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MEMORANDUM

DATE: March 26, 2015
TO: TechMIS Subscribers
FROM: Charles Blaschke, Suzanne Thouvenelle, and Cheryl Sattler
SUBJ: District Title I Allocations; Budget Testimony; Impact of GOP ESEA Reauthorization Bills; Council of Great City Schools Highlights; Waiver and Reauthorization Updates

The attached Special Report identifies more than 900 districts, which are receiving moderate to large preliminary absolute or percentage increases, before SEA adjustments in Title I allocations beginning in July. Most districts in Exhibit A, which are receiving absolute increases of $200,000 or more, will begin spending previously carried over funds and all remaining unspent funds from this year by June30th or September 30th. Many districts in Exhibit B which are receiving 20 percent or greater increases will use such funds to invest in "human capital," such as professional development or products with low operating costs rather than hiring full-time salaried teachers, who may have to be released next year as the increases are perceived to be one-time "windfalls" for a variety of reasons. Please be advised these preliminary allocations provided by USED to states on March 11th and the USED final district allocations to be published in June-July may differ from SEA adjusted district allocation notifications (usually in July-August). In some states significant SEA adjustments to district allocations can be made for public charter schools in the district attendance area, use of poverty measures other than the 2013-14 Census data counts used by USED, and use of updated state per-pupil expenditures. It is important that sales staff be aware of the types of adjustments that can be made as they approach district Title I coordinators. If any subscribers have questions, please call Charles directly (703-362-4689).

As a reminder, a renewal agreement and invoice for the annual TechMIS subscription period from May 1, 2015 to April 30, 2016 were emailed on February 23rd. Our thanks to those who have already responded; if you have not responded yet, a subscription agreement is attached for your convenience (email Cyndi Mercado cmercado@edturnkey.com indicating your intent and if you would like your invoice emailed again and to whom it should be sent if not you). Please send the completed agreement with your check by mail to our address (256 Washington St. Falls Church, VA 22046).

Education TURNKEY Electronic Distribution©, Vol. 20, No. 3, March 26, 2015

Washington Update headlines include the following:

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priorities for postsecondary success in a number of key states including California, Florida, Georgia, Kentucky, New York, North Carolina, Ohio, Tennessee, Texas, and Washington.

Special Report:
Preliminary Allocations
to Districts Receiving Significant Increases
Beginning in School Year 2015-16

A Technology Monitoring and Information Service (TechMIS)
Special Report

Prepared by:
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March 26, 2015

The enclosed analyses of USED preliminary Title I, Part A allocations to districts for the 2015-16 school year -- before SEA regular and discretionary adjustments -- should be considered very preliminary for a number of reasons:

a) Uncertainty over how SEAs will use their discretion within the constraints of ESEA Flexibility State waiver guidance over how much and which districts will receive, if any, of the 4% SEA set-aside for school improvement;
b) First time allocations for charter schools which are "new" (i.e. did not receive Title I funds last year) or have "expectedly large increases" in Title I enrollees.

Some states may request and receive, without much public fanfare, other waivers on the use of Title I set-asides, such as SES, professional development, or other USED provisions to provide increased flexibility at the state and district levels. This is occurring in some areas/states. Given these uncertainties, however, these preliminary USED district Title I allocations represent a good starting point for firms to use in targeting districts and when, as purchasing cycles may vary.

Based on information provided to us by USED in mid-March, Exhibit A lists about 497 districts which would receive an increase of $200,000 or more in Title I Part A funds beginning in July. About $3.6 billion of the total $14.4 billion Part A will be allocated to SEAs in July with the remaining amounts allocated beginning October 1, 2015). In Exhibit B, another list is provided (with some duplication of districts included in the former) of about 428 districts which should receive a 20 percent increase or more which is at least $100,000.

In Exhibit A, preliminary Title I allocations in these districts have increased over SY 2014-15 due to increases in census counts and/or no sequestration cuts this year, with most districts receiving moderate absolute increases and some districts in Exhibit B receiving large percentage increases, especially smaller-medium districts. One reason for preliminary Title I district

increases can be attributed to higher enrollment of poverty students in specific districts when the 2013-14 Census (i.e., the latest data set of poverty counts) was collected and the updated poverty numbers were included in the Title I formula. The 2013-14 Census reported 110,000 decreases in the poverty student count nationwide which increased funding per-student served slightly based only on census counts.

The current Title I formula has created volatility in district year-to-year allocations due to a number of quirks in the Title I formula, which has made district planning difficult. As a result, changing the Title I formula has been a focus in recent GOP-proposed ESEA reauthorizations bills, with some of the changes having the greatest impact on large, urban districts by reducing the amount of Title I funds being allocated to them relative to those funds going to the remaining districts (see enclosed Washington Update Highlights of Council of Great City Schools conference). As the Center for Reinventing Public Education recent brief, "Title I: Time to Get it Right," (March 13th) stated: "Title I formulas have become ridiculously layered and complex larded with non-sensical factors and seemingly random cut points that almost no one fully understands." As an example of such volatility, last year Los Angeles Unified School District received an increase of $22 million or a seven percent increase, while this year it received a $5 million increase. And, after SEA adjustments to the district last year, the final allocations determined by the California SEA in July resulted in reducing most of the districts' USED initial $22 million preliminary increases. In Florida, Dade County, Orange County, Brevard County, and Suwannee County districts received preliminary increases of more than $200,000 last year, but for this year none of them received a $200,000 preliminary increase. Last year, Arkansas had more than 30 districts receiving $200,000 or more, compared to only four districts this year. In Exhibit B, last year about 25 districts in California received a 20 percent or greater increase, while for this year, the number increases to more than 75. This suggests to a firm that more time and effort may be required this year to cover small to medium-sized districts on Exhibit B. During the recent Council of Great City Schools conference, the preliminary Title I allocations for its 60+ district members was announced, showing that approximately two-thirds of the large, urban districts would receive reductions this year, totaling $46 million.

However, it should be noted that some of the large urban districts could receive some increased funding in October under the SEA 4% set-aside for school improvement, especially those districts with SIG Priority, and Focus Schools, if enough money is available at the SEA level for the 4% SEA set-aside reallocation to them.

Exhibit B lists the districts which would receive preliminary increases in Title I allocations of 20 percent or more, which are at least $100,000. Among the Arizona districts receiving increases of more than 20 percent, some of these districts' funds will be reallocated to charter schools under "follow the child" provisions, thus reducing Title I funding left for the districts. Illinois has a relatively large number of LEAs receiving 20 percent or more increases, but few of these districts had absolute increased amounts of more than $200,000. Among the small districts in New York receiving large percentage increases, some of these smaller districts may be relying on volume discount purchasing through BOCES.

Some districts' percent increases could have occurred due to the nature of the Title I formula as district poverty counts might have exceeded, for the first time, the five percent threshold, in which case the districts qualified for the first time for "concentration" grants in addition to the "basic" grant. However, in many districts receiving large percentage increases, inaccurate Census counts or "miscalculations" could have been a major reason for the increase.

In its March 11th memorandum to Title I State Coordinators, USED notes that the preliminary district allocations used state per-pupil expenditure (SPPE) data from school year 2012-13 and that preliminary allocations could change with the use of updated latest state per-pupil expenditures (SPPE) most likely in June or an SEA can make other adjustments using alternative poverty data.

Sales staff should take into account when approaching Title I directors/coordinators year-to-year volatility in district Title I allocations and late SEA notifications which create uncertainty and make budget planning difficult.

The best marketing prospects for purchases depend on the situation facing the district and the types of adjustments (which are discussed below) that could be made by SEAs. Many districts will consider the large percentage increase for this coming year to be a "windfall" due to inaccuracies or unique situations affecting the 2013-14 counts (i.e., increase in immigrant children counted one year followed by deportation the next, thereby reducing poverty counts) or formula "quirks" (e.g., receiving concentration grants for the first time due to a poverty count going from 4.5% to more than 5%) in the Title I formula. Districts will not use such increases to hire salaried staff next year, due to concerns that they may have to release new salaried employees the following year and pay unemployment insurance. Many will consider funding increases as an opportunity to invest wisely in human capital, professional development, and instructional programs which have low reoccurring costs. Also, because these districts are receiving large percentage increases, they are less likely to carry over unspent Title I funds from this year to next year and will obligate such funds between now and June 30th or September 30th.

Districts in Exhibit A that have large numbers of Priority and Focus Schools are best prospects for receiving some of the SEA 4% set-aside (if adequate SEA funds will be available) for school improvement. Because of recent USED waiver flexibilities and final SIG regulations in February, these districts will have greater discretion in allocating more Title I funds to schools with the "greatest needs," which usually are Priority, Focus, or SIG schools (but can now include "other Title I lowest performing schools under certain conditions" -- see December 2014 TechMIS report). Most districts in Exhibit A will obligate this year's Title I allocation, and not carry over the funds to next year.

In addition to the discretionary adjustments made by SEAs for reallocated Title I amounts in SY 2015-16 for the "4% set-aside" for school improvement, a number of other adjustments can be made each year by SEAs which affect many final district Title I allocations, where appropriate.

Each SEA must make adjustments for the number of Title I-eligible students in a district

"attendance area" who go to local charter schools because Title I funding is supposed to "follow the child" to the public charter schools. As noted earlier, Arizona, with twice the number of districts in Exhibit A than last year, some of the LEA funding increases must be reallocated to one or more of the 500+ public charter schools. Other states with fifty or more charter schools which will have to make similar adjustments include Colorado, Wisconsin, Minnesota, New Jersey, Massachusetts, Georgia, Indiana, Ohio, Tennessee, North Carolina, New York, Pennsylvania, Texas, California, Florida, Michigan, and Nevada.

Last year, an additional adjustment in district allocations was made for newly "opening" and "significantly expanding" charter schools to ensure these charter schools received "equitable amounts" of Title I funds required under Section 5206. Some SEAs and/or districts began reallocating SEA 4% set-aside funds to these charter schools in December 2013-February 2014. Some of such funding will likely come from LEA allocations this year.

In some states, the SEA will also make adjustments for other entities that support or provide assistance to Title I programs, such as county units in California or "innovation" or "achievement" districts such as in Detroit. Other adjustments may have to be made to districts allocations if school attendance area boundary lines have changed since the prior Census was taken. Also, a list of current districts compiled by SEAs may differ from the Federal 2013-14 Census list.

And, as noted previously, one of the last types of regular Title I adjustments -- which can't be made until July-August -- is based on changes in final state per-pupil expenditures (SPPE), which is currently taken into account in computing the "incentive" component of the Title I formula. This determination is usually made by each state at the end of the regular school year. Also, an SEA may adjust district allocation by using alternative poverty data (e.g., free reduced lunch and TANF) for districts with less than 20,000 residents as noted in the March 10th USED Congressional notification memo.

We have discussed with Title I state and district directors the possibility of additional SEA adjustments to district allocations which could be made as a result of states' NCLB waiver requests having been approved or non-NCLB waiver states requesting and receiving other waivers (e.g., eliminating the SES set-aside). Several district Title I directors expressed moderate to serious concern about language in their state's waiver application for renewal, which would allow SEAs to "leverage" Title I funds for a number of possibilities including:

- reallocating Title I funding to districts with large numbers of schools which continue SES set-asides;
- allowing SEAs to withhold a certain portion of the district's allocations, with the districts' permission, to be reallocated to intermediate units or BOCES to provide professional development or related services in a more cost-effective manner (e.g., some Western states); and
- SEA creation of volume purchasing entities and consortia (e.g., used for the first time for E-Rate applications) which could reduce sales opportunities for small vendors who

cannot serve all members of a consortium.

Opportunities TechMIS subscribers should seriously consider include:

a) Targeting LEAs with increases as displayed in Exhibit A and B, especially those which will have purchasing cycles, which began in February (and will likely increase when no sequestration will occur in 2016) through November-December and increasing once again in February through June 30th or September 30, 2016, with a particular focus on existing clients for expanded sales.
b) Targeting LEAs with large percentage increases in Exhibit B for end-of-year spending before June 30 or September 30, 2015 or IEU/BOCES for product/professional development services;
c) Priority/Focus/SIG schools in LEAs with moderate/large increases shown in Exhibit A, especially in states that are able and willing to reallocate all of their SEA 4% set-aside for school improvement.
d) In districts applying for FY 2014 SIG grants, target last year's eligible schools which are the likely schools for new competitions or current SIG schools who could receive continuation grants (see related TechMIS Washington Update on SIG guidance).
e) In non-NCLB waiver flexibility states, target LEAs which are "identified for improvement" (e.g., California and Pennsylvania) which have existing flexibility to use Title I funding to serve non-Title I teachers and students (e.g., professional development and tutoring) without violating "supplement not supplant" provisions, especially schoolwide programs (see April 15, 2013 TechMIS Special Report).

Given the volatility of district Title I allocation from year to year and lack of perceived patterns, many Title I coordinators/directors (especially in Exhibit B districts) might disbelieve, or at the least question, such preliminary increases. Sales staff should be made aware that most SEA Title I offices have not sent preliminary USED funding allocation notices to their districts' Title I directors/coordinators and they should act accordingly.

Please call Charles if you have any questions (703-362-4689).

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Education TURNKEY Electronic Distribution©, Vol. 20, No. 3, March 26, 2015

Washington Update

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ESEA Reauthorization Update

On February 27th, as the Department of Homeland Security funding bill government "shutdown" was "front and center," and after a number of ESEA amendments were agreed to in the House by both parties, the Student Success Act reauthorization bill in the House Education and the Workforce Committee was pulled without a vote. Reasons varied, ranging from the realization by GOP right-wing House members that too much control remained in Washington, to a perception that whatever the Senate rewrite by Chairman Lamar Alexander and ranking Democrat Senator Patty Murray produced would after being conferenced with the House be vetoed by the President because the version would hamstring discretionary authority over the state waiver process. As Andy Rotherham, widely respected policy influencer, noted in his February 28th *Eduwonk* byline, "House ESEA Collapse." "Best hope at this point: getting two versions of some kind to the conference, and then hoping it can get done and slip through. Prognosis: more Department of Education waiver action, which is of course, ironically, the approach conservatives claim to hate."

In his blog, Rotherham referred to the Whiteboard Advisors recent survey results; one before the February 27th collapse and the other immediately thereafter. The results of these "Washington insiders" are noted below. As the March 3rd updated survey report stated, "Insiders believe the delayed vote had a significant effect on the prospects for ESEA reauthorization. Before the delay, two-thirds of the insiders thought Congress would pass the bill before Obama left office; that number dropped to less than half (46.5 percent) after the delayed vote. With regards to the timing of a bill being signed into law, before the delay 57.7 percent believed Obama could sign a bill before signing office; however, that number plunged to 35.7 percent following the delayed vote.

Insiders' comments include important insights. One pessimistic observer noted, "I don't think the House and Senate could ever conference a bill that the House could pass this Congress." Another stated, "I think the politics of the House are going to kill any chance. This is too bad since the Senate (and Senate staff) seem to be taking the issues quite seriously, or talking to each other, and are generally being constructive." Another insider noted, "If Alexander and Murray can get traction on something reasonable and acceptable to the Obama Administration, they would surely prefer for it to be done on their watch, a big unknown is whether Alexander could figure out a way to persuade Kline to go along with whatever the Senate comes up with. Boehner is not going to be able as helpful there as he could have been in the past." Another insider noted more optimistically, "If anyone can negotiate a bill that can garner significant bipartisan support, it is Lamar Alexander 'and his staff,' but it's clear that this President is so far afield of even reasonable Democrats, he'll never sign it."

House Committee Chairman Kline has

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stated his desire to hold a House vote as early as mid-March, while Senate HELP Committee Chairman Alexander hopes to have his markup of the negotiated bill with Senator Murray available for Committee vote in late April.

The Extended Delay in ESEA Reauthorization Created by the House Committee's Recent Withdrawal of the Proposed Student Success Act Will "Jumpstart" State Waiver Renewal Action

As a result of the postponement of the February 27th House vote on the Student Success Act by Education and Workforce Committee Chairman Kline, the number of states applying for waiver renewals is likely to increase rapidly before the March 31st renewal deadline. For almost 30 states, current waivers would otherwise run out at the end of this school year. GOP pressures for ESEA reauthorization have been fueled by increasing distaste for the Secretary's discretionary authority to impose what GOP congressional leaders have called increased "Federal intrusion." On the other hand over the last several months, the Obama Administration has increasingly voiced support for ESEA reauthorization, but as we and others have reported, the current executive authority over the waiver review and approval process would be lessened significantly by ESEA renewal unless many of the "flagship" activities and waiver flexibilities were incorporated into the reauthorization.

One possible outcome is that the Administration will continue to loosen the regulatory reins on state activities, allowing even more state flexibility in this round of the waiver approval process than in the initial rounds two and three years ago. Such increased flexibilities incorporated into one or more years of approved waiver extensions could provide increased opportunities on a state-by-state basis for many TechMIS subscribers.

As Education Week's *Politics K-12* blog (March 6th) reported, state progress on getting waiver renewals are "very much in progress in most places" and some states, which have been wavering, will likely proceed quickly in light of the perceived "collapse" of ESEA renewal this year. As the article notes, seven states were offered "early bird renewal process as an optional reward for states that have stayed on track in implementation waiver plans." Four states -- Kentucky, North Carolina, New Mexico, and Virginia -- have had applications renewed, while three other states -- Florida, New York, and Tennessee, which were offered the option, turned down the option for a variety of reasons, by late January but will likely decide whether to apply before the March 31st deadline. Other states which were not offered the option, but according to a USED Inspector General (IG) report said the data submitted by these states were accurate, inferring the possibility that these states would also be likely states to apply for and receive waiver approval (Arizona, Georgia, Kansas, Louisiana, Mississippi, Oregon, South Carolina, South Dakota, and Washington).

Most recently, as *Politics K-12* notes, Utah has decided it will apply for a waiver renewal of just one year rather than renewal through the 2017-18 school year. Without a waiver, Utah districts could "lose" over $30 million in Title I funding next school year under the 20 percent set-aside for SES and

school choice. In most of the states, which are deciding whether or not to apply for waiver renewals, the sticking points relate to the use of student scores in teacher evaluations. However, beyond that most prevalent "sticking point," each state has its own negotiating points which will have to be addressed in the application, should one be filed. As Anne Hyslop and other observers have predicted, the Administration's former "red lines in the sand" are shifting or disappearing in shifting sands, such that if states ask they are more likely to receive than in the past.

(Update: March 23)
According to a later survey conducted by Education Week, "…nearly every state that has a waiver was planning to file a renewal request…" as reported in *Politics K-12* blog (March 20th). The article also notes that "nearly every state that's figured out its timeline is planning to file a renewal for three years -- the maximum for most states." Georgia and Utah plan to apply for a one-year renewal based on the survey. It would appear that two states -- Texas and Louisiana -- are still in negotiations with USED over renewal requirements, particularly related to Common Core standards and teacher evaluations where negotiations are still ongoing.

Several chiefs with whom we talked during the CCSSO March 22-24 Annual Legislative Conference said they would include several requests that they felt USED might not normally approve, but that USED is under so much pressure from Congress they might capitulate and approve them. And, if an agreement consisting of the "best" of NCLB and state waiver provisions are blended together, several noted the transition period "will not be overnight."

Secretary Duncan's Testimony on the President's 2016 Budget Request Focuses Upon Changing Priorities, Some of Which Appear to Be Conflicting

In his March budget testimony, Secretary Duncan highlighted funding requests for programs under the Administration's five major priority categories, some of which appear to have changed and appear to be in conflict. As we noted in our February 25th TechMIS Special Report on the President's FY 2016 budget request, he emphasized that even though the overall discretionary request is $70.7 billion, an increase of $3.6 billion or 5.4 percent increase over 2015, the total discretionary funding for FY 2015 is below the FY 2008 level by almost ten percent. One of the key priority areas at the end of first term placed a higher priority on equity in terms of outcomes rather than equal education opportunities. USED now appears to be emphasizing in the FY 2016 budget a greater priority on removing inequalities in the distribution of resources (inputs not equal outcomes) by placing Title I IDEA and English language acquisition grants under this "opportunity" priority.

The proposed Equity and Outcomes project (see February 25th TechMIS Special Report on 2016 budget proposal) is designed to promote more equitable uses of Federal formula funds whereby participating pilot program districts would "demonstrate a commitment to equitably distributing state and local and Federal funds -- based on actual expenditures -- to their highest poverty schools. In exchange, participating districts could receive flexibility from fiscal monitoring reporting requirements for their schools and could combine Federal formula funds to support a districtwide plan focused

on student success." The use of actual expenditures, for example actual salaries of teachers, is designed to ensure greater comparability between Title I and non-Title I schools. Current comparability metrics rely on average teacher salaries and student/teacher ratios, which studies conducted by the Center for American Progress (CAP) have argued that lower-paid, less experienced teachers are assigned to Title I schools, while higher-paid, more experienced teachers are employed by wealthy non-Title I schools. For example, in its March 11th School Funding Disparities report, the CAP reports that the effects of the current "comparability loophole" is that more than 4.5 million low-income students attend inequitably funded Title I schools; moreover, "these inequitably funded schools receive around $1,200 less per student than comparison schools in their districts."

The use of "actual costs" for determining comparability has important implications. If actual costs are actual annual teacher salaries and does not include other "teacher costs," then districts are likely to reassign teachers, which is likely given the relative ease of accounting and auditing. On the other hand, if "actual costs" include not only actual teacher costs, but also costs of teacher support systems such as providing technology delivered teacher collaboration, online professional development, and on-demand support for younger inexperienced teachers and other technology aids, then these non-salary technology-based "teacher costs" could be used to measure and report on "comparability." As we and other observers have argued, if this happens, the demand and use of technology-based teacher support activities could increase significantly. If districts are given optional flexibility, some may use the Federal mandate as "political cover" to reassign higher paid, experienced teachers to Title I schools and minimize accounting/auditing time and paperwork. On the other hand, some districts may opt for hiring younger, inexperienced and lower paid teachers and provide the necessary technology-based support, while minimizing reassigning experienced teachers and having to bargain with the teachers union on tenure and related contractual agreements. In short, if actual teacher salary is the only cost measure, this dampens the opportunity for technology-based support to demonstrate comparability.

While many districts would welcome the proposed opportunity to combine all Federal formula funds to support districtwide plans focused on student success, such flexibility has already been in USED policy and regulations since 1997 for comingling of funds in schoolwide programs. One pitfall is that combining Federal funds districtwide could benefit not only Title I eligible students, but all students. However, because of the SEAs' perceived needs for state as well as Federal separate audits, even today many schoolwide programs are not allowed by SEAs to comingle and combine funds.

Another new priority or "emphasis" referred to by Secretary Duncan is "using and developing evidence-based programs," which is being built into all existing USED programs designed to increase student achievement. The Secretary emphasized the Administration's commitment to increase funding for programs that will "provide additional resources for interventions that are either based on evidence of success or help build evidence of what works in education." Here, Secretary Duncan noted the requests of $300 million for Investing in Innovation (i^3) programs for K-12 and new

incentives for using evidence-based approaches under the proposed Leveraging What Works Initiative, Title I and IDEA, and School Improvement Grants. Of all the Administration's flagship initiatives, i^3 is one that probably has much more GOP support in Congress than any of the others. This overall priority most certainly focuses on outcomes and the level of evidence supporting specific types of interventions and approaches.

It is interesting to note that almost concurrent with the Secretary's testimony, the Coalition for Evidence-Based Policy, a non-partisan organization, outlined a proposal built upon the successful Small Business Innovation Research program created in 1982 which earmarks funding from agencies' budgets for awards to small companies to develop and test innovative new technologies. The coalition proposal developed by Professor Martin West, Harvard University, who has worked for/advised GOP leadership including Senator Lamar Alexander, would build upon and create the Social Spending Innovative Research (SSIR) program. It would apply the SBIR approach and fund the development and rigorous testing of entrepreneurial ideas across multiple Federal agencies, including USED in policy areas and social spending. The argument justifying the approach is that Federal education spending "has no systematic mechanism analogous to SBIR to incentivize funds and rigorously test innovative field-initiated ideas…The Department's research arm [Institute for Education Sciences] funds field-initiated ideas, but is primarily geared to academic researchers and rarely funds entrepreneurial practitioners in non-profit, for-profit, and state-local government opportunities."

One of the major differences between the current i^3 program and the proposed SSIR is that for-profit organizations and entrepreneurs would be eligible to participate as they under the SBIR program. As the policy brief's conclusion states, "Modeled on the successful SBIR program, this new program SSIR -- would infuse the U.S. education spending with a critically needed supply of entrepreneurial new ideas, rigorously shown to produce sizeable improvements and important education outcomes."

A major criticism of the current i^3 program from groups such as the American Enterprises Institute has been that for-profit organizations have not been able to participate in the i^3 program and that for-profit organizations have greater capabilities and incentives to take proven practices to scale which is the largest funding category of grants under i^3. It is interesting to note that during the Council of Great City Schools Legislative Conference, in response to a question as to what practices work best in School Improvement Grants, Secretary Duncan argued that he is less interested in finding out what works as that has already been done through the What Works Clearinghouse, but rather what practices can be taken to scale.

One can speculate that such an alternative under an ESEA reauthorization, in addition to or in lieu of the i^3 program, would be well received by the GOP. It is interesting to note that the policy brief points to Success for All which received major funding during Phase 1 and Phase 2 rounds of the i^3 program as an example of entrepreneurial and scale-up capabilities, which West argues is an exception to the rule of most USED field-initiated R&D projects.

Highlights of the Council of Great City Schools (CGCS) Annual Legislative Meeting

On March 14-17, the Council of Great City Schools held their annual legislative conference in Washington, D.C., which was attended by "Federal liaisons" from most of the 60+ member districts, along with some superintendents and board members who also attended a White House meeting with the President on March 16th. Luncheon speakers included Secretary Duncan, former Superintendent, Chicago public schools who was an active Council member at that time, and Congressman Bobby Scott, ranking Democrat on the House Education and Workforce Committee. While the messages from both speakers included few surprises, as both have enjoyed a very close working relationship with the Council, several highlights are worth noting.

As expected the single most important issue confronting Council districts was funding, particularly Title I, ensuring that existing funding levels are maintained in light of major threats from the GOP reauthorization's proposed provisions. For example, under proposed Title I portability provisions, the Council member districts would lose about $615 million. Title I formula changes proposed in the House version would reduce CGCS members' district funding by almost $650 million. Elimination of Maintenance of Effort (MOE) provisions could result in over a billion dollar requirement being placed upon large districts to make up for subsequent state funding reductions for Title I and other formula programs, which are now under their MOE provisions. Indeed, the lobbying message from the Council to member districts making Hill visits was to argue for a cost of living inflationary increase (at least 1.7%) and to make Congressional members aware of the traumatic fiscal impact of proposed provisions on large, urban district Title I. In his speech, ranking member Bobby Scott reinforced the challenge, noting that the GOP partisan House ESEA reauthorization bill HR-5 would take us back to before 1965 and virtually eliminate targeted Federal funds to provide equal education opportunity for students in schools with high concentrations of poverty students.

Secretary Duncan reiterated his opposition to the GOP reauthorization's versions and argued that if Congress does not take into account "equity" (i.e., reducing inequities for students in poverty), "excellence," and "high expectations and innovation," including promoting the adoption of evidence-based best practices, that the President will veto the bill. In that case, USED will continue relying upon state waivers, which he argued the Administration does not prefer, which rebukes some accusations that USED would like to continue waivers because of the widely-used executive authority provided the Secretary, which current GOP ESEA reauthorization bills would severely curtail. On the other hand, when Duncan discussed the proposed FY 2016 budget (see related item), for continuing priority competitive grant programs, the Secretary noted that if we "don't have dollars for new pre-K and other competitive grant programs like Race to the Top, then we will continue working through regulations." As we have noted in previous TechMIS reports, this strategy has been the *modus operandi* for this Administration in taking money from other sources to fund their priorities, which Congress would not fund.

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Education TURNKEY Electronic Distribution©, Vol. 20, No. 3, March 26, 2015

In response to a question from the audience about finding out what are best practices to use Title I, SIG, and other funds, Secretary Duncan emphasized that through the What Works Clearinghouse, "We already know what works." He said he was more interested in finding out what types of practices could be "taken to scale" in an efficient manner. An indication of the close working relationship between Secretary Duncan and the Council of Great City Schools is that much of the data which the Secretary has used to criticize and oppose fiscal provisions in the GOP Senate and House reauthorization versions, and to support flagship programs and best practices, such as School Improvement Grants, have been based on positive findings from studies conducted by the Council (see last TechMIS report on SIG "best practices").

Education and Workforce Committee ranking member Bobby Scott (D-VA), who has been a highly vocal critic of HR-5 bill, that was withdrawn from floor vote at the last moment on February 27th, not only advised district officials to focus on the "dilution" and reduction of Federal Title I funds in their Hill visit, but also pointed to other criticisms which will likely result in a Presidential veto of GOP current versions. Provisions such as Title I portability, elimination of MOE, changes in Title I formula, among other proposed fiscal provisions, violate the intent of the 1965 ESEA and particularly Title I, to target funds on students in schools with high concentration of poverty directly or indirectly. For example, allowing all Title I schools to be treated as schoolwide programs and creating block grants for related programs which will, over time, lose constituency support, for funding previously categorical target populations. Scott also pointed out the lack of logic of so much attention being paid to the type, level, and responsibility for assessments in both the Senate and House versions, while totally ignoring funding and proposing initiatives related to interventions to address the needs of students identified through the assessments. As he jokingly noted, "You can't fatten a pig by testing and retesting."

As a member of the two committees with joint oversight for both education and juvenile crime and justice, he also identified another gap which need to be narrowed -- namely, for those students who are suspended or otherwise placed in juvenile and other facilities and then returned to schools, in many cases returning with larger education achievement gaps. Scott broadened the concept of "school to prison pipeline" to "cradle to death pipeline," emphasizing the need for greater focus upon interventions and early education in order to reduce the cost of crime and criminal activities later on for many students. Scott's priority could have a chance for additional funding from Congress even if ESEA reauthorization does not occur. It is already one of the component activities in several of the 15 new USED priorities for competitive grant funding (see July 2014 TechMIS Special Report). Evidently, Scott's message has been picked up at USED, which is an example of what Secretary Duncan referred to as using the regulatory process to support the Administration's priorities even though no Congressional funding support is specifically available for that activity.

USED Provides Update on SIG FY 2014 Funds Allocation to States and LEAs, New Guidance to LEAs, and Evidence/Proven Practices/Whole School Reform

In mid-March, USED Deputy Assistant Secretary Scott Sargrad briefed district Federal program officials on the status of the February School Improvement Grant final guidance, including the expected FY 2014 SIG funding allocations to states and districts, new USED "emphases" in the application review process and other areas of additional guidance expected shortly. While Sargrad's presentation covered the history of the School Improvement Grant program and evolving Federal guidance to date, the information of most interest to many TechMIS clients is highlighted below.

As we noted in our February TechMIS report on the final SIG regulations, a major concern is the timing of distribution of FY 2014 funds to states and in turn to districts because of budget uncertainty and USED delays in publishing the final regulations. As Sargrad noted, the February final regs went into effect in early March, and state application deadlines for FY 2014 funding are due April 15th, with state allocations to LEAs for continuation grants or new competitions are expected in late spring/early summer. Given the very tight schedule for funds allocation to districts, he noted that there were several options for districts. In light of the new final regs extending the SIG funding time period from three years to five years, and allowing SIG Priority schools which "exit" from the program to receive continuation funding for two more years, one option is that a district can apply for existing SIG schools to continue receiving some or all of the state's new SIG FY 2014 funding. Another option would be to allow the LEA to apply for funding new eligible schools, which would compete for a single year or for multiple year funding. Another option would allow the state to apply for a waiver to allow funding allocations be extended to September 30th, which would likely result in a late Fall implementation of a "planning phase" or "full implementation" for a new school. During a sidebar discussion, he implied that discussions with state officials strongly suggested that most of the 2014 SIG allocations would be allocated to existing SIG schools, taking advantage of the new regs.

Contributing to this likely possibility is the fact that most states will not have been able to develop a list of newly eligible schools to participate in new competitions, largely because of the lack of assessment data for the current year, to determine which are the lowest-performing eligible schools (e.g., in some states the new first-year Common Core assessment data would not be considered valid). Some observers have noted that states are likely to use the previous year's list of lowest-performing eligible schools from which districts can select new school applicants.

Hence, for firms interested in selling products and services, there appear to be two strategies: (1) identify likely schools from last year's eligible list and approach them, as they will become the most likely district candidates for new funding; or (2) identify and approach SIG schools, which are scheduled to exit this school year, or those schools which are eligible to receive under the new regulations, continuation funding and therefore, most likely be seeking specific types of interventions or more

support rather than "whole school solutions."

Another uncertainty creating problems for districts in deciding which interventions to use in next FY 2014 school competition is that the USED approved list of whole school reform models was just approved based on the initial review round in October. A second round of submissions in which school reform developers are seeking approval is coming up shortly. Sargrad noted that there were only a few models on the initial USED approved list (see http://www2.ed.gov/programs/sif/sigevidencebased/index.html).

He volunteered that a major new "emphasis" announced by Secretary Duncan (see related item on budget testimony) is greater emphasis on use of evidence-based research practices in any new USED grant competitions, particularly SIG competitions. The review process will take into account more strongly findings that use the What Works Clearinghouse standards, and/or the new EDGAR standards (i.e., those used in the i^3 program). Where there's a conflict, he confirmed in a side discussion, that EDGAR would prevail. He also emphasized that the SEAs have to take into account evidence-based data in reviewing LEA applications to a much greater degree than they have in the past. Sargrad also noted that there would be more guidance available shortly on intervention models, most likely in the form of a frequently asked questions document. An astute observer and participant in SIG noted uncertainties created by new guidance and/or changes will continue to contribute to the delays and short timeframes for getting new grantees "up and running."

In his closing remarks, Sargrad indicated that USED has on its website 25 SIG schools' profiles of effective practices in a whole range of areas, including how to improve school climate; and he expects up to an additional 60 districts profiles being available in the near future. Given the fact that USED surveys postings are usually one to two years after the collection of data, he acknowledged approval of such effective practices identified in recent surveys conducted by the Council of Great City Schools as a good resource (see February TechMIS Washington Update).

New OMB/USED Uniform Code Requirements on Districts Using Federal Funds to Purchase Products and Services Could Create Problems for Districts Which Pilot Test and Then "Scale Up" Ed Tech Firms' Products

The new OMB requirements under the so-called Uniform Code could create problems for many TechMIS subscribers, which provide or sell at large discounts products to districts to conduct pilot tests, and then the district decides to scale up and purchase the product to serve significantly more schools or students. As we reported in our February 12th TechMIS Special Report on the impact of the new OMB USED Uniform Code procurement provisions, it is unclear whether districts can purchase more of the same product from the same firm for products which was successfully field tested without going through the RFP process. In such situations, it presents a disadvantage for the firm (e.g., lowball cost from a competitor with an "equal" product) or conflict of interest issues in "influencing" the "specs" in the RFP.

In his Education Week's *Marketplace K-12* blog (March 11th), Sean Cavanagh noted that many of the education technology companies that attended the March South By Southwest EDU Conference in Austin are "absolutely convinced" that their products will work wonders and are willing to have the product pilot-tested in districts to secure a foothold by winning the confidence of school decision makers. And, he notes, "Districts are fond of pilots too, as a way of helping them sort useful digital tools from lackluster ones. 62 percent of district officials in a recent survey by the non-profit Digital Promise said they rely regularly on pilots." During the conference, Cavanagh explored utility of pilot tests with S. Dallas Dance, Superintendent Baltimore County Schools, who "believes pilots not only can show how well a product works, but also provide a sense if it's the right fit from the system and at what scale." He also volunteered that companies need to be selective and realistic in participating in pilots.

The Digital Promise, headed by Karen Cator, formerly Director of the USED Office of Education Technology, hopes to find answers to these and a number of other questions through a six-district research project by "tracking their experiences in staging ed tech pilots." The six districts which will participate in the research project include the District of Columbia schools, Fulton County (Georgia), Piedmont City Schools (Alabama), South Fayette Township (Pennsylvania), Vista Unified District (California), and the West Ada School System (Idaho). The article notes that Digital Promise is also recruiting ed tech companies to participate to see how they use their research from the pilot for product development, design, refinement, etc.

The apparent enthusiasm among both districts and ed tech firms participating in pilot tests could be dampered by the OMB/USED Uniform Code affecting districts' purchases of products using Federal funds such as Title I and IDEA. The "interim final regulations" are not clear whether a firm's product which is successfully field-tested showing promise can be purchased "sole source" by the district to scale up the product's use in more of the districts' schools or more students for expanded use. For example, the product could be provided at a huge discount totaling $25,000 to be tested in ten schools. If the field test results are promising, and the district wishes to expand to 100 schools for a price of $2.5 million, a strict interpretation is that the district would have to broadcast an RFP and allow any firm with a "comparable or equal" product/capability to submit a response, which the district must allow. And, if the district has to accept the lowest bid, it is conceivable that the firm whose product was field tested may not be awarded the contract to the chagrin of the district and the firm.

As noted in our February 12th report on the implications and impact of the OMB/USED interim final regulations, we requested clarification and comment as well as examples which would be acceptable to both the district and the firm involved in such field tests. The SIIA requested clarification of such pilot testing expansion phased procurements requesting clarification and a joint meeting with Federal officials and SIIA interested firms, but was turned down.

One would hope that the proposed research project conducted by the Digital Promise with participating districts and ed tech firms will be successful in providing needed

research findings and sharing them with interested parties. The lessons learned and mutual benefits from the Digital Promise experiment could be negated by a strict interpretation of the "interim final regulations" without further clarifications and more flexibility.

States Are Increasingly Developing and Implementing New Policies and Initiatives to Advance Career and Technical Education (CTE) at the Secondary and Post-Secondary Levels With 36 States Providing Additional Funding for CTE in Some Form Last Year

The "2014 Year in Review" by the National Association of State Directors of Career Technical Education Consortia (NASDCTEc), and the Association for Career and Technical Education (ACTE) reports that approximately 150 policies across 46 states and the District of Columbia have been approved by state legislatures or other state regulatory agencies. In addition, the most significant trend is that funding increased in 36 states (e.g., California was provided $250 million in its Career Pathways); the report also found 28 states passed and/or approved policies designed to "accelerate employer engagement with CTE to align programs with labor market demands and offer work-based learning opportunities for students."

Another important trend was new policy changes relating to earning post-secondary credit in high schools in 24 states. As the report notes, "This is not surprising given that education and training beyond high school is the new norm." A significant related trend: "industry recognized credentials received a significant amount of attention in 2014; 19 states approved measures or funds to accelerate credential attainment (Kansas and Tennessee), inform parents about the return on investment (ROI) for certain credentials (Florida), and establish grant programs that would provide training for critical industries like manufacturing (Illinois and Delaware)." The increasing importance of industry-recognized credentials as an alternative to two-year formal education credentials and degrees was recognized by Tony Carnevale at the Georgetown University Center on Workforce, almost a decade ago and continues to grow.

The report also notes that while core academic courses required for graduation have increased, often limiting opportunities for students to pursue CTE pathways, "In 2014, 15 states made changes to their high school graduation requirements to further incorporate CTE in some way." In a handful of states, CTE is now recognized as a separate comparable rigorous pathway to graduation, recognized through policies for earning a state-approved industry-recognized credential (Ohio), obtaining a career diploma that is equal to a standard diploma (Louisiana), or successfully completing a state-approved CTE pathway (New York). Without doubt, the Common Core movement (or its equivalent) has impacted if not directly, indirectly, passage of state policies and regulations related to college and career readiness. However, as the Center on Education Policy found two years ago in its survey of state implementation of college and career readiness standards, less than 10 states had officially adopted or otherwise incorporated all of the Common Core standards into career and technical education curriculum.

One reason is that the two above associations have been developing their own CTE standards through the CTE state consortia effort.

The report provides profiles on more than 40 states and their new policies or regulations impacting the above and related trends, including STEM, employability assessments, academic counseling, among others. For example, the report identifies 15 states that addressed increased funding or modified policies related to graduation requirements, some of which created a need for remediation and support activities, including Arizona, Florida, Illinois, Indiana, Louisiana, Michigan, Minnesota, Mississippi, Missouri, New York, Ohio, Oklahoma, South Carolina, Virginia, and Washington. Examples of such initiatives include the following:

- Mississippi has established a middle school dropout prevention pilot which includes CTE and blended learning;
- Florida has new legislation requiring students in grades six through eight being eligible for dual enrollment with instructional materials aligned with Next Generation Sunshine State Standards; and
- new policies or initiatives related to STEM in such states as Arizona, Washington, D.C., Iowa, New Hampshire, New York, Oklahoma, Oregon, Utah, Vermont, and Washington.

The 18-page report is available at www.acteonline.org

Miscellaneous (a)

The February Education Commission of the States' Education Trends Report, "Governors' Top Education Issues" analyzes almost 40 governors' "state of the state" addresses, and reports that the most common theme was "well-funded early childcare in education programs." In 11 states, governors called for specific advances in early childhood education as a strategy to reduce achievement gaps and ensure long-term student success; and in four states (Texas, Illinois, Ohio, and New Hampshire), early learning was mentioned. Across the states, funding for pre-K increased by 12 percent, with four states making first-time investments in pre-K programs for three- and four-year-olds. The report cites Washington State's proposal by Governor Jay Inslee to invest $2.6 billion in early K-3 learning and all-day kindergarten programs across the state, which is the largest ever state investment in preschool programs and in K-3. As Education Week's *Early Years* blog (February 27th) notes, "And despite President Barack Obama's championing of early education, it has not become a partisan issue among governors. More than half of the states offering state-funded preschool had a Republican governor. Twenty-five of the 44 preschool states are led by Republicans, while the other 19 are led by Democrats."

In more than ten states, governors passed increased school funding, particularly in areas of instruction and teacher compensation. As the report notes, school finance systems are the focus of large lawsuits in Texas, Kansas, New York, Washington, and South Carolina, with four additional governors proposing to simplify state funding formula.

School choice was an expressed concern in almost ten addresses by the respective governors. Proposals ranged from Indiana's governor Mike Spence who would expand charter schools and increase funding caps on money choice schools receive per-student and tax credit scholarships, to New York State where Governor Cuomo proposed adding another 100 slots to the charter school cap and eliminating some charter school barriers to the expansion of charter schools, especially where students in failing schools are given a priority in the charter school lotteries.

And, as detailed in a similar education trends report (see related item), ECS also reports that governors in 11 states addressed workforce development in Career Technical Education issues.

The details of the governors' addresses on K-12 issues this year are available on the ECS website and can provide useful, up-to-date information, as much useful information as possible. Go to: http://www.ecs.org/clearinghouse/01/17/60/11760.pdf

Miscellaneous (b)

The February 2015 National Student Clearinghouse Research Center Signature Report, "Completing College: A State-Level View of Student Attainment Rates" argues that the national college dropout rate has been overstated, as most analyses do not take into account the number of students who completed their college at an institution that was not their starting institution. While the overall six-year completion rate for "first time in college degree-seeking students," who started college in Fall 2008 was 55 percent, in reality about 13 percent completed college at a different institution or "nearly one in four students who complete a degree did so at an institution other than the one where they first enrolled." For two-year public institutions, the number was about one in three. The report also noted that completions elsewhere were higher for traditional age students and for delayed entry students (age 20 through 24 at first entry) and adult learners (over 24 at first entry). The Clearinghouse analysis reported that total completion rates ranged from almost 40 percent for students who started at two-year public institutions, 63 percent for those who started at four-year public institutions, and 74 percent for students who started at four-year private non-profit institutions.

Some of the other findings include:

- "Traditional graduation measures do not include student completions that happen at institutions other than the starting institution. This means that completions elsewhere are counted as non-persistent. Our state-specific results show that in nearly every state not tracking completions elsewhere lead to at least a 20 percent increase in non-persistent rate for students who started at four-year public institutions."
- "Nationally, one in three students who started at two-year public institutions completed at an institution other than the one where they first enrolled. In seven states more than 40 percent of all completions for two-year public charters happened elsewhere."

- "In five states (Iowa, North Dakota, Virginia, Kansas, Texas), more than 20 percent of the students who started at two-year public institutions completed at a four-year institution (with or without first receiving a credential at a two-year institution) within six years. Kansas had the highest rate at 25 percent, followed by Virginia at 23 percent (compared to 16 percent nationally)."

Based on the analysis by the National Clearinghouse, the actual average dropout rate across two- and four-year colleges was about 30 percent; for four-year private non-profit colleges, the actual rate was about 17 percent compared to almost 50 percent for four-year private for-profits. However, while the dropout rate was about 43 percent for two-year public institutions, both private non-profit and private for-profits had similar dropout rates of about 36 percent. It would appear that the greatest demand for remedial developmental and support services to prevent actual dropping out is at the two-year college level, not at the four-year private, non-profit institutional level, when actual completion rates wherever they occur are taken into account.

For a copy of the report, go to: http://nscresearchcenter.org/wp-content/uploads/NSC_Signature_Report_8_StateSupp.pdf

Miscellaneous (c)

As reported in *Fritzwire* (March 20th), the Gates Foundation has announced its priorities for "Postsecondary Success" in a number of key states including California, Florida, Georgia, Kentucky, New York, North Carolina, Ohio, Tennessee, Texas, and Washington. One priority will focus on changing the existing higher education funding models to focus on incentivizing colleges to retain and graduate more low-income students and working adults. This includes improving college readiness by replacing ineffective remedial education models with evidence-based approaches that are aligned with Common Core standards. The Foundation has provided $20 million to universities and companies to develop common higher education "introduction courses" which can be put online for general student use to free up faculty to spend more time working individually with most in need low-income students. Gates will also support institutions to develop and use better mechanisms for placement in remedial programs and placing students in degree applicable courses for credit when they take remedial or developmental courses or supplemental programs. A related priority would take to scale distance learning programs in coordination with the new Federal Experimental Sites Initiative to shorten time and credits required for credentials.