Title I Monitor

Education Series | THOMPSON | EFRC | JULY 2004 | VOL. 9, NO. 7

NCLB's First Year Saw 1 in 9 Schools In Improvement, States Reveal

SES, Choice Provisions Also Prove Challenging To Implement

Only one year into the implementation of No Child Left Behind, more than one out of nine Title I schools in the country was identified as being in need of improvement, according to U.S. Department of Education documents obtained by the *Title I Monitor*.

Additionally, 10 states, including California and Illinois, had a fifth or more of their Title I schools in improvement at the end of the 2002-03 school year, and two – Georgia and Hawaii – had half or more.

The data is part of the Consolidated State Performance Report, which all 50 states, the District of Columbia and Puerto Rico were required to provide the department for the first time last December. The documents, which the *Monitor* obtained under the Freedom of Information Act, offer the most detailed statistical portrait to date of state attempts to comply with No Child Left Behind (NCLB), the most sweeping education reform in a generation. In addition to schools in improvement, the reports provide statistics on student performance on standardized tests, the state of teacher quality, and the provision of public school choice and supplemental services to students in low-performing schools.

See *CSPR*, p. 2

Census Updates Slash Title I Funding For Over Half of Nation's School Districts

The final Title I allocations issued in late May are spreading fiscal pain across the nation, as more than half the school districts in the country suffer cuts to their federal funding for the approaching 2004-05 school year.

Although Congress increased overall Title I funding by 5.59 percent, shifts in the population of low-income children – by far the largest component of the Title I formula – leave 10 states and 7,365 local educational agencies (LEAs) with less funding than they had in the school year just ended. (Visit http://www.titleionline.com/04_05allocations for the full allocation tables.) Leading the pack of losing states is Minnesota, with a loss of 10.5 percent, followed by Massachusetts (10 percent) and Kansas (5.8 percent). (See table, "State Comparison 2004-05 vs. 2003-04," p. 9, and the graphic, "Final SY 2004-05 State Title I Allocations," p. 8, for more details.)

Still, for educators in many jurisdictions, that is better than what they envisioned when the U.S. Department of Education (ED) released preliminary allocations in March. Due to an updated estimate of Puerto Rico's low-income child population, $36.4 million of that state's huge projected increase shifted to other states, bumping allocations nationwide by a fraction of a percent and helping to move Ohio from the losing to the winning column

See *Budget*, p. 8

In This Issue

Contact Us

Customer Service: 800 677-3789

Online: **thompson.com**

Editorial: 202 739-9665

Title I Monitor (USPS 016-724) is published monthly by the Education Research Funding Council, an affiliate of Thompson Publishing Group, Inc., 1725 K St. NW, 7th Floor, Washington, DC 20006. Periodicals postage is paid at Washington, D.C., and at additional mailing offices.

POSTMASTER: Send address changes to: *Title I Monitor*, Education Funding Research Council, 8130 Anderson Road, Suite 300, Tampa, FL 33634-2358. Please allow four to six weeks for all address changes.

For subscription service, call 800 677-3789.
For editorial information, call 202 739-9665.

CSPR **(continued from p. 1)**

In June 2003, NCLB had been in effect for just one year, far too early to gauge whether or not the law had been effective. But the reports show states trying – and often failing – to adhere to its ambitious mandates. The reports also offer a window into the future. The findings on school improvement, for example, mainly demonstrate the effects of the preceding federal law, which also carried penalties for schools that failed to meet proficiency targets. However, few states implemented those penalties, and ED enforcement was relatively lax.

On the Verge of Restructuring

In addition to adding bite to accountability provisions, NCLB created tougher proficiency targets. Therefore, if one in nine Title I schools was in improvement after only one year of the new law, that number should grow dramatically when second-year NCLB data is provided in the fall. In general, such figures are expected to get worse before they get better.

Scott Joftus, an education consultant with the Washington, D.C.-based firm of Cross & Joftus, said he was "surprised by the number of schools already in their fourth year" of improvement, meaning they were one year away from having to undergo restructuring (see "Schools in Improvement" table, p. 22). Georgia, New York, and Pennsylvania all had more than 100 schools in fourth year improvement.

Joftus, who reviewed the data at the request of the *Monitor*, said the sheer volume of schools could overwhelm states and hinder reform efforts. "If this law intends to really focus on those schools that need the most help, an argument could be made that the net is being stretched too widely, past state and district capacity," he said.

The reports also contain some positive news on school improvement. Even in the first year of NCLB, improvement schools in several states made adequate yearly progress (AYP). If they hit that target for two consecutive years, they move out of improvement status.

Based on second-year NCLB data the state released in June, Wisconsin announced that the number of schools in improvement there decreased from 68 to 54. An educator in Milwaukee cited the news as proof that "doom and gloom predictions" about NCLB were wrong.

"We can't show linkage [with NCLB's reforms] yet at all," said Celia Sims, a special assistant in ED's Office of Student Achievement and School Accountability Programs. "But I think there are a number of encouraging signs out there."

Sims is responsible for compiling a report on the data for Congress. With a handful of states yet to provide some details, Sims said in a June interview that the report was at least a month away from completion.

Her analysis won't include data from Part II of the Consolidated State Performance Reports, which states were to provide the department in June. Part II will examine the effectiveness of other NCLB programs, many of them long embattled, like Even Start and Comprehensive School Reform.

SES and Choice

Still, it is not too early to identify a number of striking trends in the available data. In addition to the improvement totals, the reports show:

- Vastly more students were receiving supplemental education services (SES) than public school choice – despite the fact that choice is

See *CSPR*, p. 18

Missouri District First Ever To Be Removed From Bypass

The U.S. Department of Education (ED) has officially ended the Title I bypass for the Portageville School District (Mo.), making that school district the first ever to have a bypass lifted since Congress created the bypass option 30 years ago.

In a Dec. 29 letter to the Missouri commissioner of education, ED stated it had determined that "there will no longer be a failure or inability on the part of Portageville to provide equitable Title I services for private school students." Therefore, said the department, the Title I funds that had been withheld from the state's Title I allocation in the 2003-04 school year to provide services for students attending private school under the bypass contract would be returned to the state department of education.

Congress added the bypass mechanism to Title I in 1974, when it was discovered that church-state separation clauses in some state constitutions made it difficult or impossible for their public schools to deliver federally mandated Title I services to parochial school children. Under the bypass provision, private schools may appeal to ED if they are not receiving appropriate services from the public agencies. ED may then "bypass" the public agencies and deliver services directly to the private schools through contractors, deducting an appropriate amount of funds from the state's Title I grant to pay the cost.

Soon after the law was passed, bypasses were imposed in both Missouri and Virginia, and these remain the only two states with Title I bypasses. In both states, the Title I services are provided by NonPublic Educational Services, Inc.

Requesting Removal

Portageville's request to remove its bypass is not the first request ED has received, but it is the first approved. According to Virginia Berg, ED's Title I private school specialist, the department has not issued guidance addressing how school districts can request removal. Berg said requests are handled on a "case-by-case basis."

"School districts that request to be removed from the bypass are told to consult with private school officials and develop a plan for providing equitable services for private school students," Berg said. "The plan would have to meet federal equitability requirements, be consistent with state law, and be approved by the state educational agency."

Portageville requested removal from the bypass in April 2003. The school district, in concert with the affected private school, presented ED with a "Joint Title I Services Plan," detailing how the school district will provide Title I services to private school children in accordance with federal and state law.

Under the plan, the district will provide Title I services during the regular school day in neutral space at the private school by a highly qualified teacher. The plan also provides for frequent consultation between public and private school officials, a process for identifying eligible private school children, an assessment of the effectiveness of the Title I services, and parent involvement services.

ED accepted the joint plan, with a minor amendment, but noted that if at any time Portageville does not adhere to the plan or otherwise fails to provide equitable services, representatives of the private school students may request reinstatement of the bypass.

More Requests?

With the removal of Portageville, 58 local educational agencies remain bypassed in Missouri.

According to Berg, ED has not received any additional requests for removal from Missouri.

Dee Beck, director of Title I for the Missouri Department of Elementary and Secondary Education, said that while there are currently no requests for removal, she suspects there will be in the future. Beck stressed that any requests to end the Title I bypass would need to show the nonpublic schools working "in partnership with the school district."

However, in an Oct. 28, 2003, letter to ED, Mike Hoey, the assistant director of the Missouri Catholic Conference, emphasized the necessity of the Title I bypass in other Missouri public school districts.

See *Private School*, p. 7

The Lapsed Funds Debacle: The Linkage Between Federal Expenditures and the Availability of Federal Awards

by
Michael Brustein, Esq.
Brustein & Manasevit

Last October, the *Washington Post* ran a front-page story on the potential for the No Child Left Behind Act (NCLB) to become a political liability for President Bush in his re-election efforts. Several state legislatures view the act as an "unfunded mandate," and some states have considered a wide range of legislative measures to distance themselves from these onerous new federal requirements. These events triggered a White House counteroffensive to effectively rebut the "unfunded mandate" label. The U.S. Department of Education (ED) was directed to "go public" with the failure by states to spend federal education dollars that had already been awarded to them.

This counteroffensive was formally launched in early January. ED claimed that states were letting $6 billion languish. "It's disingenuous to say No Child Left Behind is unfunded if they're not maximizing the use of current federal funds," said C. Todd Jones, ED's associate deputy secretary for budget.

Many of the chief state school officers issued letters and press releases to challenge the assertion that federal education dollars were unspent. "The implication that we have let huge sums of federal money languish, that the funds are at our disposal to use at our discretion, or that we have not been good stewards of the public's money is inaccurate and unfair," stated Ted Stilwill, Iowa's state school superintendent. In the same vein, Tom Watkins, Michigan's state school superintendent, noted, "We do everything we can to utilize every federal, state, and private dollar to invest in our schools, teachers, and children."

As the dust began to clear, it became apparent that the $6 billion claim by the Bush administration was greatly overstated. Most of these dollars were still available to states and local school districts for obligation and would in all likelihood be spent on the education for which they were intended. Nonetheless, it is true that ED returned more than $154 million to the federal Treasury on Sept. 30, 2003 (see February *Title I Monitor*). This reversion includes funds from both formula and discretionary programs for all 50 states. These funds have permanently left the education arena. Why did these federal education funds revert to the Treasury, and what can states do in the future to prevent such losses?

Why Did the Federal Funds Revert to the Treasury?

To give state and local educational agencies (SEAs and LEAs) a planning period, Congress appropriates the vast majority of education formula grants on a "forward-funding" basis. This means the funds are appropriated in the fall, at the start of the federal fiscal year (FY), but do not become available until the following July 1, the beginning of the typical state and local budget cycle. The money is initially available for a 15-month period ending the following September.

The forward-funding system is unique to education and job training programs. For other federal programs, funds are available only during the regular federal fiscal year, which runs from Oct. 1 to Sept. 30.[1] (See the chart on p. 5 for an illustration of this system.)

Another unique feature is the so-called "Tydings Amendment," which provides that education funds that are not obligated in the initial 15-month period remain available for obligation during the succeeding year [20 U.S.C. §1225(b)]. Thus, for example, FY 1997 formula funds that became available to states and locals on July 1, 1997, remained available for 27 months, through Sept. 30, 1999. As long as the SEA or LEA could demonstrate that the underlying obligation occurred within that 27-month window, then FY 1997 funds could be used to pay for the obligation.

On July 1, 1997, ED posted on the Grants Administration and Payment System (GAPS) the amount of FY 1997 formula funds the states had been awarded for each federal education program. As the SEA, and the LEAs within that SEA, incurred obligations, the SEA would draw the federal funds from GAPS to liquidate those obligations. The $154 million that ED returned to the Treasury consisted mainly of FY 1997 funds that the states had still failed to draw down from GAPS.[2] So, why did ED withdraw these funds?

ED cannot keep the GAPS system open endlessly for SEAs to draw funds to liquidate their obligations. In 1982, Congress enacted a sweeping provision that required federal grantor agencies to return all unexpended balances to the Treasury

See *Title I Advisor*, p. 6

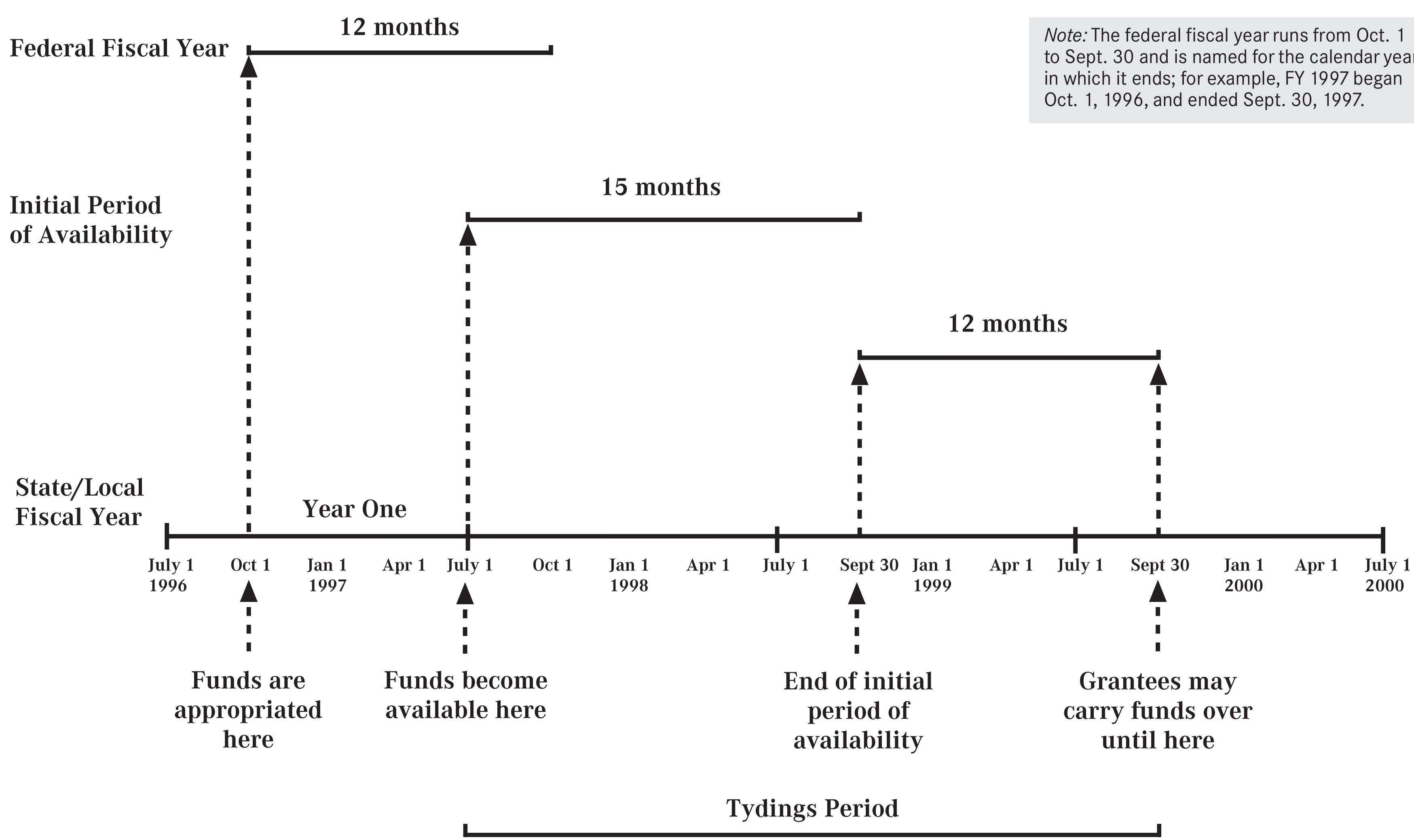
[1] Federal fiscal years are named for the calendar year in which they end. Thus, federal fiscal year (FY) 1997 began Oct. 1, 1996, and ended Sept. 30, 1997.

[2] Some of the funds were FY 1998 formula and discretionary grants available on a regular fiscal year basis.

Availability of Education Funds

(using federal fiscal year 1997 funds as an example)

Note: The federal fiscal year runs from Oct. 1 to Sept. 30 and is named for the calendar year in which it ends; for example, FY 1997 began Oct. 1, 1996, and ended Sept. 30, 1997.



Title I Advisor **(continued from p. 4)**

five years from the end date of the federal agency's funding authority. "On Sept. 30 of the fifth fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be cancelled and thereafter shall not be available for obligation or expenditure for any purpose." 31 U.S.C. §1552.

One might think that the deadline for liquidating obligations of FY 1997 funds would be Sept. 30, 2004 – that is, five years from Sept. 30, 1999, the end of the Tydings period for the applicable funds. But this is not the case. While the grantees and subgrantees had until Sept. 30, 1999 to obligate the funds, Congress only permits grantor agencies to award federal funds during the fiscal period or time in which the appropriation is initially available. The 27-month Tydings period extends the obligation period for SEAs/LEAs, *not ED*. The FY 1997 funds became available for award by ED on July 1, 1997, and remained available until Sept. 30, 1998. Hence, they were cancelled Sept. 30, 2003.

Why Did the States Fail To Expend the $154 Million?

There are many reasons for the states' failure to obligate the federal education funds on a timely basis. First, local districts do not spend all of their federal funds. For example, under Title I Part A, IDEA Part B, and the Perkins program, the SEA has no discretion over the amount to which each district is entitled. The formula is prescribed by Congress. Accordingly, it should not be surprising that when Congress prescribes a formula for 15,000 school districts and imposes specific conditions on what the money is to be used for and for whom it may be used, some districts do not use it all, do not have the need, or do not apply for all of it. For example, in FY 1997 several districts did not have the need or infrastructure in place to spend 100 percent of the preschool grants program under IDEA. While some programs offered the SEA flexibility in allowing other districts to take advantage of unused funds that were carried forward in the second year of the Tydings period, many did not. As a result, these unused funds were not drawn from GAPS, and reverted to the Treasury on Sept. 30, 2003.

In some cases where states did have the flexibility to withdraw funds from districts and reallocate them, fiscal control and reporting systems were weak, and states did not know that districts had money they failed to obligate. By the time the states became aware of the available funds, it was too late to withdraw them and make them available to other districts before the end of the Tydings period. This is still true in a number of states.

The most frustrating situation occurred, however, when several SEAs failed to take advantage of the flexibility that was available. Specifically, some states did not avail themselves of a common accounting practice approved by ED referred to as "first-in, first out" (FIFO). Within 12 months of the enactment of the Tydings Amendment in 1969, the U.S. Commissioner of Education recommended to the chief state school officers that states adopt a FIFO accounting methodology in order to avoid the lapsing of funds. Since states would always have more than one year's funding available at any time, adherence to FIFO would ensure that the oldest dollars were being spent first. Despite this recommendation 34 years ago, not all states use the FIFO system.

> 'The Secretary finds the legally relevant question to be when the obligation arose, not in what account such obligation may have been initially recorded.'
>
> – *Secretary of Education, 1986*

Instead, a state might identify one specific dollar as a FY 1998 dollar and another as a FY 1999 dollar, in the mistaken belief that segregating these dollars will enable them to better track the money and ensure that any unused funds are carried forward and obligated within the 27-month Tydings period. As LEAs incur obligations, states using this system report back to ED that newer dollars are sometimes being obligated before older dollars, with the result that older dollars lapse. These states fail to recognize that the money is fungible. To avoid over- or under-obligating a given year's appropriation, states must still keep track of the *total amount* of funds available from that appropriation. But there is no need to track specific dollars – the respective FY 1998 and FY 1999 dollars may be commingled and obligated for any legitimate program activity, regardless of whether that activity was originally budgeted for FY 1998 or FY 1999. Those states not taking advantage of FIFO contributed significantly to the reversion of the $154 million on Sept. 30, 2003.

In our firm's representation of SEAs, we were surprised to learn, in some instances, of the lack of understanding of FIFO methodology. In other instances, certain states insisted that if a local agency identified obligations as FY 1999 dollars, then the state was prohibited from making an accounting adjustment to reflect the obligation on its report to Washington as a FY 1998 dollar. We disagree. ED ruled in 1986 that the only legally relevant fact is when the obligation arose, not in what particular account (e.g., FY 1998 or FY 1999) it was initially recorded:

> The Secretary finds the legally relevant question to be when the obligation arose, not in what account such obligation may have been initially recorded. An obligation may be debited to a specific source of funds after the close of the Tydings period *so long as* there is *clear* and *unambiguous* documentation showing that the transaction giving rise to the obligation occurred before the relevant Tydings cutoff date. The Secretary finds unsupported the suggestion of the Panel that such obligations must be recorded no later than 90 days after the close of such period. Obviously, transactions that are recorded far after the close of the relevant Tydings period will be subject to greater scrutiny to determine whether such transaction in fact occurred before the close of the Tydings period. As in all audit issues, the recipient has the burden of proof to document the time and circumstances of each transaction giving rise to an obligation. *(Appeal of the State of California Docket No. 12 (122) 83, May 6, 1986 (emphasis added))*

Accordingly, states can effectively avoid the lapsing of funds by first determining when the LEA actually incurred the obligation, and then adjusting their accounting records to reflect that the oldest dollars were expended first: First-in, First-out. It becomes an exercise of linkage – linking the oldest obligations to the oldest accounts on GAPS.

To the extent that states or locals have incurred on a timely basis obligations that are allowable and allocable to a particular program, such as Title I, then the state may draw the funds down from GAPS well after the end of the 27-month Tydings period. Indeed, over the past few months, various program offices in ED have for the first time notified the states in writing that funds are still available in GAPS to liquidate outstanding obligations from FY 1998. Unless states affirmatively draw these funds by Sept. 30, 2004, ED will have no recourse but to send these funds back to the Treasury as well.

This edition of the Title I Advisor *was written by Michael Brustein, Esq., a founding partner of the education law firm of Brustein & Manasevit. State or local agencies interested in learning how to identify outstanding obligations are invited to e-mail the author at mbrustein@bruman.com or call him at 202-965-3652. The firm is located at 3105 South St., NW, Washington, D.C. 20007; its Web site is http://www.bruman.com.*

Private School **(continued from p. 3)**

"The current situation in the Portageville public school district is different from the situation in other Missouri public school districts, especially in large districts where the public and private schools are far apart and district officials are not inclined to have their staff's time consumed in traveling between schools," Hoey explained.

"There is financial incentive for public school districts to seek removal of the bypass," wrote Hoey, "but without the assurances contained in a document such as Portageville's Joint Title I Services Plan (as amended), districts may, over time, begin to deliver Title I services in the inequitable manner that led to the imposition of the bypass in the first place."

Bypass Added in Virginia

Meanwhile, Virginia was *adding* to the list of bypassed schools. In a letter dated March 12, 2004, ED determined that the Stafford County Public Schools had failed to provide for equitable participation of private school children, their teachers and their parents in Title I programs. Title I services for private school children in Stafford County will now be provided through an outside contractor.

The addition of Stafford brings the total number of districts bypassed in Virginia to 14.

Diane Elliott, the special needs coordinator for the Catholic Diocese of Arlington, said that the principals of the affected private schools in Stafford had been seeking Title I services but were unable to access them from the school district due to constraints under state law.

In a May 28 memo, the superintendent of public instruction for Virginia, Jo Lynne DeMary, explained that public school consultations with private schools "could result in the provision of limited services by the school division at the school division site (usually services that do not require the transporting of private school children). Virginia school divisions, however, are prohibited by law from directly providing equitable and more comprehensive Title I services to private school students and educators."

According to Elliott, the private school principals in Stafford and throughout Virginia are "grateful" that there is an alternative means – the bypass – for their eligible students to receive Title I services.

Budget **(continued from p. 1)**
(see table, “Comparison of Preliminary 2004-05 Allocations with Final 2004-05 Allocations,” p. 11).

The volatility in the allocations is the consequence of a recently implemented 1994 congressional mandate that the Census Bureau annually update its school district poverty estimates in order to shift Title I funds more quickly to areas with increasing numbers of needy children. The Bureau integrates child poverty figures generated by the 2000 census with current poverty data from sources like the Food Stamp program to generate a “model-based” estimate that better reflects where low-income children live.

Losers and Winners

Among LEAs, Fairfax County, an affluent suburb of Washington, D.C., has the biggest single dollar loss. Its allocation drops from $12.3 million to $9.1 million, for a breathtaking hit of $3.2 million (see table, “SY 2004-05 Grants for 50 Largest LEAs,” p. 12).

Of course, there are winners as well as losers, even within the same metro area. Just across the Potomac River from Fairfax County, for example, both the District of Columbia and Prince George’s County make major gains.

Among LEAs, the biggest winner in dollar terms is New York City, gaining $83 million, while two school districts in Arizona are the biggest winners in percentage terms, with increases exceeding 40 percent. Leading state gainers are Arizona (an increase of 22.4 percent), Nevada (20.3 percent), and Hawaii (19.9 percent).

The disparity among winners and losers is more visible this year because the increase in the Title I appropriation is the smallest since President Bush took office. In previous years, some states and LEAs suffered a *relative* decline in their share of Title I funds, but the overall increase in the appropriation shielded them from actual cuts. Not this year.

Ripple Effect

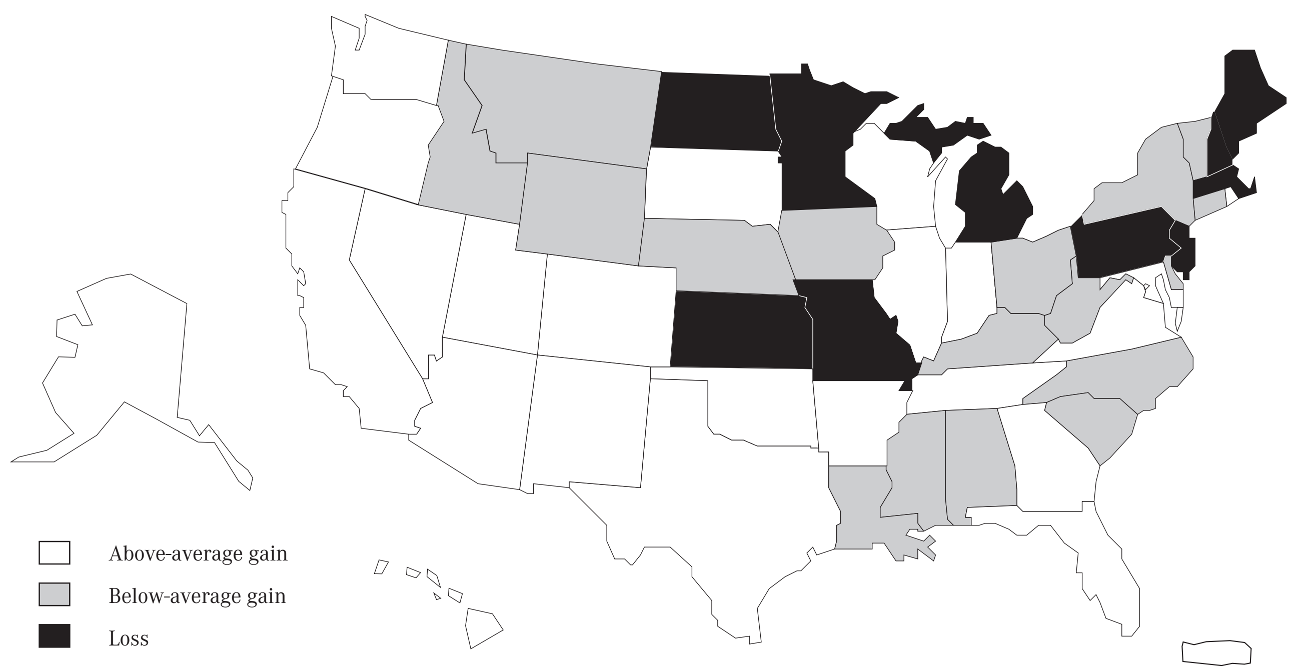
In a kind of perfect storm, various pressures have converged to lash losing states and LEAs.

First, the accountability process mandated by No Child Left Behind (NCLB) is starting to bite. Schools that fail to make adequate yearly progress (AYP) in raising student achievement for two years are deemed “in need of improvement,” which means they must offer school choice. If they fall short another year, they must offer supplemental services (i.e., tutoring). Up to 20 percent of an LEA’s funds must be used for transporting choice children to other schools and for providing supplemental services. This chews up a large chunk of an LEA’s allocation.

See *Budget*, p. 10

Final SY 2004-05 State Title I Allocations

(Average gain = 5.59%)



Source: data, U.S. Department of Education; graph, *Title I Monitor*.

State Comparison 2004-05 vs. 2003-04

Final Allocations

	2003-04 Total Title I Allocation	Percent of Total	2004-05 Total Title I Allocation	Percent of Total	Difference 2004-05 vs. 2003-04	Percent Difference
UNITED STATES	$11,568,554,258	100.0%	$12,215,619,108	100.0%	$647,064,850	5.59%
ALABAMA	177,362,455	1.5%	187,135,470	1.5%	9,773,015	5.51%
ALASKA	30,431,327	0.3%	32,502,154	0.3%	2,070,827	6.80%
ARIZONA	187,860,284	1.6%	229,948,502	1.9%	42,088,218	22.40%
ARKANSAS	106,001,974	0.9%	118,744,945	1.0%	12,742,971	12.02%
CALIFORNIA	1,649,697,459	14.3%	1,765,233,288	14.5%	115,535,829	7.00%
COLORADO	104,115,332	0.9%	114,671,391	0.9%	10,556,059	10.14%
CONNECTICUT	106,557,518	0.9%	109,103,100	0.9%	2,545,582	2.39%
DELAWARE	30,637,587	0.3%	32,224,543	0.3%	1,586,956	5.18%
D.C.	44,912,439	0.4%	49,387,830	0.4%	4,475,391	9.96%
FLORIDA	523,834,879	4.5%	574,899,850	4.7%	51,064,971	9.75%
GEORGIA	343,346,663	3.0%	381,880,433	3.1%	38,533,770	11.22%
HAWAII	36,094,503	0.3%	43,284,457	0.4%	7,189,954	19.92%
IDAHO	39,875,687	0.3%	41,601,377	0.3%	1,725,690	4.33%
ILLINOIS	478,793,210	4.1%	523,146,127	4.3%	44,352,917	9.26%
INDIANA	156,540,820	1.4%	167,404,904	1.4%	10,864,084	6.94%
IOWA	62,955,699	0.5%	64,672,390	0.5%	1,716,691	2.73%
KANSAS	87,046,905	0.8%	81,982,514	0.7%	-5,064,391	-5.82%
KENTUCKY	162,957,050	1.4%	171,197,793	1.4%	8,240,743	5.06%
LOUISIANA	256,175,473	2.2%	267,572,617	2.2%	11,397,144	4.45%
MAINE	47,816,946	0.4%	45,161,016	0.4%	-2,655,930	-5.55%
MARYLAND	153,983,710	1.3%	163,703,344	1.3%	9,719,634	6.31%
MASSACHUSETTS	260,050,569	2.2%	234,051,100	1.9%	-25,999,469	-10.00%
MICHIGAN	420,799,581	3.6%	416,546,998	3.4%	-4,252,583	-1.01%
MINNESOTA	117,728,364	1.0%	105,421,874	0.9%	-12,306,490	-10.45%
MISSISSIPPI	157,215,840	1.4%	160,767,067	1.3%	3,551,227	2.26%
MISSOURI	194,886,735	1.7%	185,390,204	1.5%	-9,496,531	-4.87%
MONTANA	40,458,865	0.3%	40,523,918	0.3%	65,053	0.16%
NEBRASKA	46,769,850	0.4%	48,233,313	0.4%	1,463,463	3.13%
NEVADA	53,216,311	0.5%	64,027,324	0.5%	10,811,013	20.32%
NEW HAMPSHIRE	29,733,465	0.3%	29,264,236	0.2%	-469,229	-1.58%
NEW JERSEY	272,032,782	2.4%	266,490,126	2.2%	-5,542,656	-2.04%
NEW MEXICO	103,273,759	0.9%	114,706,281	0.9%	11,432,522	11.07%
NEW YORK	1,184,751,800	10.2%	1,242,272,810	10.2%	57,521,010	4.86%
NORTH CAROLINA	261,980,283	2.3%	271,428,135	2.2%	9,447,852	3.61%
NORTH DAKOTA	30,329,411	0.3%	30,256,554	0.2%	-72,857	-0.24%
OHIO	399,821,239	3.5%	400,009,834	3.3%	188,595	0.05%
OKLAHOMA	128,454,510	1.1%	141,098,092	1.2%	12,643,582	9.84%
OREGON	115,317,070	1.0%	131,473,658	1.1%	16,156,588	14.01%
PENNSYLVANIA	438,337,029	3.8%	432,640,162	3.5%	-5,696,867	-1.30%
RHODE ISLAND	43,155,247	0.4%	45,784,948	0.4%	2,629,701	6.09%
SOUTH CAROLINA	157,877,214	1.4%	165,428,197	1.4%	7,550,983	4.78%
SOUTH DAKOTA	32,000,786	0.3%	34,602,342	0.3%	2,601,556	8.13%
TENNESSEE	185,694,729	1.6%	199,786,299	1.6%	14,091,570	7.59%
TEXAS	1,018,467,898	8.8%	1,110,483,248	9.1%	92,015,350	9.03%
UTAH	45,809,427	0.4%	50,793,184	0.4%	4,983,757	10.88%
VERMONT	27,005,035	0.2%	27,919,232	0.2%	914,197	3.39%
VIRGINIA	182,110,558	1.6%	195,553,743	1.6%	13,443,185	7.38%
WASHINGTON	157,166,797	1.4%	170,650,866	1.4%	13,484,069	8.58%
WEST VIRGINIA	94,167,837	0.8%	94,813,115	0.8%	645,278	0.69%
WISCONSIN	151,746,825	1.3%	160,654,952	1.3%	8,908,127	5.87%
WYOMING	28,964,809	0.3%	29,787,986	0.2%	823,177	2.84%
PUERTO RICO	402,231,713	3.5%	449,301,265	3.7%	47,069,552	11.70%

Budget (continued from p. 8)

If a school continues to fall short of AYP, it moves to corrective action and then to complete reconstitution – both expensive processes.

With NCLB heading into its third school year, an increasing number of schools (and LEAs) are moving through the school improvement pipeline, including the costly later stages.

LEAs must provide lagging schools with technical assistance to improve their programs, further taxing Title I funds. States must do likewise, this year using 4 percent of their total allocations, an increase from the 2 percent required in earlier years.

(See "The 'Collateral Damage' of Funding Cuts," below, for more on the impact of budget reductions on LEAs with schools in improvement. "Two Districts Cope with Cuts," p. 14, illustrates strategies two losing LEAs are employing.)

School Improvement Set-Aside

In fact, the increase in the required state school improvement set-aside combines with the widespread allocation cuts to produce a "double whammy," according to Jeff Simering, lobbyist for the Council of the Great City Schools. Simering was one of the first policy experts to raise the alarm on this issue.

The 'Collateral Damage' of Funding Cuts

The impact of the school year 2004-05 cuts in local educational agency (LEA) allocations goes far beyond service reductions and layoffs. No Child Left Behind's expansion of required activities – notably, public school choice, supplemental services and intensified professional development – means many more activities will need to be cut.

Because of their Title I schools' failure to achieve adequate yearly progress, many LEAs are paying the cost of transporting children to other schools under public school choice. Some LEAs are also funding supplemental services programs, a sanction for further school failure.

But the total that an LEA *must* expend on these activities is capped at an amount equal to 20 percent of its Title I grant. While some losing LEAs might choose to spend more on choice transportation and supplemental services, many will elect to cut these activities proportionally.

This means that many LEAs will cut back the availability of tutoring programs. Parents may have trouble understanding this. Likewise, local supplemental services providers will find that demand has dropped off.

There are even bigger implications for choice. LEAs must let children stay in the schools to which they transfer until they reach the highest grade in their school. LEAs must continue to pay for transportation as long as the childrens' original schools are in "school improvement" – but only up to the 20 percent cap. If choice funds are cut back, there may not be enough money to continue doing this for all choice students.

A student could be stranded without transportation funds, or be forced to return to his or her school of origin. "The program emphasizes continuity in placement for choice students," commented Leigh Manasevit, a partner with the education law firm Brustein & Manasevit and a Title I expert. "You don't want them bouncing back and forth. This is bad for the students."

Further, there may be no money to provide choice transportation for students in Title I schools that are newly identified for improvement.

Other federal programs, such as the Title V block grant, are available to fund choice and supplemental services, but these sources are already strained. Another alternative funding source – the state school improvement set-aside – is shrinking in precisely those states where LEAs most need the money.

"While legally an LEA is not required to spend more than an amount equal to 20 percent," said Kristen Tosh Cowan, also a partner with Brustein & Manasevit, "in practice, districts will be feeling the heat from parents and providers to maintain a certain level of commitment. It won't help to tell them, 'The federal law required it last year, but won't fund it this year.'"

Of course, another consequence of allocation cuts is that fewer schools may even participate in Title I. LEAs suballocate funds to schools according to poverty percentage. LEAs losing funds might knock the school with the lowest percentage of low-income children off the Title I list. If the school was in improvement, there would no longer be a need to provide choice or supplemental services to the children in that school.

Intensified demands for professional development constitute another potential funding drain. "States and districts are starting to look at the deadlines for highly qualified teachers and paraprofessionals," said Manasevit, referring to the upcoming statutory deadlines for achieving minimum professional qualifications. "They need to spend more on that. Plus, every school in improvement must spend 10 percent of its grant on professional development."

All these extra demands "divert money out of the regular [Title I] teaching program," said Manasevit. "This may ultimately result in teacher layoffs."

Like the 1 percent state set-aside for administration, the school improvement set-aside is funded by shaving a proportionate share from each LEA's grant. But the law says no LEA's grant may be reduced below the previous year's amount due to the school improvement set-aside. With so many LEAs losing funds this year, the brunt of the set-aside falls on the smaller pool of LEAs gaining funds.

"We estimated that New York City would have 5.5 percent taken off the top by the state," said Simering, because so many districts in the state lost funds or gained only a small amount. "In some simulations we did, we saw them taking double digits out of some small school districts – in Michigan and Iowa, for example."

In fact, states like Minnesota and Massachusetts, with almost no gaining LEAs, may be unable to fully fund their school improvement set-asides. Minnesota's 14 gaining LEAs could lose their entire net increase of $89,661 and still leave the state far short of the $4.2 million the law says it should use for school improvement activities. Likewise, the $31,288 increase realized by the three gaining LEAs in Massachusetts funds only a tiny fraction of that state's $9.4 million set-aside.

This is the first time the school improvement set-aside has presented this dilemma. It was only 0.5 percent under the previous version of the Elementary and Secondary Education Act, and budget increases in the first two years of NCLB covered the 2 percent set-aside applicable then. (See the May *Title I Monitor* for more on this issue.)

Final vs. Preliminary

ED distributes preliminary estimates of LEA and SEA allocations in February or March, a custom designed to give education agencies planning time and an opportunity to check for errors (see March *Title I*

See *Budget*, p. 13

Comparison of Preliminary 2004-05 Allocations With Final 2004-05 Allocations

	Preliminary Title I, Part A Allocation	Final Title I, Part A Allocation	Difference Final vs. Preliminary	Percent Difference
UNITED STATES	$12,215,421,108	$12,215,619,108	$ 198,000*	
ALABAMA	186,100,097	187,135,470	1,035,373	0.56%
ALASKA	32,448,230	32,502,154	53,924	0.17%
ARIZONA	228,342,535	229,948,502	1,605,967	0.70%
ARKANSAS	118,279,488	118,744,945	465,457	0.39%
CALIFORNIA	1,764,483,256	1,765,233,288	750,032	0.04%
COLORADO	114,457,913	114,671,391	213,478	0.19%
CONNECTICUT	107,671,278	109,103,100	1,431,822	1.33%
DELAWARE	32,199,127	32,224,543	25,416	0.08%
D.C.	49,087,352	49,387,830	300,478	0.61%
FLORIDA	569,414,753	574,899,850	5,485,097	0.96%
GEORGIA	381,291,570	381,880,433	588,863	0.15%
HAWAII	42,939,178	43,284,457	345,279	0.80%
IDAHO	41,269,450	41,601,377	331,927	0.80%
ILLINOIS	524,122,397	523,146,127	-976,270	-0.19%
INDIANA	167,446,088	167,404,904	-41,184	-0.02%
IOWA	64,267,487	64,672,390	404,903	0.63%
KANSAS	82,679,055	81,982,514	-696,541	-0.84%
KENTUCKY	168,994,643	171,197,793	2,203,150	1.30%
LOUISIANA	266,813,973	267,572,617	758,644	0.28%
MAINE	45,283,301	45,161,016	-122,285	-0.27%
MARYLAND	164,198,816	163,703,344	-495,472	-0.30%
MASSACHUSETTS	233,628,134	234,051,100	422,966	0.18%
MICHIGAN	416,083,025	416,546,998	463,973	0.11%
MINNESOTA	105,647,963	105,421,874	-226,089	-0.21%
MISSISSIPPI	160,308,178	160,767,067	458,889	0.29%
MISSOURI	185,570,665	185,390,204	-180,461	-0.01%
MONTANA	40,547,321	40,523,918	-23,403	-0.06%
NEBRASKA	48,407,055	48,233,313	-173,742	-0.36%
NEVADA	64,308,001	64,027,324	-280,677	-0.44%
NEW HAMPSHIRE	29,333,568	29,264,236	-69,332	-0.24%
NEW JERSEY	264,409,394	266,490,126	2,080,732	0.79%
NEW MEXICO	114,151,726	114,706,281	554,555	0.49%
NEW YORK	1,240,421,184	1,242,272,810	1,851,626	0.15%
NORTH CAROLINA	270,917,731	271,428,135	510,404	0.19%
NORTH DAKOTA	30,064,700	30,256,554	191,854	0.64%
OHIO	396,435,264	400,009,834	3,574,570	0.90%
OKLAHOMA	140,702,244	141,098,092	395,848	0.28%
OREGON	130,515,521	131,473,658	958,137	0.73%
PENNSYLVANIA	430,855,444	432,640,162	1,784,718	0.41%
RHODE ISLAND	45,612,295	45,784,948	172,653	0.38%
SOUTH CAROLINA	164,122,686	165,428,197	1,305,511	0.80%
SOUTH DAKOTA	34,621,911	34,602,342	-19,569	-0.06%
TENNESSEE	198,712,574	199,786,299	1,073,725	0.54%
TEXAS	1,103,496,147	1,110,483,248	6,987,101	0.63%
UTAH	50,574,832	50,793,184	218,352	0.43%
VERMONT	27,808,930	27,919,232	110,302	0.40%
VIRGINIA	194,990,836	195,553,743	562,907	0.29%
WASHINGTON	171,264,602	170,650,866	-613,736	-0.36%
WEST VIRGINIA	94,596,430	94,813,115	216,685	0.23%
WISCONSIN	160,231,769	160,654,952	423,183	0.26%
WYOMING	29,630,815	29,787,986	157,171	0.53%
PUERTO RICO	485,660,176	449,301,265	-36,358,911	-7.49%

*Note: In the final distribution, ED elected to use only $3.3 million of the $3.5 million Part A funds authorized for census updating. This accounts for the $198,000 difference between the preliminary and final allocation.

SY 2004-05 Grants for 50 Largest LEAs

Counts and percentages omit figures associated with Puerto Rico and with Part D, Subpart 2, grants for neglected children in local institutions.

State	LEA Name	Total Number of Formula Children	5-17 Population	Percent Eligible	Total Title I 2003-04 (in dollars)	Total Title I 2004-05 (in dollars)	Difference 2004-05 vs. 2003-04	Percent Change
NY	New York City	389,108	1,383,959	28.12%	$ 749,998,068	$ 833,407,440	$ 83,409,372	11.1%
CA	Los Angeles Unified	234,207	871,609	26.87%	349,802,716	396,436,280	46,633,564	13.3%
IL	City of Chicago	139,363	537,986	25.90%	240,829,945	281,261,814	40,431,869	16.8%
FL	Dade County	85,977	417,567	20.59%	111,782,837	123,939,033	12,156,196	10.9%
FL	Broward County	39,159	294,264	13.31%	46,860,129	53,400,060	6,539,931	14.0%
PA	Philadelphia	64,036	278,979	22.95%	132,266,124	141,362,465	9,096,341	6.9%
NV	Clark County	35,839	272,014	13.18%	39,066,539	48,486,939	9,420,400	24.1%
TX	Houston Independent	60,316	235,132	25.65%	85,376,412	98,448,488	13,072,076	15.3%
MI	Detroit City	61,195	217,237	28.17%	134,738,107	139,312,937	4,574,830	3.4%
FL	Hillsborough County	29,334	191,912	15.29%	36,033,931	39,952,445	3,918,514	10.9%
TX	Dallas Independent	45,919	186,374	24.64%	61,199,084	73,047,278	11,848,194	19.4%
FL	Palm Beach County	23,654	185,452	12.75%	28,422,294	31,511,461	3,089,167	10.9%
VA	Fairfax County	8,908	181,004	4.92%	12,393,043	9,151,263	-3,241,780	-26.2%
FL	Orange County	25,396	172,653	14.71%	28,666,760	34,008,712	5,341,952	18.6%
MD	Montgomery County	9,941	164,189	6.05%	15,190,338	17,801,746	2,611,408	17.2%
CA	San Diego City Unified	34,584	162,694	21.26%	49,644,447	53,789,962	4,145,515	8.4%
MD	Prince George's County	14,336	158,340	9.05%	22,325,812	26,570,748	4,244,936	19.0%
FL	Duval County	21,796	152,500	14.29%	26,624,411	28,952,124	2,327,713	8.7%
HI	Honolulu County	18,208	147,929	12.31%	24,446,171	29,737,856	5,291,685	21.6%
FL	Pinellas County	17,795	134,296	13.25%	22,156,402	23,396,085	1,239,683	5.6%
MD	Baltimore County	9,883	133,678	7.39%	16,268,400	18,363,605	2,095,205	12.9%
NC	Charlotte-Mecklenburg	14,315	129,304	11.07%	20,100,103	20,670,029	569,926	2.8%
TN	Memphis City	29,693	128,914	23.03%	39,820,906	43,538,641	3,717,735	9.3%
GA	Gwinnett County	8,947	123,036	7.27%	10,052,710	14,033,154	3,980,444	39.6%
WI	Milwaukee	31,521	122,363	25.76%	61,469,428	65,096,912	3,627,484	5.9%
NC	Wake County	8,994	118,810	7.57%	12,898,993	12,371,439	-527,554	-4.1%
KY	Jefferson County	15,920	116,507	13.66%	24,212,164	25,789,494	1,577,330	6.5%
MD	Baltimore City	28,469	116,445	24.45%	52,356,464	55,099,100	2,742,636	5.2%
GA	Cobb County	7,650	110,284	6.94%	9,434,481	11,758,944	2,324,463	24.6%
GA	De Kalb County	15,836	108,502	14.60%	21,204,313	26,830,225	5,625,912	26.5%
CA	Long Beach Unified	29,263	105,425	27.76%	40,164,890	44,978,065	4,813,175	12.0%
NM	Albuquerque	17,086	102,646	16.65%	22,385,943	24,937,795	2,551,852	11.4%
CO	Jefferson County R-1	5,316	99,737	5.33%	7,145,173	7,129,152	-16,021	-0.2%
OH	Cleveland Municipal	28,327	97,139	29.16%	53,933,993	56,270,473	2,336,480	4.3%
LA	Orleans Parish	28,467	91,903	30.98%	42,022,585	43,430,342	1,407,757	3.4%
MD	Anne Arundel County	5,584	91,676	6.09%	8,766,279	9,216,084	449,805	5.1%
TX	Fort Worth Independent	20,969	90,671	23.13%	27,856,064	31,602,662	3,746,598	13.4%
TX	Austin Independent	14,193	89,391	15.88%	18,837,567	20,801,385	1,963,818	10.4%
FL	Polk County	15,687	88,985	17.63%	18,849,973	20,596,681	1,746,708	9.3%
TN	Nashville-Davidson County	14,828	88,019	16.85%	18,430,062	20,935,685	2,505,623	13.6%
AZ	Mesa Unified	9,724	87,414	11.12%	10,291,299	12,748,071	2,456,772	23.9%
VA	Virginia Beach City	7,693	86,562	8.89%	10,033,728	12,313,148	2,279,420	22.7%
CA	Fresno Unified	31,704	85,348	37.15%	42,714,401	48,956,713	6,242,312	14.6%
CO	Denver County 1	16,733	84,460	19.81%	23,114,520	25,943,457	2,828,937	12.2%
LA	Jefferson Parish	15,286	82,739	18.47%	19,552,608	21,905,723	2,353,115	12.0%
MA	Boston	19,697	82,396	23.91%	47,474,039	45,353,934	-2,120,106	-4.5%
FL	Brevard County	9,744	82,175	11.86%	11,127,936	12,288,148	1,160,212	10.4%
GA	Fulton County	6,224	80,984	7.69%	9,016,959	9,413,828	396,869	4.4%
UT	Jordan	3,709	80,779	4.59%	2,238,827	2,537,890	299,063	13.4%
DC	D.C. Public Schools	24,831	79,606	31.19%	44,912,439	49,387,831	4,475,392	10.0%
Totals (Percent Elg. = Average)		1,855,364	9,331,988	17.18%	2,964,510,817	3,298,273,745	333,762,928	11.3%
National Totals (Percent Elg. = National Average)		7,836,414	53,181,491	14.74%	$11,067,165,594	$11,658,716,934	$591,551,340	5.3%
Percent National LEA Total		23.7%	17.5%		26.8%	28.3%		

Budget **(continued from p. 11)**
Monitor). However, while the preliminary release reflects updated census estimates of low-income children, annual data for special small groups of "formula children" – foster children, neglected and delinquent children, and children from families above the poverty line, but receiving Temporary Assistance for Needy Children (TANF) – do not become available until later in the spring. Since the preliminary estimates must rely on the previous year's data, there are always changes when the final tables, based entirely on current data, are released in May.

While the reduction in Puerto Rico's allocation was the biggest source of changes this year, large swings in the population of foster children helped Connecticut and Kentucky gain 1.3 percent over their preliminary allocations. Kansas lost 0.8 percent for the same reason.

Ohio made it out of the losing column – moving from a 0.85 percent loss in the preliminary tables to a 0.05 percent gain in the final ones – partly because of an unusual year-over-year increase in TANF children. In fact, the spike in TANF children from 472 to 2,300 caught the eye of Paul (Sandy) Brown, the ED official principally responsible for calculating annual Title I allocations. "That's a quite a jump," he said in an interview. "I was somewhat skeptical and called to confirm that number."

Puerto Rico

The unusually large change in Puerto Rico's allocation "redounded to everyone else's benefit," according to Brown.

Normally, the Census Bureau updates Puerto Rico's data at the same time it updates the data for the 50 states and the District of Columbia. However, the Puerto Rico update involves some special procedures and presents some unusual problems.

This year, the Bureau was unsure that updating Puerto Rico's data through statistical techniques would actually produce a better picture than simply using the previous year's data, drawn directly from the 2000 census. So Bureau officials proposed to use the same data as last year, and ED's preliminary figures reflected this fact.

But the Bureau changed its mind.

"After further reflection, with some better methods we came up with, we concluded that it would be better to use a model-based estimate, even though it has some statistical error," said David Waddington, the official in charge of developing the Bureau's "small area estimates."

Updating Puerto Rico's data also meant everyone's allocations were based on the same income year, thereby removing a source of bias, he said. Using the previous year's data would have given Puerto Rico a windfall. If the Bureau had not updated the data, said Waddington, "other districts could say, 'You gave me a new year, but Puerto Rico didn't get a new year. Give *me* my old data, too.'"

In the end, the use of updated poverty counts for Puerto Rico freed up $36.3 million for other states and reduced Puerto Rico's gain from a projected 20.7 percent to a still-generous 11.7 percent.

"Next year, we will do an estimate [for Puerto Rico] right from the start," said Waddington.

Final, Not Final

Notwithstanding the fact that the just-released school year 2004-05 tables are labeled "final," they are anything but. Several steps remain before LEAs find out the amount they actually get to spend. In addition to shaving off a portion of LEAs' grants for state costs, SEAs must adjust LEA allocations to account for the hundreds of special districts (such as centralized vocational schools) and charter school LEAs spread across the country. These do not appear on the Census Bureau's list, which only reflects public school districts with defined attendance areas.

For example, in Michigan alone there are roughly 210 charter school LEAs. To the extent they meet Title I formula thresholds, they are eligible to receive Title I grants, which are deducted proportionately from the funds allocated to the regular districts from which they draw their students.

All of these adjustments take SEAs weeks, even months, so some LEAs start their fiscal years still not knowing exactly how much Title I money they will receive.

Supplemental?

When confronted with screams of pain from SEAs and LEAs due to loss of Title I funds, Congress almost always tries to ease the suffering. In the early and mid-1990s, the legislature actually blocked the operation of the Title I formula through a so-called "hold harmless" provision, so no one lost funds. But growth states like California, which were denied the increases to which they were entitled, complained with equal fervor and eventually put a stop to this practice.

Instead, in recent years, Congress has chosen to "make whole" the losers by appropriating supplemental funds. This was the case in school year 2003-04, when three states received a total of $4 million extra to offset minor cuts they otherwise would have suffered.

That's a paltry sum compared to what would be required this year. ED has estimated that it would take $233.6 million to cover the losses of all LEAs in the

See *Budget*, p. 14

Budget **(continued from p. 13)**
country. This is a significant amount in a year when the Iraq war and tax cuts are already straining the budget.

This is over and above any supplemental funds that may be appropriated to cover the school improvement set-asides in states unable to fund them out of their regular allocations.

Certainly, there is significant support in Congress for supplemental appropriations. On May 26, a bi-partisan group of 71 senators and representatives sent a letter to the two chambers' respective appropriations committees requesting a supplemental appropriation of $237 million.

It's unclear when or if any additional funds might be forthcoming, however. "I don't think anyone sees a legislative vehicle for it," said Simering.

At present, there is no sign of the customary summer supplemental funding bill, which typically covers a broad swath of agencies. "I don't think they'd put it on a military bill," said Simering. "I don't think an emergency bill – other than for the war in Iraq – is going to happen this summer."

Reducing Volatility

In fact, the unpleasant volatility of Title I allocations generated by annual data updates may lead Congress to

Two Districts Cope With Cuts

For the Anoka-Hennepin school district, just north of Minneapolis, a drastic cut in its Title I allocation means layoffs, a reduction in services to some schools, and elimination of others.

The suburban district has over 41,000 students and is the third largest in Minnesota. It received one of the largest percentage cuts in the country – 40.23 percent, representing $1.1 million.

Dale Zellmer, director of supplemental programs for Anoka-Hennepin, said the cuts affect not only the district's 20 Title I schools, but 10 schools that use Title V block grant funds to closely mirror services provided in the Title I schools.

The district has already laid off 23 teachers and 78 paraprofessionals. Zellmer estimates that 1,500 to 2,000 students who received Title I or V services in the past won't be receiving them in the fall, and predicts that 11 schools won't be receiving services under either program.

"Right now, I haven't figured out a way I'm going to find services for those schools," he said. "When you lose $1.1 million, there's only so much you can do. That's why it's been a very tough spring. It affects kids, it affects staffing, and it affects morale."

Triage

For the students and schools that will continue to be funded, Zellmer said he is applying a "clinical medical model" to determine where the greatest needs are. In some cases, Title I funds will be supplemented with Title II and V grants, and team-teaching will be used to maintain small teacher-student ratios.

"We know we're not going to be able to cover all the schools and have the same services we had before, because the dollars aren't there," he said.

Minnesota's department of education sent a letter to the state's congressional delegation seeking supplemental aid to offset the reduction in funds. Additionally, Sen. Norm Coleman (R-Minn) has had several conversations on the subject with Sen. Edward Kennedy (D-Mass), according to Bill Walsh, a spokesman for the department. Kennedy is an education leader in the Senate, and his state was the hardest-hit after Minnesota.

However, Walsh said, "I don't have a whole lot of hope anything is going to happen this year."

Fairfax County Cushioned by Wealth

The outlook was less dire in Fairfax County, Va., a wealthy district on the outskirts of the nation's capital.

Despite losing $3.2 million in its Title I allocation – the largest dollar decrease of any district in the United States – Fairfax has no ambitious plans to offset the cuts.

Andy Hawkins, the district's director of budget services, said Fairfax planned to pay for some kindergarten teachers out of the operating budget instead of Title I. Additionally, the district's mandated school choice funds, totaling $1.8 million, will also come out of the operating budget. The district has been "wary" of making more significant changes because of the law's "supplement, not supplant" provision, Hawkins said.

For now, Fairfax is cushioned by its enormous wealth – to a point. "I don't care who you are, if you lose 25 percent of your Title I money, and then they tell you you're going to have to pay $1.8 million for choice – when no one believes you're going to have to spend anywhere near that kind of money on choice – it has a big effect," Hawkins said.

Last year was one of the best fiscal years in the district's history, causing it to barely miss the 5 percent child poverty cutoff for eligibility under two of Title I's four funding formulas. Fairfax has "punted" for now, Hawkins said, hoping that it will make the cutoff next year.

"Hopefully, we'll be poorer next year," he quipped. "If we get any richer, we'll go broke."

rethink its commitment to this system, which was phased in beginning in the late 1990s.

At the annual International Reading Association conference held this spring in Reno, Nev., Brown indicated that one alternative would be for the Census Bureau to start averaging two years of data. Brown called the prospect "my worst nightmare."

Education attorney Leigh Manasevit thinks Congress is more likely to revert to the hold-harmless mechanism it used in the past: "When the lobbyists come up to the Hill, they don't ask for averaging – they ask to not lose money based on last year's allocations."

SY 2005-06 Appropriations Stalled

Even as Congress confronts the prospect of a mammoth supplemental for school year 2004-05, it must make appropriations for school year 2005-06. Despite controlling both houses of Congress, the Republican majority has been unable to pass a budget resolution to guide spending and tax decisions for federal fiscal year (FY) 2005.

Only in the first week of June did the House Appropriations Committee begin "marking up" the first of the required 13 appropriations bills for FY 2005. It has deferred the Labor, Health and Human Services and Education bill – always one of the most contentious – until after July 4.

At present, both Title I and special education seem set for at least a billion dollar increase, as requested by President Bush. It is likely that the House will stick with this figure, although the more-liberal Senate may boost funding further.

Election dynamics will certainly play a role. On the one hand, Bush may resist spending increases to demonstrate fiscal discipline; on the other, if Democratic accusations that NCLB is an "unfunded mandate" gain traction with the electorate, he may be forced to spend more on education to neutralize this issue.

Yet a third option is for everyone to wait and deal with appropriations in a lame-duck session after the elections. With only a few weeks left in the legislative session, this may be the most likely outcome.

The Center on Education Policy has issued a detailed analysis of this year's allocations, entitled "Who's Gaining, Who's Losing, and Why." A free copy may be downloaded from http://www.ctredpol.org.

Title I Q&A

Rounding Participation Rates and Waiving Carryover Limits

The Title I Q&A *features the U.S. Department of Education's written responses to questions posed by state and local education officials. Although authoritative, these responses address specific circumstances, and readers should consult their attorneys before applying the principles to their own situations.*

Rounding Assessment Participation Rates

Q: May a local educational agency (LEA) round up its assessment participation rate for the purpose of meeting the 95 percent minimum?

A: Yes, but only if the state permits it.

A Texas LEA filed an appeal with the Texas Educational Agency (TEA) to reverse TEA's determination that one of its schools failed to make adequate yearly progress. The school fell short of the 95 percent minimum assessment participation rate required by the No Child Left Behind Act (NCLB) for all its subgroups. In this case, the special education students in the school achieved a participation rate of 94.7 percent.

The U.S. Department of Education (ED) was asked its opinion on the matter. According to an Oct. 15, 2003, letter from Title I Director Jackie Jackson, "The determination as to whether participation rates can be rounded up or not is left to the states."

TEA had declined to round up the school's rate. Jackson pointed out that this is not a violation of NCLB. "Thus, the U.S. Department of Education has no jurisdiction in this situation," she wrote.

Jackson's determination that rounding is a matter of state policy is consistent with the department's stance in similar situations. For example, ED leaves it up to states whether to round up poverty percentages in determining whether a school is eligible to receive Title I funds or operate a schoolwide program.

Limitations on Carryover Waivers

Q: Are there circumstances under which an LEA might receive a waiver of Title I carryover limits more often than once every three years?

A: Yes, if the requests overlap Title I authorization periods.

Normally, LEAs are allowed to carry over only 15 percent of their Title I grants from year to year. But Section 1127(b) of the Elementary and Secondary Education Act (ESEA), as amended by NCLB, allows a state educational agency (SEA) to waive the Title I carryover

See *Title I Q&A*, p. 16

ED Begins To Monitor Even Start Program

South Dakota Program Cited for Failures

Thus far, the U.S. Department of Education's ongoing Title I, Part A monitoring efforts have resulted in reports that mix scolding with praise, findings that require correction and commendations for jobs well done.

ED's first foray into Part B monitoring looks nothing like that. There was no praise in ED's report on South Dakota's embattled Even Start program – and plenty of findings.

ED officials were quick to note, however, that the issues raised were not indicative of the health of the national program. They picked South Dakota because prior desk audits revealed problems regarding equity of services and maintenance of effort, as well as findings that the state had not discontinued any Even Start programs despite evidence that many of them failed to show progress.

"It's an uneven implementation issue throughout the country," said Jackie Jackson, ED's director of Student Achievement and School Accountability Programs. "Up until this point, South Dakota was the one where we found the most problems."

South Dakota is the sixth state to be monitored under the current system, but the first to be monitored for Part B. ED has since examined Title I, Part B programs in Iowa and Montana, although reports from those states have yet to be released. All remaining states on ED's calendar for this year – Ohio, Michigan, Minnesota and California – will be monitored for Part B, as well as Part A, and the department is also planning to phase in monitoring for the Part D neglected and delinquent program and for homeless programs in the fall.

Although Reading First, President Bush's signature program, is authorized under Title I, Part B, that initiative is not currently being evaluated through this process.

Criticism of Program

Even Start was designed to break the cycle of poverty for low-income families by linking early childhood education to parenting education and adult literacy. But the program has been dogged by consistent criticism. In 2004, the White House Office of Management and Budget called it duplicative of other ED programs and saw "no evidence that increases or decreases in federal funding for this program would have a clear impact on family literacy."

Members of Congress have threatened penalties for states that fail to adopt program indicators designed to improve accountability. In South Dakota, at least, it appears that many of those indicators weren't being followed.

Among eight findings, ED officials found the following:

- Two Even Start projects visited were unaware of the requirement to consult with private school officials and provide equitable services for private school students and their teachers.
- In one local project, children were not participating in early childhood education. In another, parents were not enrolled in adult education or literacy training.
- In one project, three staff members hired since January 2002 and paid for with Even Start Funds did not meet the statutory requirements for instructional staff.

South Dakota administrators did not respond to several requests for interviews.

Support From ED

ED officials were quick to dispel the notion that they were out to criticize the program as a whole. In fact,

---

Title I Q&A **(continued from p. 15)**

limitation once every three years, if the SEA deems it reasonable and necessary. An identical provision existed in the previous version of ESEA.

In this case, an LEA received permission to carry over more than 15 percent of its school year (SY) 2001-02 funds into SY 2002-03. But then the LEA proposed another waiver, to carry over funds from SY 2003-04 into SY 2004-05. Since this was only two years after the prior waiver, the question was raised whether this was permissible.

It is, according to a Jan. 15, 2004, e-mail from Title I program analyst Paul (Sandy) Brown, because the first waiver occurred under the previous law. "Note that for SY 2001-02, the 1994 Improving America's Schools Act amendments to ESEA still governed the operations of Title I (including the carryover waiver)," he wrote.

"With the passage of NCLB, which governed Title I for SY 2002-03…and beyond," he continued, "each LEA started with a clean slate under the new law with regard to the three-year period for receiving a carryover waiver."

According to Brown, this meant the district could receive a waiver even though only two years had passed.

But this only works for transitions between authorizations. "If an LEA received a waiver in SY 2002-03, it could not receive another waiver until SY 2006-07."

Jackson said the department would soon honor two Even Start projects that are doing exemplary work. She declined to name the projects because ED has yet to inform the states involved.

"This way, people can see that if Even Start is implemented extremely well, as it was intended by Congress, it can have an extremely beneficial impact on children and their parents," Jackson said.

The department hopes that its Part B monitoring efforts will lead to improved local evaluations and allow projects to perform mid-course corrections if aspects of their programs aren't working. As a further sign of its commitment to the program, ED recently awarded two contracts related to Even Start – for peer reviews of state quality indicators and for broad technical assistance on using scientifically-based research on Even Start projects.

Meanwhile, ED's review of Title I, Part A programs continues. To help readers better understand the review process, the *Monitor* has created an Excel spreadsheet that provides a state-by-state breakdown of each report. (To view, click on "My Page" on TitleIonline.com and look under "Laws, Regs, Guidance.") The spreadsheet, which will be updated as new reports come out, offers a thumbnail sketch of the department's priorities in holding states accountable for No Child Left Behind (NCLB).

Though reports have only been released for six states, some clear patterns are emerging. Interestingly, the one broad area that has sparked the most findings and recommendations – teacher quality – will no longer be reviewed by Title I monitors. Starting this summer with a visit to Nevada, teacher quality (with the exception of issues related to paraprofessionals and parental notification) will be monitored by staff from the Title II professional development program (see June *Title I Monitor*.)

In addition to teacher quality, the topics that have most frequently led to findings and recommendations are school improvement, private schools, parental involvement and schoolwide programs. In those categories, frequently cited issues include:

- failure to notify parents of their right to request information on teachers' qualifications;
- failure of principals to attest in writing to the number of highly-qualified teachers in their schools; and
- not providing all of the required components in schoolwide and school improvement plans.

ED Monitoring Reports on the Web

Title I Monitor subscribers can view the Education Department's monitoring reports by going to "My Page" on TitleIonline.com. Simply click on "Laws, Regs, Guidance" (on the left-hand side of the Web page) and look for the link to "State Monitoring Reports." This section also contains our exclusive summary table of findings, recommendations and commendations.

New reports will be posted as received.

Perennial Issues

Recently released reports from Massachusetts, New Jersey and South Dakota show that, in addition to coping with new challenges posed by NCLB, some states are still struggling to implement longstanding provisions carried over from previous law.

These include delivering "equitable services" to private school children and complying with fiscal requirements to ensure that Title I funds increase educational resources for disadvantaged children rather than just cover the basics local schools should be providing anyway.

New Jersey, for example, was told to change its policy of taking required funds for private school students "off the top" of each district's Title I allocation, as opposed to basing calculations on funds generated by public school students from low-income families, as the law requires.

Federal monitors also told the state to improve its oversight of districts' "comparability" determinations. Comparability ensures that Title I schools get the same resources as non-Title I schools. New Jersey failed to require districts to calculate comparability on an annual basis, and failed to check the calculations biennially, as required by law.

South Dakota also had several problems related to private schools. Monitors found one district that ceded responsibility for designing and implementing its Title I private school program to private school teachers. In the future, according to ED's report, school districts "must determine what challenging content and student achievement standards will apply." Additionally, monitors found that for eight years, the only instructional program offered to private school students in one district was Reading Recovery.

The Title I program in that district was also cited for violating the "supplement not supplant" requirement, because it funded Reading Recovery in non-Title I schools with state and local resources while funding the same program in Title I schools with Title I funds.

In an interview, Jackson said ED officials had not decided whether to ask state officials to repay the supplanted funds back to the department.

CSPR (continued from p. 2)

supposed to be offered first. Schools in first-year improvement are required to provide choice, while those in the second year must offer supplemental services (see "SES and Choice" table, p. 21).

- Fairly consistently throughout grade levels, limited English proficient (LEP) students were the lowest performing subgroup on reading/ language arts tests, while students with disabilities scored lowest on math tests. The groups were tied for lowest on high school reading exams (see "Lowest Achieving Subgroups" graph, p. 24).
- Bucking conventional wisdom, more schools went into improvement and stayed there due to student performance in math rather than reading.

The data on choice and SES in NCLB's start-up year have become available just as school districts are rethinking the level of these services due to a decline in their allocations (see related story, p. 1).

Critics have seized upon the cost of such programs to brand NCLB an "unfunded mandate." In February, for example, ED suggested that districts should consider constructing new buildings to create capacity for the choice program, but offered no guidance about how to pay the cost.

Close to 1,900 students around the country benefited from public school choice during NCLB's first year. Meanwhile, more than 115,000 students received SES. Almost half the states that provided data on the subject (20) had more schools offering supplemental services than school choice.

"This is interesting," Joftus said. "What many of us in the research community have hypothesized is that there are schools that are substituting SES for choice, because it is easier and cheaper to do." ED guidance

> 'An argument could be made that the net is being stretched too widely, past state and district capacity.'
>
> *– Scott Joftus, educational consultant*

permits districts to substitute SES for choice only if the latter proves impractical.

Rural Factors

Sims explained that rural isolation, particularly in mountainous school districts, was the chief reason for the higher SES numbers, though she acknowledged that "some districts have been resistant on choice."

Virginia, for example, said the "rural and remote location" of some of its improvement schools kept them from offering choice to students in six schools. In another instance, "there were no higher performing receiver schools" to send students to.

At least one state defied geographical limitations in a valiant attempt to comply with the letter of the law. The Northwest Arctic Borough of Alaska paid for two students to actually *live* in another school district – "including airfare and boarding stipend" – for one year, according to its state report. Providing SES proved more complicated. "Due to the extreme rural nature of school improvement in Alaska, the department faced challenges identifying educational service providers," the report said.

The documents also offer results of statewide tests from the low elementary grades through high school – broken down by racial, economic and disability subgroups. Since they only represent one year, however, the reports do not yet show the progress of subgroups over time.

Although there were clear trends, state reports held some surprises. In 4th grade math tests in Arizona, for example, girls were the lowest performing group. That was the only time that sex was the determining factor for low-performing groups in any state.

The low performance of students with disabilities and LEP students, while hardly surprising, could prove controversial. Some critics blame the disproportionately low performance of these groups for schools' missing AYP and going into improvement.

That view appeared to be confirmed by several educators at the National Conference on Large-Scale Assessment in June, sponsored by the Council of Chief State School Officers.

Among Ohio's 317 schools that missed AYP in 2002-03, 180 – or 56.7 percent – made the list due to the performance of disabled students alone, said Mitchell Chester, assistant superintendent of Ohio's education department. In New York, schools had an 80 percent chance of missing AYP due to students with disabilities, according to Ira Schwartz, senior coordinator in New York's education department.

It will be interesting to see, when states provide second-year NCLB data to the department this fall, whether the performance of these groups changes due to recent flexibility provisions offered by ED – partly in response to the critics. In December, ED allowed up to 1 percent of the scores of students with the most serious cognitive disabilities who take alternate assessments to be counted as proficient for accountability purposes. And in February, it eased two key policies related to LEP students: it allowed districts to exempt such students from taking the reading/language arts test for one year, and it permitted the inclusion of former LEP students in the LEP subgroup for two years after they achieve fluency.

Sims noted that Georgia recently reported a 19 percent gain in the scores of these groups over the last two years. "That's huge," she said.

Math Difficulties

The relatively low performance in math is less easy to explain. For two decades, math scores on the National Assessment of Educational Progress have moved steadily upward, while reading scores have stagnated. Accordingly, ED priorities have emphasized reading.

Yet, state reports show that reading and math were equally likely to bump a school into improvement. More than 3,553 schools in the nation were in improvement due to missing math proficiency targets, while 3,473 improvement schools missed reading. Nineteen states had more schools kept in improvement due to math rather than reading, and five had the same totals for both tests.

"We noticed it," Sims said of the discrepancy. "But I don't have a good explanation."

Joftus also called the math totals "a bit of a 'hmm…'." He speculated that proficiency targets – which each state set on its own – might have been lower in reading/language arts than in math.

Data Collection Problems

ED also attempted to gauge teacher quality in the states, but its effort was complicated by a host of factors.

The data evoked a similar controversy that occurred last fall when the department asked states to provide the percentage of "highly qualified" teachers as defined by NCLB, and the percentage of such teachers working in "high-poverty" schools. Many states reported that 80 to 100 percent of their teachers met the qualifications, while researchers put the rates far lower. A few states, apparently, confused the "highly qualified" standard with the far less restrictive process of becoming certified to teach.

> 'I think there are a number of encouraging signs out there.'
>
> *– Celia Sims, U.S. Department of Education*

For the consolidated reports, ED asked states to provide the percentage of classes taught by highly qualified teachers in the least-poor Title I schools – those in the bottom quartile of poverty in the state. This information will be used in conjunction with the previous data to give a complete picture of teacher quality in each state.

Again, states like New Mexico offered figures of 100 percent, while others provided numbers just slightly lower. A handful came back with much lower percentages: Tennessee had 32.6 percent; Alaska, 35 percent; and Alabama, 36 percent.

But many more states simply left that part of the report blank. Several cited the complexity involved in mixing three vast data sets: the number of qualified teachers, the number of schools in poverty, and the number of individual classes. Additionally, at the time the data was collected, some states had yet to adopt a High Objective Uniform State Standard of Evaluation for their teachers. Many teachers prefer this option because it keeps them from having to go back to school or take a test.

ED officials were sympathetic to the predicaments of states unable to provide these data. In more than 20

See *CSPR*, p. 20

CSPR (continued from p. 19)
instances, the department placed conditions on states' Title I and Title II grants requiring them to submit detailed data collection plans by next December.

"This year, it was tough," Sims said. "Next year's data will be far more accurate."

Questioning the Data

Researchers may also raise eyebrows at some of the school improvement data contained in the reports. Though some might accept that not one school in Wyoming deserves to be in improvement, the idea that Texas, the second largest state in terms of school-aged children, had only nine improvement schools (just 0.2 percent of its 4,547 Title I schools) will be a tougher sell. By contrast, California, with the largest school-aged population, had 1,205 improvement schools (23 percent of its 5,183 Title I schools), and New York, the third-largest, had 528 (19 percent of 2,800 schools).

"That's amazing," Joftus said of the Texas numbers. "I'm sort of speechless."

Attempts to reach Texas officials were unsuccessful. Sims suggested that the statistic might reflect nothing more than varying levels of implementation of the Improving America's Schools Act (IASA), NCLB's predecessor. Under IASA, Sims said, "state definitions of AYP were all over the map, and there was no subgroup accountability."

Using ED's Flexibility

School improvement is one of the harsher weapons in the AYP arsenal. At the June assessment conference in Boston, several presenters said their states are investigating flexibility options offered by ED to shore up the number of schools that make AYP and decrease the number in improvement.

Julianne Dow, associate commissioner for accountability and targeted assistance with the Massachusetts education department, said the state is considering changing its "n-count" – the minimum number of students required to qualify as a subgroup – to blunt the impact of NCLB on low-performing groups.

She admits the idea presents ethical problems. "It does feel like playing with the elements, rather than dealing in a straight-ahead manner," she said. But it is also a practical matter. Massachusetts had 196 schools in improvement in 2002-03. Come fall, that number could grow to over 600, Dow said.

"We will no longer be able to interact with all of these schools in a meaningful way," she said. "It will exceed our ability to determine those schools that need our help the most."

In its report, Georgia demonstrates the effectiveness of tools like "confidence intervals," multi-year averaging, and "safe harbor" in helping schools meet proficiency targets. Confidence intervals are similar to a margin of error and allow schools to claim AYP if they get close to the target. Multi-year averaging allows schools to smooth out the peaks and valleys in their performance, while safe harbor allows schools that fall short of AYP targets to still avoid improvement if they show sufficient growth in a given subject and another academic indicator.

In reporting schools in improvement, Georgia applied a "filter," showing how schools fared based on the application of the three types of flexibility. Out of approximately 450 schools carried over on the improvement list from the previous year, some 230 made AYP by hitting Georgia's reading and math targets. (If these schools made AYP in the 2003-04 school year, they were dropped from the list.)

> 'The number of schools failing to make AYP appears to be going ever upward.'
>
> *– Ira Schwartz, New York education department*

Thus, on the basis of reading and math tests alone, approximately 220 schools would not have made AYP. However, the use of confidence intervals allowed an extra 60 schools to make AYP; 10 additional schools met the target due to multi-year averaging; and a final 10 were able to slip through using safe harbor. The 80 schools that made AYP due to these flexibility measures cut the number failing by more than third.

Like Dow, Schwartz of New York said that states are being forced to prioritize their list of improvement schools to determine those with the greatest need. There are so many improvement schools in New York, joked Schwartz, that the state motto – "Excelsior!," Latin for "Ever upward!" – should refer to the fact that "the number of schools and districts failing to make AYP appears to be going ever upward."

'Ants and Elephants'

Schwartz told educators in Boston that New York officials are trying to separate their improvement schools into what he calls "the ants and the elephants." Ants are schools that fail to make AYP because they might have missed their participation target by a few points. The elephants have bigger problems.

See *CSPR*, p. 24

SES and Choice, 2002-03

States	Number of Title I Schools	Number of Schools Transferred *from* Under School Choice	Number of Schools Transferred *to* Under School Choice	Number of Students Who Transferred Using School Choice	Number of Schools in Improvement That Used SES	Number of Students Who Received SES
Alabama	850	51	128	836	38	726
Alaska	301	1	1	2	15	1,295
Arizona	1,054	25	30	83	21	122
Arkansas	822	25	29	171	5	133
California*	5,183	282	NA	31,469	295	30,049
Colorado	784	16	12	194	4	77
Connecticut	439	8	4	7	8	718
Delaware*	102	NA	NA	NA	0	0
D.C.	131	15	34	192	15	1,120
Florida	1,194	0	0	0	0	0
Georgia	1,020	255	175	1,873	396	14,527
Hawaii	132	15	15	21	54	1,406
Idaho	499	43	0	0	0	0
Illinois	2,294	38**	369**	1097**	25***	773***
Indiana	1,021	140	148	934	38	3,825
Iowa	729	12	0	170	6	319
Kansas*	665	18	25	202	15	NA
Kentucky	1,027	15	28	229	26	1,132
Louisiana	864	16	15	37	0	0
Maine	542	0	0	0	0	0
Maryland	467	105	92	709	54	902
Massachusetts	1,053	87	161	845	96	3,063
Michigan*	739	NA	NA	NA	NA	NA
Minnesota*	988	NA	NA	NA	NA	NA
Mississippi	686	2	2	4	4	188
Missouri	1,239	19	5	91	4	66
Montana	689	3	5	38	3	84
Nebraska	525	0	0	0	0	0
Nevada	208	12	9	127	0	0
New Hampshire	252	9	4	1	2	23
New Jersey	1,368	23	23	289	52	11,097
New Mexico	530	58	65	529	19	583
New York*	2,800	222**	268**	1507**	NA	31,656
North Carolina	997	2	6	99	3	129
North Dakota*	432	4	2	11	27	NA
Ohio	2,536	97	126	698	100	1,518
Oklahoma	1,188	8	58	549	21	378
Oregon	502	3	8	742	3	198
Pennsylvania	2,180	34	23	116	203	2,541
Puerto Rico*	1,477	NA	NA	NA	32	2,741
Rhode Island	170	3	6	17	1	82
South Carolina	511	27	42	519	15	297
South Dakota	700	1	1	1	1	7
Tennessee	904	56	74	810	88	3,195
Texas*	4,547	30	NA	59	3	8
Utah	218	18	17	204	2	65
Vermont	211	0	0	0	2	7
Virginia	776	28	25	277	0	0
Washington	959	28	35	620	13	0
West Virginia	429	8	6	49	1	2
Wisconsin*	1,062	NA	NA	NA	NA	NA
Wyoming	147	0	0	0	0	0
US Totals	**51,143**	**1,862**	**2076**	**46,428**	**1,710**	**115,052**

Notes:
*As of June 2004, not all data was provided for these states.
** City-specific data: IL supplied data for Chicago only, and NY supplied data for New York City only.
*** Mid-year statistics.

Sources: Consolidated State Performance Reports, Fall 2003. The number of Title I schools came from the 2001-02 school year data from the National Center for Education Statistics, with the exception of Arizona and Tennessee data, which was provided by the respective states.

Schools in Improvement, 2002-03

States	Number of Title I Schools	Total Schools in Im-provement	Percentage of Schools in Im-provement	Schools in 1st Year Improve-ment	Schools in 2nd Year Improve-ment	Schools in 3rd Year Improvement (Corrective Action)	Schools in 4th Year Improve-ment Planned Re-structuring	Reading: Schools that Missed Proficiency Target	Reading: Schools that Missed Participation Target	Math: Schools that Missed Proficiency Target	Math: Schools that Missed Participation Target	Schools that Missed Other Academic Indicators	Schools that Missed Graduation Target
Alabama*	850	46	5.4		2	18	26						
Alaska	301	64	21.3	47	9	8		64	12	59	12	9	32
Arizona	1,054	220	19.3	99	101	20		49	47	206	65	30	8
Arkansas	822	272	33.1	255	15	2		228	25	222	25	13	12
California	5,183	1205	23.2	640	220	334	11	853	228	585	243	37**	17**
Colorado	784	80	10.2	36	40	1	3	26	26	37			
Connecticut	439	12	2.7	6		6		12		10			
Delaware	102	12	11.8	2	10			11		11		5	
D.C.	131	14	10.7		14			6	7	2	7	4	
Florida	1,194	45	3.8	45				25	40	44	25	13	5**
Georgia	1,020	503	49.3	136	85	60	222	92	74	122	91	116	
Hawaii	132	82	62.1	3	11	25	43	56	21	45	15	2	
Idaho	499	43	8.6	37	6			9	5	10	3		
Illinois	2,294	577	25.2	255	299	23		471	347	426	354	8	27
Indiana	1,021	97	9.5	46	32	19		84	16	80	16	43	3
Iowa	729	11	1.5	8	2	1		4	1	9	1		
Kansas	665	30	4.5	6	5	14	5	8		9			
Kentucky	1,027	25	2.4		25			8	1	11	2	16	
Louisiana	864	58	6.7	41	6	11		17	4	4	5	4	
Maine	542	10	1.8		8	2		3		7			
Maryland	467	102	21.8	20	23	13	46	64		55		20	
Massachusetts	1,053	196	18.6	158		38		117	1	150	3	4	
Michigan	739	216	29.2	28	93	95		112		163			
Minnesota	988	38	3.8	23	15			30	3	31	3	1	
Mississippi	686	7	1	3	1	3		7	4	5	4		
Missouri	1,239	30	2.4	7	23			23		16			
Montana	689	40	5.8	2	2	8	28	36	6	34	6	2	2
Nebraska	525	6	1.1		2	1	3	2		1		4	1
Nevada	208	27	13	20	7			23	12	22	12	1	
New Hampshire	252	6	2.4	4	2			4		3			

Schools in Improvement, 2002-03

States	Number of Title I Schools	Total Schools in Improvement	Percentage of Schools in Improvement	Schools in 1st Year Improvement	Schools in 2nd Year Improvement	Schools in 3rd Year Improvement (Corrective Action)	Schools in 4th Year Improvement Planned Restructuring	Reading: Schools that Missed Proficiency Target	Reading: Schools that Missed Participation Target	Math: Schools that Missed Proficiency Target	Math: Schools that Missed Participation Target	Schools that Missed Other Academic Indicators	Schools that Missed Graduation Target
New Jersey	1,368	250	18.3	36	214			86		242	2		
New Mexico*	530	120	22.6	15	27	43	15						
New York	2,800	528	18.9	194	91	107	136	417	58	301	102		
North Carolina	997	36	3.6	26	7	2	1	29		26	2		
North Dakota	432	23	5.3	1	12	10		19		16		6	1
Ohio	2,536	191	7.5	71	37	48	35	92	21	153	21	17	
Oklahoma	1,188	46	3.9	26	2	8	10	36	6	26	6	9	
Oregon	502	7	1.4	2	3	2		7	1	5	3	1	3
Pennsylvania	2,180	298	13.7	155	2	11	130	270	87	252	87	192	271
Puerto Rico	1,477	140	9.5	92	27	21		55	27	113	27	36**	44**
Rhode Island	170	24	14.1	12	11	1		20	7	18	7	6	1
South Carolina	511	82	16	59	10	13		82	13	82	13	51	
South Dakota	700	32	4.6	27	2	3		17	1	18	1		
Tennessee	904	55	6.1			27	28	50	12	49	11	19	12
Texas	4,547	9	0.2	6	3			3		4	2		3
Utah	218	6	2.8	3	1	2		2	2	2	3		
Vermont	211	4	1.9	2	1	1		1		2			
Virginia	776	44	5.6	22	22			29		18			
Washington	959	51	5.3	17	30	4		40		42			
West Virginia	429	7	1.6	3	3	1		6		6			
Wisconsin	1,062	52	4.9	16	30	6		11	14	17	14	2	2
Wyoming	147	0											
US Totals	**51,143**	**6,079**	**11.9**	**2,712**	**1,593**	**1,012**	**742**	**3,716**	**1,103**	**3,760**	**1,191**	**622**	**202**

Notes:

*These states had not provided complete data to the education department as of June 2004.
**Several states reported that they had incomplete data from a large number of schools. California lacked academic indicator information from 142 schools and graduation rate information from 1054 schools. Florida lacked graduation rate information from 37 schools. Puerto Rico lacked academic indicator information from 60 schools and graduation rate information from 80 schools.

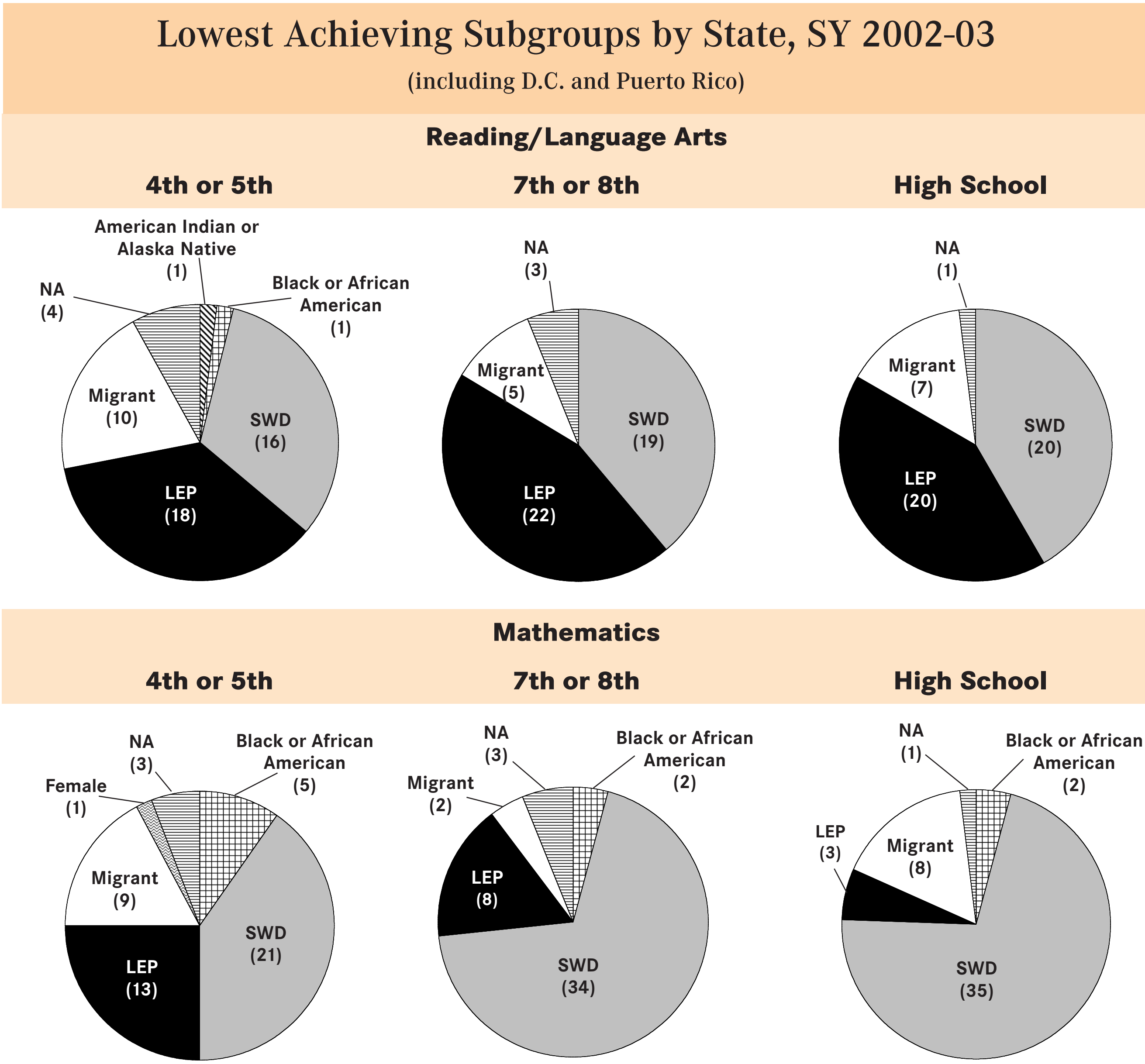
Sources: Consolidated State Performance Reports, Fall 2003. The number of Title I schools came from the 2001-02 school year data from the National Center for Education Statistics, with the exception of Arizona and Tennessee data, which was provided by the respective states.

CSPR (continued from p. 20)

"With an elephant, you don't need to look at disaggregated results," he said. "They fail in everything."

As schools enter NCLB's third year, many administrators will be forced to ask the same kinds of tough questions, said Ohio's Chester: "How do we take the best of this law and make it into something that's workable, instead of something that's going to collapse under its own weight?"

To view the available Consolidated State Performance Reports, log-in at "My Page" on TitleIonline.com. Select "Laws, Regs, Guidance" on the left-hand menu and click on the "Consolidated State Performance Reports" link.



Notes: Subgroups reported include American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or other Pacific Islander, white, students with disabilities (SWD), students with limited English proficiency (LEP), economically disadvantaged, migrant, male, and female. For some states, data were not available (NA). In a few states, two subgroups were tied for lowest achievement, in which case they were both counted as lowest achieving.

Some states test multiple grades in elementary and middle school. For the purpose of this graph, the editors used one grade each from elementary (4th, or if not available, 5th) and middle school (8th, or if not available, 7th).

Data for West Virginia and Vermont are not included because they do not match the department's format. As of June 2004, New Jersey had not provided any student achievement data, and Alabama had not provided high school data.

Source: Consolidated State Performance Reports, Fall 2003