Consider “Teacher Profit Sharing Arrangements”

The first large-scale study of its kind, “Do Individual Teacher Incentives Boost Student Performance?” conducted by David Figlio and Lawrence Kenny, University of Florida, found that students in “pay for performance”

schools scored 1-2 percentage points higher on exams than students where such teacher incentives did not exist. Moreover, “pay for performance” teacher incentives appear to work best when the bonuses are large and given to a select group of teachers and the effects are strongest in “low-income” schools. These findings support recent recommended initiatives such as the use of performance contractors, including teacher groups, to operate instructional programs (recommended by the Commission on the Skills of the American Workforce; January 2007 *TechMIS Washington Update*). A possibility exists for publishers to partner with districts where teacher groups provide supplemental educational services for eligible students. In addition to increased Title I funding for 20 percent SES earmarks, USED has begun allocating upwards of \$100 million under the new Teacher Incentive Fund competitive grant program to states and districts, while individual states -- such as Texas and Florida --are allocating around \$150 million each for similar teacher incentive programs tied to student performance.

The key findings from this study, which received financial support from several groups including the National Science Foundation, are as follows:

“This paper finds that student test score gains are statistically significantly higher in schools that reward teacher performance than in schools that do not do so. Moreover, the estimated effects of performance pay are greatest when bonuses are large and given to a relatively small number of teachers. The results are very meaningful: The estimated effect of performance pay is about

one-half of the size of the black-white difference in test score gains.

In addition, the estimated effects of performance pay are strongest in relatively low-income schools. This indicates that performance pay systems could particularly boost student outcomes in the schools where students have traditionally performed at comparatively low levels.”

The two professors merged data on slightly over 500 schools from the National Education Longitudinal Study (NELS) with their own survey data concerning performance pay practices of schools studied by the NELS. While the authors acknowledge some limitations to the study findings, they state upfront: “This paper presents the first systematic evidence on the effects of performance pay on student outcomes in the United States.” The findings are scheduled to be published in a forthcoming issue of the peer review Journal of Public Economics.

While the authors argue that the study findings support the design and “promise” of the E-Comp plan currently being implemented in Florida, the implications for several national initiatives under NCLB could be significant. One such initiative, as noted earlier, is the implementation of SES programs in specific schools identified for improvement. Two of the five model SES approaches identified several years ago by USED included teacher group operated SES programs in Rochester, New York and Toledo, Ohio. Other large districts such as New York City and Clark County, Nevada also have teacher group entities which have been approved by the state and are operating

SES programs. Another Federal initiative for which the study findings have implications is the 21st Century Community Learning Centers program funded at about \$1 billion and located in more than 7,000 schools. In about one-third of these schools, the instructional programs are operated by groups of district teachers. In both of these initiatives, opportunities could exist for firms to provide instructional materials and support for groups of teachers or the district, with part of the payment for such products and services based upon student performance; student achievement above a guaranteed level would generate an additional profit for the firm which could be shared with the individual teachers on a shared profit basis. Anyone who is interested in more information about such opportunities should contact Charles Blaschke directly.

Promising Practices For Effective Remediation to Help Students Pass Exit Exams Are Emerging Which Should Suggest the Format and Content For Instructional Materials for Publishers

Over the last two years, states which require high school students to pass exit exams in order to graduate with a regular diploma are increasingly requiring struggling students to participate in remediation programs and many states have increased state funding for these purposes. For example, more than 45,000 students initially failed the California exit exam a year ago at which time the Governor requested and received an increase, from approximately \$20 million to over \$55 million, to expand remediation programs. However, only recently have

promising practices for districts or states to implement such programs emerged. In the January 10 Education Week, Assistant Editor Kathryn Gewertz described some of the types of interventions which are producing very positive results, including the use of online tutoring, which are highlighted below.

In Virginia, the State implemented Project Graduation in 2004 which provided free online tutoring for students which according to the State has resulted in “modest improvements” in math and reading scores on its high school end-of-course exams. In Washington State, preliminary data on its summer school remediation program for teenagers who fail the state’s exit exam -- which uses an online component -- resulted in significant increases in students who retook and passed the state exit exam compared to those who did not participate in summer school remediation. As we noted in the September 2006 TechMIS Washington Update, the Center on Education Policy reported over the last two years, a significant increase in the number of states that provide or support not only online remediation, but also online test retaking related to exit exams. As the Center on Education Policy and other groups which are conducting research on remediation practices have found, effective interventions may be a necessary, but not sufficient, condition for producing results. CEP has found that getting students to attend remediation sessions after failing exit exams for the first time is difficult. It has concluded that providing remediation during the regular school day rather than afterschool or on weekends is more effective at getting at this problem.

In Worcester, MA, a structured, centralized

remediation initiative has been underway since 2003 to increase the number of its students who pass the Massachusetts Comprehensive Assessment System or MCAS. According to Gewertz, officials believe the following practices and policies are important:

- treating remediation like regular classes, holding them during the school day, and offering credit and grades;
- notifying students that they may have to bump one of their electives to take the required remediation;
- holding classes of not more than 10 students with two part-time tutors hired by the districts;
- appointing, in each high school, one MCAS specialist who uses a computer program to analyze student strengths as well as weaknesses and who prescribes instruction accordingly.

The results in Worcester are very promising with 66 and 73 percent of participants in the remediation program passing the exit exam the second time in math and English respectively, compared to 40 percent and 39 percent of students who did not participate in the remediation.

The Education Week article also identifies practices which other researchers have identified:

- Use of a diagnostic process to identify weaknesses, prescribe instruction in those areas, and avoid reteaching materials which were passed. Researcher David Connolly, University of Oregon, Center for Education Policy Research, adds, however, that most state exit exams do not provide this kind of detailed feedback. In fact the CEP report noted that most states do not provide districts with data which indicates what items or domains were not passed by individual students.
- Building strong skills and preparation into the curriculum early. Those students who need help should get it early, before the age at which they can legally drop out, a recommendation made by Sherman Dorn, Professor, University of South Florida in Tampa, and David Connolly.
- Providing the remediation course and smaller “chunks” of content, which is being recommended by the state for inclusion in the \$28 million Washington State initiative.

The Center on Education Policy has published an annual report on exit exams over the last two years. These have included in-depth case studies of the types of remedial programs used in Maryland and Virginia. CEP’s reports are usually released in August each year. For more information go to www.cep.org.

Business Coalition for Student Achievement Calls on Congress to Strengthen and Improve NCLB Provisions and Funding and Do So This Year

The Business Coalition for Student Achievement, which represents leaders from every business sector including the Business Roundtable and U.S. Chamber of Commerce, has proposed a number of important changes for the NCLB reauthorization this year, as well as increased funding with, however, no specifics at this time. The BCSA proposal could contribute significantly to momentum for NCLB reauthorization this year as called for by the Administration. While the Coalition views NCLB as “one of the critical tools needed to transform U.S. education so that all students graduate academically prepared for college, citizenship, and the 21st century workplace,” it also calls for funding to be increased and NCLB alignment with the proposed science, technology, engineering, and math (STEM) initiative, which could be perhaps one of the greatest challenges. Below are highlights of specific changes which could have direct implications for technology vendors and publishers.

Several proposed changes are designed to strengthen and refine the NCLB accountability system including:

- allow states to differentiate among districts and schools that are “close to or far from” making AYP and ensuring that resources are allocated to those schools with the highest concentrations of low-performing students;

- allow states to use year-to-year growth measures of student academic achievement; and
- require districts to provide parents with timely and easily understood information on their options and allow them to choose either supplemental educational services or student transfers to a high-performing school when a school is identified for improvement.

All three of these proposed changes have been supported by the majority of education groups, associations, and advocates. Several knowledgeable observers believe that allowing states to differentiate between districts and schools which are only slightly failing to meet AYP from those with the vast majority of students failing to meet proficiency would allow states to permit districts which have been identified for improvement, but which are demonstrating student progress, to continue operating their own SES programs.

The BCSA would expand state assessments to include not only core knowledge but also advanced problem-solving skills and critical thinking capacities necessary for success in the workplace. It would also add science to the AYP calculation process and provide funds to increase state participation in NAEP science assessments. Recognizing the growing demand for formative assessments, the BCSA calls for increased teacher training on “the use of data to differentiate instruction for students, especially for those who are not yet proficient and for those who are more advanced.” It also calls for increased funding for the development of better assessments for special education students

and English language learners and suggests that such assessments should be developed by state consortia to realize efficiencies and economies as well as to increase uniformity.

Perhaps one of the more controversial set of proposed changes relate to rewarding teachers and principals who are effective in improving student achievement, including:

- instituting performance- and market-based pay programs that reward educators who contribute to student achievement growth and draw “effective” teachers to high-need schools;
- implement policies and practices to quickly and fairly remove ineffective educators.

And last, BCSA proposes “continued support” for innovative models and the effective integration of technology into teaching, learning, and management.

To review the BCSA recommendations, go to:

www.biz4achievement.org/about_the_coalition/position_statement3.pdf.

Extended Learning Time Momentum Is Bolstered By the Results of a Massachusetts Pilot Program and Directly-Related Proposed Federal Legislation

The Center for American Progress, which has become one of the leading think tanks supporting Democratic-leaning Federal education reform initiatives, recently published a report identifying four

components of a Massachusetts pilot program which have contributed to student success. The Massachusetts Expanded Learning Time to Support Student Success Initiative has been implemented in ten schools in five districts over the last year. According to legislation about to be introduced by Senator Ted Kennedy, “The extended learning initiative in Massachusetts can serve as a model for the nation on how to improve students with extra time and opportunities they need to master 21st century skills in a new global economy. The Federal government should lend support to these efforts so we can ensure that students have the time they need to master challenging subjects and new opportunities for enrichment including art and music.”

The participating schools were able to increase the school day by approximately two hours using \$6.5 million in state funds, or about \$1,300 additional funding per student, to implement the program. The process by which the program was planned and designed is considered the “model.” Critical components of this process were identified as having a positive effect on student performance and engagement, including:

- increased core academic instruction;
- enriched programming for all students;
- individualized instruction; and
- more planning and professional time for teachers.

Other critical elements contributing the successful implementation of this model

include:

- requiring that all schools engage in a comprehensive restructuring of the entire school schedule;
- the design of a comprehensive school budget;
- stable state funding rather than that of a foundation-supported extended learning program for a limited time; and
- using funds based upon research and common sense notions about how to increase student achievement.

The Center for American Progress report recommends that the Federal government fund a demonstration program and allow the use of several Federal programs and funding streams to extend learning including allowing such schools to operate supplemental educational services. The CAP also recommends that states develop the expertise and allocate support to allow extended learning in low-performing schools which are under restructuring sanctions.

The legislation proposed by Senator Kennedy, which is one of six independently proposed bills to “improve” No Child Left Behind, would extend the school day by 25 to 30 percent and provide significant professional development for teachers and other staff, most likely following processes used in the Massachusetts pilot. The title of the bill would be Teaching Fellows for Extended Learning and After School Bill, which would establish a National Service Teacher Corps that would train teachers to coordinate and administer extended learning

program. The program would also recruit community mentors and volunteers to provide relevant real world experiences. School day and afterschool learning objectives would be aligned through collaboration between existing teachers and newly trained “Teacher Corps Fellows.” The Teacher Corps would also develop partnerships between schools districts and community-based organizations to enrich student opportunities to learn. While the proposed Kennedy legislation certainly calls for a Federal role, in late January the National Governors Association, the Council of Chief State School Officers, and the National Conference of State Legislatures announced they would be launching, in the immediate future, a program for states to incorporate extended learning time into their policies. The initiative would be designed to close the achievement gap and reduce dropouts, while preparing young children for school. At least five states would receive grants of \$50,000 each to develop plans. The funds would be provided by the C.S. Mott Foundation whose statewide afterschool networks are currently operational in 31 states and who would be eligible to receive grants.

USED Announces Its Priorities for NCLB Reauthorization

Calling it “Building on Results,” the Administration has announced its priority NCLB reauthorization policy proposals which could have significant positive implications for many TechMIS subscribers. Only a few of the priorities were surprising, while most would codify the National Pilot Programs or unofficial policies already in

place. This proposal along with reauthorization “frameworks” outlined by key Congressional Democrats, could make NCLB reauthorization this year a reality. Several policy proposals which have direct implications are highlighted below.

Among the proposed changes relating to supplemental educational services are:

- allowing SES to be offered during the first year a school is identified for improvement, which means larger amounts of earmarked funds would be available at least one year earlier for SES;
- allowing districts to set aside a portion of SES funds for administrative activities, such as conducting quality parent outreach campaigns;
- allowing the SES per child set-aside to increase for students who live in rural areas or who have disabilities or limited English proficiency; and
- requiring districts who set-aside 20 percent of their Title I allocation for SES and parent choice to spend all of their funds each year or risk “forfeiting the balance of their 20 percent set-aside for these activities.”

Several of these proposed changes have been recommended by the Education Industry Association which has also been successful in obtaining passage of laws in certain states, such as Florida, which would make it more difficult for districts to reallocate unspent SES funds at the end of the school year for other allowable purposes.

In an interview with Sarah Sparks, Staff Writer for Education Daily, Secretary Spellings confirmed there would be an “expansion” of the pilot program involving Chicago and four other districts which have been identified for improvement, but who have been allowed to continue operating their own SES programs. In the interview, the Secretary pointed to an increase of 11,000 students participating in SES in Chicago over the last year due largely to lower per-pupil costs of providing the services thus allowing more students to participate.

The Secretary also elaborated on the “use it or lose it” incentive for the 20 percent earmark in the blueprint, identifying two alternatives for how unspent SES earmarks could be used. On one hand, she suggested that perhaps some of the money returned to the state could be used to cover the cost of states’ monitoring of SES programs generally which is generally considered an unfunded mandate placed upon the states. On the other hand, she acknowledged that some of the unspent money might also be carried over to the next year, at least for one year, but remain earmarked for SES.

Several proposed changes relate to options provided to schools in “corrective action” or “restructuring.” For example, schools under restructuring would not have the option of making small changes which fall under the much used “other” category. However, there would be greater flexibility and incentives for such schools to be converted to charter schools or for the provision of vouchers to allow students to attend private schools or to receive intensive tutoring. The proposed “Promise Scholarships” (i.e., vouchers would be worth about \$4,000 in combined Federal and local funding and the

amount which would follow the child for “intensive tutoring” would be about \$3,000. When removal of existing staff in a school facing “restructuring” is a preferred option, then the local district could exercise that option even if it would be in violation of local collective bargaining agreements or even state laws. A new option would allow a school under “restructuring” to be turned over to mayors, in lieu of a state takeover.

On the positive side without being specific, the proposal would call for an increased investment in School Improvement Funds available for state capacity-building and provision of technical assistance, as well as for direct funds for low-performing schools in greatest need.

Citing results regarding the effectiveness of the Reading First program, which shows significant student performance increases for almost all groups and subgroups between 2003 and 2004, the Administration would propose once again expansion of the Striving Readers Program. Serving grades 6 through 12, this program would rely on targeted intensive intervention literacy instruction throughout the curriculum. Under the American Competitive Initiative announced in 2006 by the President, science would become part of the AYP calculation accountability process. The Administration would once again propose to strengthen the teaching of math at elementary and middle schools under the Math Now program and would increase Title I funding at the high school level to ensure that students graduate “ready to succeed.” Ninety percent of any increase in Title I funding would have to be allocated to high schools.

Not unexpectedly, the Administration proposed to increase the number of states

which can use alternative growth models, but only for states that have well established assessments and robust data systems. As we have noted, the demand for instructional solutions which can address the needs of not only the lowest-achieving students but also gifted and talented should increase. In the area of assessment, states would have greater flexibility in using the scores of certain groups of limited English proficient students in calculating AYP. At the same time for students with disabilities, modified assessments for so-called “gap students” would also be allowed perhaps in a manner similar to draft regulations submitted in December 2005. Generally speaking, Title I funds would be more clearly targeted on schools with the highest number or percentage of low-achieving students and, in turn, on the lowest-achieving subgroups.

Two other changes which are not surprising in light of the Administration’s long held political philosophy would include: (a) allowing districts to transfer 100 percent of funds in certain Titles to other Titles to better meet local needs, which is a change from the existing legislation referred to as the “50 percent transferability provision;” and (b) to make a number of changes to the Drug Free Program, which would create a four-part block grant for the entire program.

USED’s “Blueprint” is at: www.ed.gov/policy/elsec/leg/nclb/buildingonresults.pdf.

Proposed NCLB Reauthorization Changes by States Would Erode Federal Rigid Rules and Encourage States to Create Innovative, Sound Approaches

Following an earlier statement by the Council of Chief State School Officers (see TechMIS [Washington Update](#), November 2006), on January 29, the Council released some specific recommendations to reauthorize the Elementary and Secondary Education Act, referred to by many as NCLB. In general, the series of recommendations would provide greater authority and responsibility to the states in developing and implementing innovative and sound approaches, while replacing numerous NCLB provisions and USED regulations which have fostered a “one size fits all mentality.”

One of the initial steps in the NCLB Federal-State process is the peer review process, which CCSSO would “remove and recast” the current waiver authority of the Secretary. Specifically, the recommendation would require the Secretary to “approve innovative models where states can demonstrate, through a revised peer review process, good faith, educationally sound strategies to raise the bar for standards-based reform in each state’s context, along with accountability for raising student achievement and closing achievement gaps.” States would have a stronger role in selecting qualified “peer reviewers,” creating transparency and consistency in peer review standards, and provide more timely feedback and results. Other groups such as the Center on Education Policy have argued that the lack of transparency and feedback, particularly on requested changes by states which were denied by USED, has resulted in lack of uniformity in the implementation of certain provisions among the states.

Similar to other groups, CCSSO would have

NCLB Section 1116 amended “to permit states to exercise appropriate judgment and differentiate both accountability determinations and consequences based on sound evidence. This includes targeting interventions to the lowest performing students/subgroups that do not meet AYP and maintaining consequences (without escalation) where schools are demonstrating significant plans and progress in addressing identified underperformance.” SES would be allowed prior to parent choice transportation and would target students based upon academic need “to increase opportunities for the provisions of supplemental educational services at the district level.” Discussions with reporters covering the press conference would suggest that CCSSO would support allowing districts identified for improvement but demonstrating student achievement progress, to provide SES if approved by the state.

Recognizing that in appropriately assessing students with disabilities and English language learners is the NCLB “albatross,” CCSSO would amend NCLB section 1111 to permit use of alternative assessments measured against alternate modified achievement standards based upon individualized growth expectations across grade levels as needed for some students. It would do away with the 1% and 2% caps on the number of students taking/passing alternative assessments and modified assessments, respectively. AYP determinations would be consistent with student IEPs and students which receive alternative diplomas would be included in graduation rates. The CCSSO would ensure new immigrant English language learners are properly included in school accountability by using multiple measures

and would allow new ELL immigrant students more than one year before making AYP determinations. Both English language learners and special education students exiting programs would continue to be counted as part of their subgroup for calculating AYP for an appropriate period after exiting the program, as determined by the state.

Similar to recommended changes by other associations, the CCSSO would:

- allow states to use “true growth models to complement existing status measures” and allow the use of multiple measures and sound judgment (to differentiate accountability determinations and consequences);
- allow states to differentiate consequences for schools which missed performance goals by little vs. those missing performance by a lot, and target resources appropriately;
- allow states to expand the use of formative embedded web-based state and local assessments and allow states greater flexibility in varying the frequency and grade spans of current high stakes state assessments;
- provide for increased Federal funding to develop state capacity to implement increased roles and responsibilities, including appropriate interventions in underperforming schools and districts;

- increase funding for state data systems and state-funded research and development.

As one views the CCSSO recommendations, one can infer significant state discontent with USED's administration of the program and, if Congress follows some of the CCSSO recommendations, some of the core principles of NCLB could be significantly eroded. On the other hand, the primary responsibility for implementing the Law effectively will fall upon individual states.

For a copy of the recommendations, go to: www.ccsso.org/content/pdf/ESGA_rec_final.pdf.

Administration's Proposed Budget Would Increase Title I Funding, Especially for High Schools, and Provide More Funds for Supplemental Educational Services

Closely paralleling the Administration's proposed "blueprint" for NCLB reauthorization (see related item), the Administration's proposed FY 2008 education budget would increase funding for specific Title I initiatives, level fund IDEA/Special Education state grants and reduce or eliminate over 40 programs, including (once again) state technology grants, referred to as E²T². Even though many pundits argue that the budget is "dead on arrival," it does reflect some possible increases in Title I which Congress could support and provide opportunity for negotiating an increase in IDEA funds using some of the President's "pet initiatives" as "bargaining chips." Implications are likely to occur in at least two areas: (a) the

demand for certain products and services in high schools should increase dramatically; and (b) more funding will likely be available for supplemental educational services (SES) and schools (and perhaps districts) identified for improvement will likely operate more SES programs, thereby providing opportunities for partnering as indicated in the related Washington Update item on the proposed NCLB reauthorization priorities.

Over 90 percent of the \$1.2 billion (or 9.4 percent) increase in Title I state grants would be allocated to eligible Title I high schools to reduce dropout rates and better prepare graduates for post-secondary education or competitive employment in the global economy. Some funds would also be used to develop and administer two additional state assessments at the high school level, including an assessment of college readiness in reading and math. This should generate an increased demand at the high school (and to some extent the middle school) level for new instructional and assessment products and services. Currently, high schools receive less than ten percent of Title I funding.

The Administration proposes to fund the School Improvement Grants under Section 1003g of NCLB at \$500 million, \$200 million more than was proposed last year. Whether this amount would be on top of the proposed 2007 continuing Resolution (see related item), is unclear. If passed, about half of the funds could be used for state capacity-building, most likely to hire teams to provide support for district and school improvements; most of the remaining funds would be allocated to districts through competitive grants. One percent, or \$5 million, would be set aside to allow USED to identify and disseminate promising school

improvement practices which could once again raise the possibility of “official” or “unofficial” lists of practices and products, a concept which created a political stir during the early years of Reading First implementation. In addition, with the slightly over a nine percent increase in Title I funding, the proposed budget document claims that \$550 million will now be available for states to set aside four percent for school improvement, of which 95 percent is supposed to be reallocated to districts and schools in corrective action or restructuring, or otherwise are required to provide SES. For reasons detailed in the September 1, 2006, TechMIS Special Report, because of “hold harmless” provisions and the nature of the Title I formula, most states will once again not be allowed to set aside the four percent and, rather than \$550 million, the estimated amount may be only half that.

Regardless of the exact amount reallocated to districts for use for school improvement, there would undoubtedly be more money available to be used for supplemental educational services. And, as the recently released NCLB blueprint for reauthorization states, additional flexibilities will be provided to schools and districts identified for improvement to allow them under certain conditions, to continue operating SES programs. Firms that have products and services which can be used in partnerships with districts and schools to provide SES will benefit; other firms with services and solutions that could be used by schools in corrective action or restructuring should also benefit. The budget document estimates that, in FY 2008, the number of schools identified for restructuring will double to more than 5,000 schools. Increased funding for SES is also being proposed under the so-

called Promise Scholarships which would be funded for the first time at \$250 million, and are designed to result in “vouchers” totaling about \$4,000 per student using Title I and IDEA funds which “follow the child” for “intensive” supplemental educational services provided by public or private schools. Only students originally enrolled in schools in restructuring status would be eligible for such voucher scholarships.

Included in the proposed budget are several new initiatives proposed last year, including:

- Math NOW to be funded at \$250 million;
- a \$68 million increase for Striving Readers to a total of \$100 million;
- Advanced Placement funding would increase from \$32 million to \$122 million;
- Teacher Incentive Fund would be funded at \$199 million;
- Math and Science Partnerships would be level-funded at \$182 million; and
- Twenty-First Century Community Learning Centers, which now includes 9,600 afterschool centers, would be level funded at \$981 million.

The Safe and Drug Free Schools and Communities program would be reduced \$200 million to \$324 million and the Career and Technical Education State Grants Program, including Tech Prep, would be cut from \$1.3 billion to \$617 million. Savings

in these, and over 40 other programs which would be consolidated or eliminated (including E²T²), would be used to fund some of the new Title I initiatives. There exist numerous uncertainties and needs for clarification regarding the proposed FY 2008 budget. One is the possible need for making some adjustments, if the FY 2007 Continuing Resolution (see related item) is passed by the Senate and signed by the President. Another is whether the budget will have to be modified if does not look like any of the President's priorities will be included in the NCLB reauthorization. Once Administration spokespersons testify before the appropriate budget subcommittees, the nature and extent of counter-proposed funding level changes by Congress should be more evident.

Congress Very Likely to Increase Federal Education Budget for Title I and Special Education for FY 2007 Which Suggests Some Districts Likely to Spend Unused Title I Funds at End of Year Rather Than Carry-Over Funds to Next Year

On January 31, the House increased the Federal education budget by slightly over \$1 billion for FY 2007 with Senate approval expected shortly. IDEA/Special Education would receive a \$200 million increase with virtually all of the increase going to local districts beginning on July 1. Of the \$250 million increase for Title I, approximately half would be used to fund -- for the first time -- the School Improvement Grant Fund which will go to state education agencies (SEAs) who, in turn, are supposed to

reallocate much of such funds to districts and schools that are mostly in corrective action or restructuring, or otherwise identified for improvement. The remaining half would be allocated to districts through the "targeted" and "incentive" components of the Title I formula which benefits large, mostly urban, districts with high percentages of students from low-income families. Even though the increased Title I funding will not likely be allocated to districts until October 1, 2007, many districts which received Title I funding increases this year (FY 2006), will realize they will be getting at least some increases in Title I funding next year and, therefore, will likely spend unused Title I funds they were planning to carry over to next year by June 30-September 30, 2007.

Last year, we sent out a TechMIS Special Report (dated March 20) entitled "Preliminary Title I Allocations to Districts Receiving Significant Increases" and an updated report on September 1 which included final allocations and identified districts in states which are not likely to reallocate funds from districts receiving increases in order to set aside four percent for school improvement and/or to districts which received a ten percent or greater decrease due to the hold harmless provisions in the Title I formula. As we explained in the September 1 report, districts in the following states who will have their Title I allocation increased somewhat will be: Florida, Nevada, Colorado, Arizona, Indiana, Ohio, Oregon, Iowa, Minnesota, and New Mexico.

In addition to spending would-be carryover Title I funds, many of these same districts identified in the September 1 report also had to set aside 20 percent for SES and the parent choice option, and some of these

unspent earmarks may also be reallocated and spent on other allowable products and services between June 30 and September 30. While most states have not established by law a process by which unspent SES and parent choice transportation earmarks can be reallocated for other uses, in Florida, a law was enacted last year (which became effective this year) whereby districts have to begin the process of requesting approval from the State department of education to reallocate unspent earmarks for SES. Districts must provide documentation that at least 51 percent of the parents and guardians of students eligible for SES made a conscious decision as to whether or not their student would participate in the district's SES program or parent choice transportation option.

As a reminder, most districts will actually spend the money by purchasing products; other districts may only "obligate" or "encumber" the reallocated funds and actually spend the money over an extended time frame for allowable services, such as professional development and/or other support. For your convenience, we have enclosed a copy of the September 1 Special Report (Its Appendix is attached as a separate Excel file) which identifies the districts which are prime candidates for targeting for end-of-year funding. Please call Charles Blaschke directly if you have any questions.

Alaska Update - February 2007

In her first State of the State address, new Governor, Sarah Palin, proposed an FY 2008 budget for K-12 education of \$1.14 billion, up 17 percent from \$977 million the previous year. As reported in Education Week, the proposed budget includes \$200 million to address an estimated \$10 billion shortfall in the State's retirement system for teachers. The new budget would also seek to promote more K-12 vocational programs. Per-pupil State funding in FY 2008 would remain at \$5,380.

The Anchorage Daily News reports that a grant from the Alaska State legislature is supporting a laptop program in 48 middle schools. Using Apple Mac Books, the participating schools include one each in Anchorage, Fairbanks, and Juneau, with the rest in more rural school districts. This year's funding includes two-thirds (\$5 million) from the State with the remainder paid by participating districts. Although next year's funding is not assured, State officials believe the program will be successful and that continued funding will follow.

Arizona Update - February 2007

Arizona State Superintendent Tom Horne has proposed expanding the State assessment (AIMS) to include American History, Chemistry, and Trigonometry. Such end-of-course exams would be intended to re-emphasize subjects often ignored because they are not part of high-stakes testing. The proposed tests would be used to assess students' progress, but would not become high school graduation requirements. The Superintendent has requested \$7.5 million for development of the exams.

The Arizona Republic reports that Superintendent Horne has also proposed a requirement that every student in grades seven through 12 have a personal learning plan by the year 2011. Each plan must be reviewed and updated annually by parents and teachers and, by 2013, each must be accessible on a Statewide website. The personal learning plan would put the teacher into a guidance counselor role, helping guide their students' academic and career paths. It is estimated that implementation of the approach will cost \$400,000 per year over the next three years.

California Update - February 2007

As reported in Education Week, California's \$800 million Emergency Repair Program has been converted from a reimbursement program to a grant program. This shift means schools will not have to pay for repairs up front and wait for repayment. As part of what is known as the "Williams" settlement, the new program is intended to resolve a lawsuit over facility conditions. Regulations that allow schools to apply for the funding will be available in the Spring. Since the program began, only \$7.3 million has been spent from the fund. Currently, the fund has \$300 million available and \$100 million will be added each year until the fund reaches \$800 million.

The new program also changes procedures for district purchases of textbooks and other instructional materials. Education Week reports that, now, the State can purchase materials at the request of county superintendents by the second month of the school year. The funds will be considered a loan to the school district.

Education Daily reports that the California Department of Education is reorganizing by adding two new divisions. The Policy Development and External Affairs Branch will identify best practices and link educators to disseminate effective educational strategies. The Government Affairs Branch will coordinate economic and legislative issues with the State legislature and the U.S. Congress.

Los Angeles Mayor Antonio Villaraigosa has proposed six strategies for improving the improvement of LAUSD students. As reported in Education Week, the Mayor's plan calls for higher expectations for student performance, rigorous curricula, small campuses, parental and community involvement, strong school leaders, and increased funding. The Mayor's statement included no details.

Under a new California law, students not performing at grade level can be required to attend Saturday classes, summer school, or before-and after-school sessions. As reported by the Council of Great City Schools, districts can now require all of their at-risk students to participate in supplemental educational services.

Delaware Update - February 2007

Education Week reports that Governor Ruth Ann Minner, in her State of the State address, proposed a budget that would fully fund all-day kindergarten in keeping with a mandate passed last year. Among the features of her proposed budget are: (1) new mathematics specialists in ten more middle schools (putting math specialists in all of Delaware's 42 middle schools); and (2) a program to recruit dropouts to return to high school (modeled after a program used in 25 other states).

Delaware officials are considering a new approach to the State's assessment. Last year, a task force recommended that the State adopt a computer-adaptive, growth-model test. The State is currently seeking tests-makers for two exams: a summative test (like the existing Delaware Student Testing Program) for Federal and State accountability purposes; and a formative assessment to help teachers diagnose student problems and adjust instruction accordingly. State officials want the test vendors to provide a Web-based bank of questions, linked to State standards, from which teachers could create their own tests.

Florida Update - February 2007

As of the end of December, all 67 of Florida's school districts have submitted plans to participate in the State's teacher performance pay plan known as STAR (Special Teachers Are Rewarded). As of mid-December, only about a quarter of the districts had submitted plans. As reported in Education Week, four plans -- Hillsborough, Citrus, Calhoun, and Brevard Counties -- have received final State approval. If a submitted plan is not approved, the district has until March 1 to revise it. Under STAR, teachers will receive State-funded bonuses this school year if their students meet certain standards as measured by the State assessment (FCAT) or other measure in non-FCAT areas. Under STAR, a quarter of the State's teachers would get one-time five percent bonuses based on their students test performance. A total of \$147.5 million in State funds are to be spent this year for the bonuses. The State's largest teachers union has challenged the constitutionality of STAR in court, citing its unfairness and poor design. Because the FCAT measures only some subjects and certain grades, the State is trying to develop measures for other subjects and grades with the school year already half over.

Education Daily reports that John Winn has resigned as the Florida education commissioner as of February 28. He had been the only member of outgoing Governor Jeb Bush's cabinet to be retained by new Governor Charlie Crist.

As reported in Education Daily, Florida's efforts to reform secondary education includes allowing schools to offer specific majors to their students based on the school's existing courses. Students, beginning in the eighth grade, can start planning their high school careers. The State has released a list of 442 majors that high schools can offer, starting with the 2007-08 school year. Majors will be available to students in charter schools, magnet schools, and career academies, as well as those in traditional high schools.

Last year, the Florida legislature passed a law that allows the establishment of taxpayer-supported charter schools that bypass local school boards by application to the seven-member Florida Schools of Excellence Commission. The Miami Herald reports that the Florida School Boards Association and nine local school boards (Alachua, Broward, Duval, Flagler, Hernando,

Lee, Martin, Palm Beach, and St. Johns counties) have filed suit in Circuit Court on the grounds that the law is unconstitutional. Advocates of charter schools -- Florida has 333 charter schools serving more than 92,000 students -- see the Commission as a means of spreading the movement.

The Miami Herald reports that, beginning with the Class of 2010, the Florida Comprehensive Assessment Test (FCA T) will include a writing component consisting of a timed essay and a multiple-choice section. Students will have to score at least 300 out of a possible 500 to receive a diploma. Last year, nearly half of the tenth grade students who took the writing test (until 2010, it will not be required for graduation) failed. As a consequence, State officials expect to see a greater emphasis on grammar, more practice essay writing, and breaking the casual writing habits students tend to use in e-mails and text messaging.

The South Florida Sun-Sentinel reports that, starting with this year's sixth-graders, middle school students who fail even one "core" course will not be promoted to high school until they retake and pass the class. The "core" courses are English, mathematics, and social studies. Previously, in some Florida districts, students could fail one or two core courses each year and still be promoted.

Georgia Update - February 2007

According to the Associated Press, Georgia education officials have vowed to provide more vigorous oversight on the private tutoring firms providing supplemental educational services under the No Child Left Behind Act. Evidence has emerged that some providers have billed the State for services never provided, have failed to provide adult supervision, or have violated student confidentiality. Last school year, the State spent \$7.5 million in contracts with tutoring companies to help 10,000 students in reading, mathematics, and English.

Illinois Update - February 2007

According to the Chicago Tribune, the Illinois State school board has recommended an \$801.6 million increase in general education funds for next year. Of this amount, \$299 million would be used to increase per-pupil State aid from \$5,334 to \$5,689. Despite the increase, average per-pupil aid will be less than the \$6,405 recommended by the Education Funding Advisory Board. Other recommended uses of the general fund increase are \$340 million more for special education and an additional \$60 million for State preschool education.

As reported in Education Daily, a public outcry over proposed new State special education rules have caused the regulations to be put on hold. The new regulations would have expanded the size of special education classrooms, allowed more special education students in general education classes, and required the use of response-to-intervention (RTI) when identifying students with disabilities. Specifically, the RTI requirement was questioned because of potential delays in identifying eligible special education students and providing appropriate services. The “filing prohibition” which puts the rules on hold must be removed within six months or it becomes permanent. At the same time, the State intends to provide its final regulations to USED by June 30.

Indiana Update - February 2007

In his State of the State address, Governor Mitch Daniels called for an investment of at least \$250 million to phase in full-day kindergarten. As reported in Education Week, similar proposals recommended by the two previous governors were rejected by the legislature.

The Louisville Courier-Journal reports that the Indiana legislature is considering a bill that could eliminate the textbook-rental fees paid by the parents of public school students, with the cost being paid by the State. As one of only ten states that charge such textbook-rental fees, Indiana has proposed to allocate \$76 million annually to cover the cost. The bill allocates \$95 per student each year for textbooks, although it is argued the annual per-pupil cost is actually \$120. Opponents of the bill argue that the cost to the State is too high in light of the legislature's intent to increase basic education funding and phase in full-day kindergarten.

Kentucky Update - February 2007

According to Kentucky's Council on Postsecondary Education, in 2004 (the most recent year for which data are available), a third of the entering freshmen at Kentucky's public colleges and universities were unprepared for college-level mathematics and needed remedial help (as measured by a score below 18 on the ACT). Moreover, the new ACT minimum of 22 would mean, if it is adopted as a standard, 63 percent of the students entering Kentucky's colleges will be considered unprepared for college math. By the Council's calculations, college remediation costs \$25 million -- \$14 million from the State and \$11 million in tuition. Among the Council's recommendations are adequate funding for college remediation, integration of college remediation with high school testing to determine college readiness, and better teacher training to identify remedial needs.

As reported in Education Week, Kentucky has established an Internet-based guidance system that tracks students' college and career plans, maintains their school records, and prepares resumes for prospective employees. The interactive online system will help middle and high school students meet the State's requirement for an "individual learning plan."

Louisiana Update - February 2007

Louisiana is in the process of developing a plan to overhaul high school education in the State. The plan includes elements that would: (1) phase out the Graduation Exit Exam in favor of State end-of-course exams in key subjects; (2) require most high school students to take a rigorous curriculum; (3) redesign ninth grade -- including the formation of separate academies -- to reduce dropout rates; and (4) require a fourth year of mathematics. As many as 50 Louisiana schools have been given \$10,000 over three years from the State to develop ways to improve ninth grade education.

Maine Update - February 2007

The Portland Press Herald reports that 55 elementary and middle schools (10 percent) in Maine failed to make adequate yearly progress (AYP) under the No Child Left Behind Act, a drop from 92 such schools the previous year. Twenty-five of the schools have failed to make AYP for two years or more. State officials argue that the scores cannot be compared year-to-year because of the introduction this year of a new State assessment.

Maryland Update - February 2007

According to the Council of Great City Schools, Baltimore City is recruiting new teachers by offering laptop computers as part of a new incentive program. The incentive package also includes electronic curriculum software, unlimited Internet access, and \$200 to buy school supplies online. District officials believe the incentive system helps in the districts recruiting efforts (more than 800 new teachers were hired last year), as well as provides teachers with greater access to online information.

Michigan Update - February 2007

According to The Detroit News, Michigan has proposed to cut per-pupil State funding this year by \$224 to address a \$1 million State budget shortfall. A survey by the Michigan School Business Officials indicates that such a cut could cause 120 school districts -- 20 percent of those in the State -- to fall into deficit. For Detroit, for example, it could mean a \$20 million loss just when the district is already trying to eliminate its own \$200 million deficit. The cut in per-pupil aid would almost certainly result in teacher layoffs, larger classes, and/or less money for various school programs.

Minnesota Update - February 2007

Governor Tim Pawlenty, in his State of the State address, proposed an initiative that would provide a two percent performance bonus to all schools that reach and maintain proficiency in reading and mathematics on State assessments. As reported in Education Week, the Governor's upcoming budget would include \$150 million for this program, known as "Successful Schools." The Governor also proposed setting aside \$75 million for high schools that implement more rigorous courses, offer college credit, and provide work-based learning and internships for students.

As reported in Education Week, Minnesota's State performance-based compensation program -- known as the Quality Compensation initiative (Q Comp) -- is slow being accepted by the State's school districts. Only 34 of the State's 339 districts (and 12 charter schools) are currently participating, although more than 130 have indicated plans to apply for the program. The State's allocation for Q Comp in the 2005-07 biennium was \$86 million, of which \$51.4 million is expected to be spent. Districts which agree to participate receive an additional \$260 per student from the State.

Education Week reports that more than half of the teachers in the North St. Paul-Maplewood-Oakdale school district have opted to withdraw from Q Comp. The pullout, after only one year, occurred because of teachers' concerns about how the district would reform the traditional pay system. It will cost the district \$2.8 million in State funds.

According to the Minneapolis Star Tribune, a study of the academic performance of students in Minneapolis schools compared with students who transferred to suburban schools shows that those in Minneapolis scored higher. The year before last, the school choice program -- known as Choice is Yours -- indicated more progress for transferred students. However last school year, suburban participants showed only about a quarter of the gain in reading and mathematics as they did the year before. Those staying in Minneapolis improved their performance.

Mississippi Update - February 2007

In his State of the State address, Governor Haley Barbour proposed an FY 2008 budget for K-12 education of \$2.43 billion, a seven percent increase over the prior year. Education Week reports that his proposal includes \$158 million to fund fully the Mississippi Adequate Education Program formula to provide more equitable school funding across the State and \$5 million for an early childhood education initiative that builds on the existing network of private and Head Start centers.

Missouri Update - February 2007

According to the The Kansas City Star, approximately 37 percent of Missouri 2,100 public schools failed to make adequate yearly progress (AYP) under the Federal No Child Left Behind Act. This represents a slight increase over the 35 percent of schools that missed AYP the year before.

The St. Louis Post-Dispatch reports that the State plans to turn management of the struggling St. Louis school district over to an appointed board for the next six years. If the State Board approves the plan in February, the 34,000-student school district will become a “transitional district” under the control of a three-person committee appointed by the Governor, the City’s mayor, and the President of the City’s Board of Aldermen.

Nevada Update - February 2007

According to the Las Vegas Review-Journal, the number of students requiring college-level remediation is far greater than the number of slots available. The State reports that 36 percent of freshmen entering a Nevada college require remedial coursework. Recently, the University of Nevada, Las Vegas (UNLV) stopped funding its remedial courses causing thousands of UNLV students to look for remedial classes at the Community College of Southern Nevada (CCSN). CCSN, however, is unable to handle the influx. Although CCSN offers 153 remedial math courses, for example, last Fall 3,251 students couldn't get into a class. Similarly, 916 students were unable to enroll in one of CCSN's 53 remedial English classes.

New Hampshire Update - February 2007

In his inaugural address, Governor John Lynch proposed a constitutional amendment that would allow New Hampshire to target school funding toward the school districts most in need. He also reiterated his proposal to raise the school attendance age from 16 to 18; a similar proposal failed in the last legislative session. However, because both the Governorship and the legislature turned Democratic in the last election, the school age bill has a greater change of passage. The Governor also called for more alternative-learning programs and college-level courses for the State's high school students.

New York Update - February 2007

New York State's budget for K-12 education in FY 2007 will be approximately \$18 billion, 7.7 percent more than last year. According to Education Week, the biggest increase is in new school construction which gets \$2.6 billion -- \$1.8 billion of that in New York City.

As reported in Education Daily, the New York Civil Liberties Union has urged new Governor Eliot Spitzer to address racial inequalities by: (1) identifying failing schools and their root problems; (2) developing remedial plans for each school; and (3) providing financial and administrative support for improvement.

As reported in Education Week, New York City Mayor Michael Bloomberg announced a restructuring of the City's school system to reduce bureaucracy and give school principals more authority. Under the plan, the district will return to a system of 32 community superintendents. In 2003, the Mayor had set up an administrative structure of ten regions. The plan would expand its approach to giving principals more power over the hiring and firing of staff, control of the educational program, management of their schools' budgets.

The New York Times reports that the New York City school system is trying a number of approaches to fix its chaotic middle schools. Some schools are adding special periods devoted to organizational skills; others are reducing the number of teachers students see each day. One school has grouped students into academies focused on such themes as business and cultural arts. Another has given nearly all seventh-grade students laptop computers. The City also is in the process of reconfiguring many schools. Forty-two elementary schools have been converted to K-8 schools and 14 middle schools have been closed. Another 38 schools have been structured as 6-12 schools and 44 larger middle schools have been divided into "smaller learning communities."

According to The New York Times, new Governor Eliot Spitzer plans to propose a \$1.4 billion increase in the State's education funding for FY 2008 and a \$7 million increase over the next four years. The Governor's plan is expected to include an increase -- from 100 to 250 -- in the

number of charter schools allowed by State law and an expansion of prekindergarten programs. Most of the new education funding will go to New York City in response to a court ruling.

Ohio Update - February 2007

The Toledo Blade reports that, in early January, outgoing Republican Governor Robert Taft signed a law that would increase math and science requirements for high school graduation, beginning with the Class of 2014 (this year's fifth-graders). The new law increases the required number of years of math from three to four (including Algebra II) and requires that the three years of science be lab-based classes. In order to gain Democratic votes in the legislature, the law added a \$16.8 million item to help schools recruit and train teachers in addition to the \$13 million already spent for this purpose.

As reported in Education Week, the Coshocton school district is experimenting with a plan to pay students for scoring well on annual State exams. Now in its third year, the experiment gives students in grades three through six \$15 for each "proficient" score and \$20 for each "accelerated" or "advanced" score they achieve. With five subjects, a student can earn as much as \$100. An evaluation of the program is expected later this year.

Oklahoma Update - February 2007

According to the Associated Press, Governor Brad Henry has proposed to expand Oklahoma's early childhood development program to include three-year-olds. Currently, the State has 70 percent of its four-year-olds enrolled in preschool programs. The Governor has proposed to spend \$15 million on pilot projects for three-year-olds. Like the program for four-year-olds, the new program would have districts partner with private and faith-based early childhood facilities.

Oregon Update - February 2007

Education Week reports that Oregon has increased the State's high school graduation requirements beginning with the Class of 2014 (this year's fifth-graders). The new requirements include four years of English, three years of math (Algebra I and higher) and three years of science. Students will also need to demonstrate that they have mastered a set of "essential skills" which include interpreting a variety of texts and applying math in a variety of settings.

According to the Council of Great City Schools, Portland and two other Oregon school districts will be part of the Nike School Innovation Fund, a five-year, \$9 million commitment from the Nike company. The first three grants, totaling \$1 million, will fund initiatives in Portland to enhance early childhood education and school leadership development.

South Carolina Update - February 2007

As reported in The State, a recent study indicates that the performance of South Carolina students on national exams strongly suggests that the State will not meet its goals under the Federal No Child Left Behind Act by the end of the decade. Among the evidence cited for this conclusion:

- The reading scores of fourth- and eighth-graders ranked 41st and 39th, respectively, in the nation.
- Scores of high school students on the SAT ranks 49th in the country.
- The State's reported on-time graduation rate of 73.4 percent is "generous" according to the study, which calls for improvement in the collection and analysis of graduation data.

Texas Update - February 2007

In early January, the Governor's Business Council released a report focusing on teacher quality as the best way to improve Texas' public schools. As reported in The Dallas Morning News, the Council's recommendations included more rigorous teacher evaluations, helping teachers improve their skills, and making it easier for school districts to fire poor teachers. The Council also called for higher academic standards, more rigorous coursework, improved measurement of student progress, and better collection of data on the performance of students, teachers, and schools.

Texas is conducting a study of the State's merit-pay plan for teachers to determine if the plan has helped to improve student performance and retain effective teachers. Known as the Texas Educator Excellence Grant program, the merit-pay plan could provide teachers with as much as \$10,000 a year for improving student test scores. During the current school year, 1,119 of the State's 1,151 eligible public schools have received \$95.5 million in State funds for the program. The Governor plans to expand the program's funding to \$330 million by 2008-09. Education Week reports that the study will be conducted by Vanderbilt University's National Center on Performance Incentives.

The Dallas Morning News reports that the Dallas school district is in the planning stages of an initiative to improve the district's high schools. To be implemented within five years, the initiative includes more than 20 recommendations, two of which are considered of highest priority -- reducing class sizes and giving teachers more planning time for collaboration. The proposal calls for student:teacher ratios to be lowered to 18:1 in ninth grade, 20:1 in tenth grade, and 25:1 in eleventh grade. The district estimates that implementing the two priority recommendations would cost between \$15 million and \$20 million.

Utah Update - February 2007

Education Week reports that Governor Jon Huntsman, Jr. has proposed an FY 2008 budget that includes: (1) \$25 million to pay for one-time, \$1,000 bonuses for every Utah teacher; (2) \$22 million for the State's Professional Excellence (ProExcel) program which would include incentive pay and teacher mentoring; and (3) \$7.5 million to begin phasing in voluntary full-day kindergarten Statewide. Overall, the Governor's proposed K-12 budget of about \$3 billion is a 15 percent increase over the previous year.

In mid-January, Utah legislators were given a presentation from a number of vendors about the kinds of educational software that is available to schools. According to the Deseret Morning News, the State's 21st Century Teaching and Learning Initiative is intended to: (1) increase access to technology in classrooms; (2) provide professional development so teachers can use technology effectively; and (3) provide technical support to keep systems operational. State officials have asked the legislature for \$30 million to bring the State up to the national technology level and says ongoing funding will be needed in the future.

The Salt Lake Tribune reports that Governor Huntsman's prekindergarten plan is supported by studies that show pilot, full-day prekindergarten programs appear to produce larger student gains in reading preparedness do half-day classes. Preliminary evaluations also showed fewer ex-risk students in full-day classes than in half-day programs.

Virginia Update - February 2007

As reported in the Washington Post, the Fairfax County school district (the 13th largest in the nation) has defied the Federal No Child Left Behind Act (NCLB) by declining to require thousands of limited-English-proficient students to take the same reading exams as native-English students. The Virginia Department of Education has asked the U.S. Department of Education to allow use of an older test for one more year so that an alternative exam can be developed; they are awaiting a response from USED. A number of other Virginia districts (e.g., Arlington, Harrisonburg) have adopted similar positions. More than 10,000 Virginia students -- 4,000 in Fairfax County -- are affected.

West Virginia Update - February 2007

The Charleston Daily Mail reports that, Statewide, during the 2005-06 school year, West Virginia showed a 13 percent increase in the number of high school students who took Advanced Placement exams -- compared with ten percent nationally. Moreover, there was a 15 percent increase in the number of AP exams students passed, compared with only a 10 percent increase nationwide.

**USED Has Released Its Annual Report on Federal Title I Allocations
for Eligible Students for Every District Which, in Combination
With Other Data, Should Help Firms Decide
What States and Districts to Target**

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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

September 1, 2006

USED has released its annual report which identifies the amount of Federal Title I allocations (before state adjustments) per eligible Title I student in each district, which is supposed to establish the maximum amount of funds districts should allocate per student participating in supplemental educational services. In combination with other recently compiled data, this Special Report should assist firms in determining what states to target and which districts within states will probably set aside earmarks for SES and staff development. The maximum per eligible Title I pupil SES expenditures ceiling (identified in the last column in Exhibit A), does not take into account a number of adjustments SEAs will make in the final installment to districts after October 1, when the amount of "advanced" Federal Title I funding is to be released to states.

Compared to last year, overall the eligible per-pupil Title I Federal allocation is about \$50 less dropping to \$1,373. In Exhibit A, we have included districts in our Special Report (dated July 21, 2006) that are receiving at least a \$200,000 increase in Federal Title I allocations for next year. Districts that received a \$400,000 or greater increase last year have asterisks and those districts which are shaded reportedly had five or more schools identified for improvement in 2005-06 which meant they had to set aside at least 20 percent initially for SES and parent choice transportation. (More districts will be identified for improvement as SEAs report test data and notify districts in September-October.) The purchasing power of districts based upon the maximum per-pupil SES expenditure ceiling ranges from less than \$1,000 in several districts to slightly over \$2,000 in several districts in Delaware and Pennsylvania. Because total Title I Federal allocations are .21 percent less this coming year than last school year, and because of about a four percent increase in students living in poverty between 2002 and 2003 (which were the census years used to make the allocations for 2005-06 and 2006-07), 62 percent of districts participating in Title I will lose funds or receive the same amount compared to the 2005-06 school year. However, for reasons described below, after states make several adjustments, the number of districts actually receiving some increases will be closer to 10 percent and the majority of these districts will be in ten states.

As we noted in our March 20 report on the list of districts receiving preliminary Federal Title I allocations, as reiterated in the updated report (July 21), and as confirmed in the recent Center on Education Policy report entitled “Title I Funds - Who’s Gaining and Who’s Losing: School Year 2006-07 Update,” NCLB requires states to reserve four percent of the Title I funds allocated to school districts in the state to be used for school improvement. The CEP report found that, in 36 states, the total amount of increases in “gaining districts” was less than the four-percent state set-aside for school improvement, thus taking away all of the district increases and redirecting them to the four-percent set-aside. In four states -- Delaware, Kansas, North Carolina, and South Dakota -- the amount available from gaining districts was only slightly more than the four-percent requirement which meant that virtually no new funds for districts will actually be available for these gaining districts. In only ten states in which the SEA takes funds for the four-percent set-aside away from gaining districts’ increases will the districts still receive any increases. These, however, will be significantly less, in most cases, than the initial Federal district Title I allocation. The total amount of the four-percent set-aside for school improvement would be slightly over \$500 million. However, because of Federal Title I cuts and an inadequate number of increases in gaining districts, CEP estimates that only about \$300 million will be set aside for school improvement. For example, California, according to CEP, will set aside only \$12 million of the required \$69 million that would have been set aside if the state could have reserved the full four percent. Last year, California had slightly over 1,700 schools identified as in need of improvement. While 95 percent of the four-percent set-aside is supposed to be allocated to activities which are designed to improve schools that are in greatest need of improvement (i.e., those facing “reconstitution” or “reconstruction”), many SEAs are hiring staff or consultants to serve as “support teams” without much of the “improvement activity” being in the form of reallocated funds going back to districts. As noted in our March report and the subsequent update, states will make additional adjustments to account for the use of poverty data other than census data and charter school enrollments; “gaining districts” could, therefore, have even more of their increases removed.

Under the assumption that, where possible, states will redirect some funds from “gaining districts” to the four-percent set-aside, CEP calculations suggest that gaining districts in the following states are likely to receive at least some increase in Title I funding for school year 2006-07:

- Nevada: In Clark County, the local National Education Association affiliate is one of the largest SES providers and may serve as a model for the National Education Association to promote in the future.
- Florida: An estimated \$100-\$130 million of unspent SES earmarks was actually obligated by many Florida districts by June 30, 2006; next year, because of a new law lobbied for by the EIA it will be more difficult for districts to reallocate unspent SES set-aside money because, to do so, the district must document that 51 percent of parents of eligible students either accepted or rejected the SES offer or the transportation option.
- Colorado: Some districts may lose additional amounts of the increase due to SEA adjustments for Title I-eligible students being served in charter schools outside the district.

- Arizona: Some districts receiving gains could receive significant reductions in their gains because of SEA adjustments for eligible Title I students enrolled in charter schools.
- Indiana: The state has three fiscal years and is the only state in the union that does not allow Title I funds unspent by June 30 to be carried over to the next year.
- Ohio: The Ohio legislature has been targeted by the EIA Coalition for Quality Tutoring to pass SES bills similar to that recently passed in Florida noted above.
- Oregon: In some of the larger districts, large numbers of afterschool programs (some of which are funded by 21st Century Community Learning Center funds) exist and, according to recent USED Non-Regulatory Guidance, could be eligible SES providers and may be interested in partnering with publishers.
- Iowa, Minnesota, New Mexico: If the SEA sets aside the four percent, only a small number of remaining district increases will exist. On the other hand, last year, New Mexico ended up not setting any funds aside for the four-percent requirement.

As mentioned in our July 21 updated district allocation report, by posting the Federal Title I allocations before SEA adjustments, USED, perhaps intentionally, will be creating negotiating problems between third-party SES providers and the districts. In most cases, the actual final Title I per-pupil allocation to the district will be slightly or significantly lower than the maximum; this could become a bone of contention during negotiations.