UNITED STATES DEPARTMENT OF EDUCATION

PUBLIC AFFAIRS

OFFICE OF THE DIRECTOR

FAX TRANSMITTAL

TO: Ann O'Leary

PHONE: **FAX:** 456-2878

FROM: **OFFICE OF PUBLIC AFFAIRS**
Kevin Sullivan

PHONE: **202-401-3026** **FAX: (202) 260-7753**

PAGE(S) TO FOLLOW: ~~2~~ 1

MESSAGE: ES-06.17

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buildings in many older urban areas suggests that reform of facilities financing must also be attended to. Again, the effectiveness of any individual policy change may depend on how it is linked to an interconnected set of strategies for improving school performance, and some critics question whether these most troubled of U.S. schools can be reformed through strategic investments and related strategies, or whether they require much more fundamental structural change, such as might be brought about by a voucher program.

- Most federal and some state aid flows to schools via categorical programs tied to the special needs of certain groups of disadvantaged students. Title I compensatory education grants and special education funding are the chief examples. Questions have been raised about the extent to which the incentives deliberately or inadvertently created by categorical programs serve educationally desirable purposes and whether and to what extent it continues to be appropriate to treat children with special needs separately in an educational system increasingly oriented toward fostering high levels of learning for all students. Our findings suggest that previously defined sharp distinctions between students with special educational needs and other students have compromised educational effectiveness and that current efforts to move toward more integrated school programs should be facilitated by the finance system.

- Arguments for dramatic changes in school governance (by empowering schools or parents to make decisions about public funds) may be more compelling in urban areas with large numbers of disadvantaged students than in the educational system in general for a number of reasons. The size of many urban districts and the continuing fact of racial and economic segregation offer many urban residents much less choice

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MESSAGE:

David Frank and Kevin Sullivan have asked me to forward a copy of this document to you for your information. It has not been released; this statement has been prepared in case we need to respond to the report by the National Research Council.

Liz Mischoy

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400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-0130
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Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

Statement by U. S. Secretary of Education Richard W. Riley
"Making Money Matter: Financing America's Schools"
Report by the National Research Council

"Making Money Matter" contains some important recommendations that I support, including the emphasis on greater investment in pre-school programs, teacher quality, technology, and reform of facilities financing. The report also has encouraging words about raising salaries for new teachers, testing the promise of "skill and knowledge based pay" and for aligning professional development for teachers with curriculum reform and student achievement. The report also gives a positive nod to "fully funding federal compensatory education programs," and finding ways at all levels of government to reduce the inequities and inadequacies of resources in our schools. I am pleased that the report finds merit in our efforts to expand "school based accountability."

While many of the recommendations of the Council are worthy, I disagree with the recommendation that the federal government finance a lengthy, 10-year voucher experiment in urban school districts. If you have a public policy problem like failing schools, you should get about the business of solving it, and not get sidetracked into a politically-charged, highly problematic proposed experiment on school children.

The voucher experiment is a formula for delay, diversion and division in our country and will do nothing for the children who are currently going to low-performing schools. We do not need to be directed away from the effective movement toward putting challenging standards in all classrooms. These education reforms are beginning to work and our research efforts should be directed toward what works. We know how to turn around low-performing schools and we simply need to get on with the job-at-hand. The federal government, for example, is effectively investing $140 million in comprehensive, school-reform efforts that give low-performing schools the ability to achieve success using proven, research-based methods of reform.

The proposed voucher experiment is wobbly at best and would, in effect, make private schools less independent, as the report readily admits. The report notes that there are significant church-state issues regarding the involvement of religious schools in such an experiment. Finally, the report indicates that "choice" experiments in Europe already provide "clear evidence of the potential for an undesirable side effect of some choice programs, namely that schools become more socially stratified." I do not think we need a 10-year experiment that tells us in the end that our schools have become more stratified and balkanized. We need to pull together as a country, not be pulled apart.

There is a great deal of choice available in our nation's public school system including the expansion of the charter school movement which I strongly support. I believe researchers can find a rich mixture of choice options in many of our nation's public school systems and we should build on what is now working.

The way to improve public education in our urban areas is to end the tyranny of low expectations by making sure that all children master the basics and that these children have the best teachers possible. What we need is the public will to get the job done. We need higher standards, smaller classes, a total dedication to improving reading, high quality teachers and principals, more after-school programs and modern school buildings that are not overcrowded or wearing-out.

###

Making Money Matter: Financing America's Schools

Committee on Education Finance

Commission on Behavioral and Social Sciences and Education

National Research Council

Briefing by Helen F. Ladd, cochair, Committee on Education Finance
September 9, 1999

Committee on Education Finance

HELEN F. LADD (Cochair), Terry Sanford Institute of Public Policy, Duke University
THOMAS SOBOL (Cochair), Teachers College, Columbia University
ROBERT BERNE, Vice President for Academic Development, New York University
DENNIS N. EPPLE, Graduate School of Industrial Administration, Carnegie Mellon University
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LAURENCE E. LYNN, JR., School of Social Service Administration and Harris Graduate School of Public Policy Studies, University of Chicago
GARY NATRIELLO, Teachers College, Columbia University
ALLAN R. ODDEN, School of Education, University of Wisconsin-Madison
JOHN THEODORE SANDERS, President, Southern Illinois University
ROBERT M. SCHWAB, Department of Economics, University of Maryland-College Park
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STEPHEN D. SUGARMAN, School of Law, University of California at Berkeley
JOAN E. TALBERT, School of Education, Stanford University
AMY STUART WELLS, Graduate School of Education and Information Studies, University of California, Los Angeles

Panel on Special Education Finance

DAVID W. BRENEMAN (Chair), Curry School of Education, University of Virginia

MARY-BETH FAFARD, Northeast and Island Regional Educational Laboratory, Brown University

MARGARET E. GOERTZ, Consortium for Policy Research in Education, University of Pennsylvania

MARGARET J. McLAUGHLIN, Institute for the Study of Exceptional Children and Youth, University of Maryland

THOMAS B. PARRISH, Center for Special Education Finance, American Institutes for Research, Palo Alto, California

Three Goals for a Good Education Finance System

- Facilitate higher achievement for all students (with attention to cost efficiency).
- Break the nexus between student backgrounds and student achievement.
- Generate revenue in a fair and efficient manner.

Strategies for Achieving the Goals

lots of policy options within each

- Reduce funding inequities and inadequacies.
- Invest more resources in developing capacity.
- Alter incentives to make performance count.
- Empower schools and parents to make decisions about the use of public funds.

Reduce Funding Inequities and Inadequacies

Chapt 4

- The new concept of funding adequacy is useful (but poses challenges).
- Greater share of funding needed from states and federal government.
- Adequate funding is necessary, but not sufficient.

Components of adequacy definition

- cost/price differences
- Standards

Investing More Resources in Developing Capacity of Children to Learn and Schools to Teach

- *Policies such as higher salaries or more professional development must be aligned with appropriate incentives to make performance count.*
- *Early childhood programs and school-community linkages give evidence of both promise and problems. There is more to learn.*
- *The effectiveness of specific policy changes will depend on how they are linked to interconnected sets of strategies for improving performance.*

Altering Incentives to Make Performance Count (Within the Existing System)

- *Skill and knowledge-based pay has potential but needs to be tested.*
- *School-based accountability systems require adequate funding and attention to capacity building.*
- *The finance system should facilitate current efforts toward more integrated school programs for students with special needs.*

Empowering Schools and Parents to Make Decisions About the Use of Public Funds

- *Existing site-based management programs often provide little financial control and little focus on educational outcomes.*
- *Knowledge about effects of charter schools or large-scale voucher programs on overall student learning is still limited.*
- *For urban districts, little is known about the effects of large-scale governance changes such as a shift to vouchers.*

need bigger investigations

Need for Better and More Focused Research

- *Support for three major federal research initiatives in urban areas (along with research on ongoing experiments such as charter schools):*
  - *Capacity building -- developing and retaining teachers.*
  - *Incentive programs to motivate higher performance.*
  - *A large and ambitious voucher experiment.*

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[illegible] [illegible]

relationships between what you learn from this experiment + what links to the 1st two

Addressing the New Challenges for Data Collection

- *School finance debates now require information on what dollars buy.*
- *More financial and staffing support needed for NCES.*

or at least — take hard look @ prevailing strategies for collecting — reporting — accessing info —

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Talking Points on
"Making Money Matter: Financing America's Schools"
Report by the National Research Council

"Making Money Matter" contains some important recommendations that I support, including the emphasis on greater investment in pre-school programs, teacher quality, technology, and school buildings. The report also has encouraging words about raising salaries for new teachers, testing the promise of "skill and knowledge based pay" and for aligning professional development for teachers with curriculum reform. The report also gives a positive nod to "fully funding compensatory education programs."

While many of the recommendations of the Council are worthy, I disagree with the recommendation that the federal government finance a 10 year voucher experiment in urban school districts. We do not have 10 years to wait while researchers conduct such a study and lose a generation of children to bad schooling.

The voucher proposal is a formula for delay and will do little for the children who are currently going to low-performing schools. We do not need to put everything on hold for such an experiment. We know how to turn around low-performing schools and we simply need to get on with the job-at-hand. The federal government, for example, is already investing $140 million in comprehensive school reform efforts that give low-performing schools the ability to achieve success using proven methods of reform.

The proposed voucher experiment is "wobbly" at best and would, in effect, make private schools less independent as the report readily admits. The report notes that there are significant church-state issues regarding the involvement of religious schools in such an experiment. Finally, the report indicates that "choice" experiments in Europe already provide "clear evidence of the potential for an undesirable side effect of some choice programs, namely that schools become more socially stratified." I do not think we need a ten year experiment that tells us in the end that our schools have become more stratified and balkanized.

The way to improve public education in our urban areas is to end the tyranny of low expectations by making sure that all children master the basics and that these children have the best teachers possible. There is not a lot of rocket science needed to improve our nation's schools. What we need is the public will to get the job done. We need higher standards, smaller classes, a total dedication to improving reading, high quality teachers, more after-school programs and school buildings that are not overcrowded or wearing-out.

WHY VOUCHERS WON'T WORK

May 17, 1999

All parents should have high-quality choices for the education of their children. A wide variety of options can help all students achieve to high standards and can promote family involvement in education. However, private school vouchers – which spend taxpayer dollars without improving the public schools – are not part of any constructive school choice proposal. **At a time when the public is demanding better schools, more accountability and higher standards for *all* students, voucher programs would take public education in the opposite direction.**

- <u>**Vouchers undermine public education.**</u> **Vouchers offer a quick fix for a few students without helping to improve the public schools that serve the vast majority of America's students.** Public schools serve about 46 million students today, while private schools serve only 6 million students. Our nation's taxpayers cannot afford to pay private school tuition for all public school students, and private schools do not have the capacity to serve all students. According to a California study, less than one percent of the public school students in that state could expect to find spaces in existing private schools. [Corwin and Dianda, "What Can We Really Expect from Large-Scale Voucher Programs," *Phi Delta Kappan*, 1993.] Any serious attempt to improve educational options for all students must work through the public schools.

  Vouchers siphon scarce resources from the public schools, while the demands on the public schools are constantly increasing; enrollments are rising and more students are coming to school each year with serious educational disadvantages including poverty, limited English proficiency, learning disabilities, and non-traditional family situations. For example, the voucher program in Milwaukee cost the public school district $22 million in taxpayer dollars this year.

  Public schools are a fundamental institution in our democracy, and they are one of the only remaining sources of community in our increasingly individualistic society. Public schools do not just serve the public, they create the public by teaching children important lessons about both the commonality and diversity of American culture. The "common school" concept upon which our public school system is built has made quality public education and hard work the open door to American success and good citizenship and the American way to achievement and freedom.

- <u>**Private Schools are not accountable to the public.**</u> The lack of public accountability has already caused problems in two publicly funded voucher programs. **Cleveland's voucher program ran 41 percent over budget last year, and it was accused of misspending $1.9 million state tax dollars** – the majority of these funds were used to pay for taxis instead of school buses to transport children to school. [Plain Dealer, 3/28/98]

  In Milwaukee, three voucher schools closed in the middle of the 1995-96 school year amidst controversies over fraud and mismanagement. This past school year—the first in which religious schools were allowed to participate in the Milwaukee voucher program—**as many as one-third of the voucher schools either failed to submit random selection plans at all, or filed plans that violated or appeared to violate the random selection guidelines,** including some that discriminated on the basis of religion, academic background, or other factors. [People for the American Way, *Milwaukee Religious School Flout State Voucher Law*, 5/6/99].

- <u>**There is no clear evidence that vouchers will improve student achievement.**</u> **The second year study of the Cleveland voucher program found no significant differences** between the achievement of voucher students and their public school counterparts in reading, mathematics, social studies or the full battery, after controlling for background characteristics including prior achievement. Further, voucher students who attended newly created private schools scored significantly lower than their public school counterparts. [Metcalf, *Evaluation of the Cleveland Scholarship Program: Second Year Report*, 1998]

A recent study of the Milwaukee School Choice Program by Cecilia Rouse of Princeton University, found that **students in public schools with small class sizes and additional state funding experienced significantly faster reading score gains than students who attended other public schools or private schools through the program.** Students in public schools with small class sizes and additional state funding had the same test score gains in math as students who attended private schools through the program. [Rouse, *Schools and Student Achievement: More Evidence from the Milwaukee Parental Choice program*, 1998.]

Much of the difference in performance between public and private schools can be explained by the family background of the students. Students in private church-related schools are at least two-thirds more likely to come from high-income families (top fifth of families) than students in public schools. [Current Population Survey. 1994] Some private school administrators have acknowledged that selective admissions policies contribute to their success. ***"We've learned that if you don't have control over admissions, you don't have control over your product,"*** said John Holmes, director of government affairs for the 3,500-member Association of Christian Schools International. [Wall Street Journal, 1/26/99]

- **Private schools, not parents, are the ones who do the choosing.** Private schools often send back to the public schools the students who are most difficult to educate – students with disabilities, limited English proficiency, or discipline problems. For example, **forty percent of children eligible for vouchers through the Milwaukee program were rejected for admission by all 102 participating private schools**, and 80 percent of all voucher students attended just three private schools. [Worker's World, 12/03/99]

  In a 1998 survey of private schools in 22 urban areas nationwide, only 15 to 31 percent of private schools reported that they would participate in a voucher program if they were required to accept students with special needs such as learning disabilities, limited English proficiency or low achievement. [U.S. Department of Education, 1998]

- **Vouchers do not benefit the students who need the most help. The two publicly funded voucher programs in the U.S. both provide vouchers to a number of students who were already attending private schools.** In Milwaukee, more than one-third of the students who receive vouchers – 2,250 of the 6,200 students – attended private school before they joined the voucher program. [Houston Chronicle, 3/28/99] More than 1,000 of the 4,000 students who receive vouchers through Cleveland's program previously attended private schools. In addition, Cleveland's voucher program has no income cap for eligibility; some 30 families with yearly incomes between $50,000 and $90,000 have received vouchers. [EdWeek, 1/20/99]

  Voucher programs often cover only part of the cost of private school tuition, requiring families to make a substantial contribution in order to benefit from vouchers. As many as 46 percent of students dropped out of the Milwaukee voucher program in the first year, and 28 percent dropped out in the fifth year, reporting that the $3,600 voucher was not sufficient to cover hidden costs such as registration fees, books, uniforms and transportation.

  Even when restricted to low-income families, voucher programs skim the students with the most advantaged backgrounds relative to others who are eligible – students who previously attended private schools, students with higher incomes, and students with more highly educated parents. A study of the privately funded voucher program in San Antonio reported that mothers of low-income voucher students were three times more likely to have had some college education than mothers of comparable public school students (55% vs. 19%). [Martinez, *The Consequences of School Choice: Who Leaves and Who Stays in the Inner City*, 1995]

- **Private schools would have to compromise their independence to receive public funds.** Receiving taxpayer dollars carries with it certain responsibilities and obligations, and private schools may not be willing to accept the oversight that is necessary to ensure that federal funding is not being misspent. For example, **64 private schools in Miami have signed a letter stating that they will not participate in the recently passed state-wide voucher program**, because they do not want to sacrifice their independence. [Miami

Herald, 4/25/99]

Common private school practices such as selective admissions and religious education could be restricted under privately funded voucher programs. About 90 percent of the nation's 26,000 private schools claim a religious identity, and Joseph McTighe of the Council of American Private Education stated, "*Many religious classrooms -- Catholic, Protestant and Jewish – are designed to marry the sacred and the secular,*" and, "*these schools don't want to compromise the purpose for which they exist.*" [Wall Street Journal, 1/26/99]

A 1998 survey of private schools in 22 urban areas nationwide found that **86 percent of religious schools surveyed would not participate in a voucher program that allowed exceptions from religious instruction or activities**, and one-third to one-half would not participate if they had to accept randomly assigned transfer students from the public schools. [U.S. Department of Education, 1998]

PREPUBLICATION COPY
(Uncorrected Proofs)

Making Money Matter

Financing America's Schools

EMBARGOED:
Not For Public Release Before

Friday, September 10, 1999
10:00 a.m. EDT

PLEASE CITE AS A REPORT OF THE
NATIONAL RESEARCH COUNCIL

NATIONAL RESEARCH COUNCIL

EXECUTIVE SUMMARY

A national desire to ensure that all children learn and achieve to high standards now poses fundamental challenges to almost every facet of business as usual in American education. Policy makers and educators are searching for better ways to provide today's schoolchildren with the knowledge and skills they will need to function effectively as citizens and workers in a future society that promises to be increasingly complex and globally interconnected. A key component of this quest involves school finance and decisions about how the $300 billion the United States spends annually on public elementary and secondary education can most effectively be raised and used.

A new emphasis on raising achievement for all students poses an important but daunting challenge for policy makers: how to harness the education finance system to this objective. This challenge is important because it aims to link finance directly to the purposes of education. It is daunting because making money matter in this way means that school finance decisions must become intertwined with an unprecedented ambition for the nation's schools: never before has the nation set for itself the goal of educating all children to high standards.

This report argues that money can and must be made to matter more than in the past if the nation is to reach its ambitious goal of improving achievement for all students. There are, however, no easy solutions to this challenge, because values are in conflict, conditions vary widely from place to place, and knowledge about the link between resources and learning is incomplete. Moreover, without societal attention to wider inequalities in social and economic opportunities, it is unrealistic to expect that schools alone, no matter how much money they receive or how well they use it, will be able to overcome serious disadvantages that affect the capacity of many children to gain full benefit from what education has to offer.

Taking full account of conflicting values, wide variation in educational contexts, and strengths and limitations of existing knowledge, the Committee on Education Finance concludes that money can and should be used more effectively than it traditionally has been to make a difference in U.S. schools. To promote the achievement of a fair and productive educational system, finance decisions should be explicitly aligned with broad educational goals.

In the past, finance policy focused primarily on availability of revenues or disparities in spending, and decisions were made independently of efforts to improve the educational system's performance. Although school finance policy must not ignore the continuing facts of revenue needs and spending disparities, it also should be a key component of education strategies designed to foster high levels of learning for all students and to reduce the nexus between student achievement and family background.

To this end, the emerging concept of funding adequacy, which moves beyond the more traditional concepts of finance equity to focus attention on the sufficiency of funding for desired educational outcomes, is an important step.

The concept of adequacy is useful because it shifts the focus of finance policy from revenue inputs to spending and educational outcomes and forces discussion of how much money is needed to achieve what ends. It also could drive the education system to become more productive by focusing attention on the relationship between resources and outcomes.

Applying an adequacy standard to school finance is at present an art, not a science. Misuse of the concept can be minimized if adequacy-based policies are implemented with appropriate recognition of the need for policy judgments and of the incomplete knowledge about the costs of an adequate education.

Efforts to define and measure adequate funding are in their infancy. A number of technical challenges remain, including the determination of how much more it costs to educate children from disadvantaged backgrounds than those from more privileged circumstances. Beyond these, some fundamental questions about educational adequacy (such as how broad and how high the standards should be) are ultimately value judgments and are not strictly technical or mechanical issues. A key danger is that political pressures may result in specifying adequacy at so low a level as to trivialize the concept as a meaningful criterion in setting finance policy, or at so high a level that it encourages unnecessary spending. Another is that policy makers will fail to account for the higher costs of educating disadvantaged students.

Making money matter more requires more than adequate funding. It also requires additional finance strategies, such as investing in the capacity of the education system, altering incentives to ensure that performance counts, and

empowering schools or parents or both to make decisions about the uses of public funds.

For money to matter more, it must be used in ways that ensure that schools will have the capacity to teach all students to high standards as well as the incentive to do so. Policy options involve choices among individual finance strategies and combinations of strategies; policy decisions will depend partially on philosophical outlook but can also be informed by careful attention to evidence from research and practice. Attention to context is important as well, as educational and political conditions diverge widely from place to place and individual policy options will often vary in effectiveness depending on local circumstances.

Educational challenges facing districts and schools serving concentrations of disadvantaged students are particularly intense, and social science research provides few definitive answers about how to improve educational outcomes for these youngsters.

While pockets of poverty and disadvantage can be found in all types of communities, the perceived crisis in urban education is especially worrisome. Ongoing reform efforts should be encouraged and evaluated for effectiveness. At the same time, systematic inquiry is needed into a range of more comprehensive and aggressive reforms in urban schools. Piecemeal reform efforts in the past have not generated clear gains in achievement, and generations of at-risk schoolchildren have remained poorly served by public education. Because the benefits of systematic inquiry will extend beyond any one district or state, the federal government should bear primary responsibility for initiating and evaluating bold strategies for improving education for at-risk students.

Improving the American system of education finance is complicated by deeply rooted differences in values about education, the role of parents in guiding the development of their children, and the role of individuals and governments in a democratic society. In addition, there are serious shortcomings in knowledge about exactly how to improve learning for all students. Education policy cannot ignore these facts. Instead, the challenges are to balance differing values in a thoughtful and informed manner and continuously to pursue bold, systematic, and rigorous inquiry to improve understanding about how to make money matter more in achieving educational goals.

The committee is convinced that these challenges can be met and that the nation can improve the way it raises and spends money so that finance decisions contribute more directly to making American education fair and effective.

THE COMMITTEE'S CHARGE AND APPROACH

The Committee on Education Finance was established under a congressional mandate to the U.S. Department of Education to contract with the National Academy of Sciences for a study of school finance. In fleshing out the brief mandate assigned from Congress, the department charged the committee to evaluate the theory and practice of financing elementary and secondary education by federal, state, and local governments in the United States. The key question posed to the committee was: **How can education finance systems be designed to ensure that all students achieve high levels of learning and that education funds are raised and used in the most efficient and effective manner possible?** In carrying out its study, the committee was further charged to give particular attention to issues of educational equity, adequacy, and productivity.

The committee translated these key questions into three goals for education finance systems. This translation provided objectives against which to evaluate the performance of existing arrangements and the likely effects of proposed changes:

> Goal 1: education finance systems should facilitate a substantially higher level of achievement for all students, while using resources in a cost-efficient manner.
>
> Goal 2: education finance systems should facilitate efforts to break the nexus between student background characteristics and student achievement.
>
> Goal 3: education finance systems should generate revenue in a fair and efficient manner.

Finance policy and practice, especially now that they are being linked to the nation's highest ambitions for schools, touch on virtually all facets of education. Inevitably, therefore, finance is controversial; education policy is one of the most contentious items on the public policy agenda because it is deeply enmeshed in competing public values. Widespread support for equality of educational opportunity masks disagreement over the extent to which high levels of fiscal equality among students or between school districts is required and over the extent to which it is appropriate for parents to spend some of their resources to benefit their own children in preference to others. The division of powers in U.S. government and a traditional emphasis on local control make changes in the dispersion of responsibilities for raising and spending education dollars difficult and slow. Americans' deep belief in the value of efficiency becomes complicated to act on when it encounters limited knowledge about what efficient solutions are in education, disagreements about what the ends of education should be, and belief that the educational system should be democratically governed and responsive to a variety of local, state, and national needs and views. It is thus hard for schools to be both democratic institutions and to have the focused and durable goals that are viewed by some as necessary for an efficient system.

Education policy in general and finance policy more specifically raise difficult questions that require both moral wisdom and empirical research. Experts, such as the members of the Committee on Education Finance, can contribute to policy making by examining evidence and by rationally and objectively clarifying the values and objectives at stake. They cannot resolve all disagreements, but they can render some views more reasonable and others less so.

The committee's inquiry into education finance takes place against the backdrop of a highly decentralized and diverse system of U.S. education that makes description and generalization difficult. The existing finance system is broadly characterized by delegation of significant responsibility for education to the local level, by an average division of funding responsibilities roughly even between state and local governments (with the federal government providing only about 7 percent of education revenues available to schools), and by great variation from place to place in the funds available for education and the level of government that provides them. Education is not mentioned in the federal Constitution and therefore has been viewed as a power reserved to the states, most of whose constitutions specify the provision of education as a key state obligation.

Another backdrop for the committee's deliberations is its assessment of the current condition of education as it relates to the three goals. Regarding goal 1--promoting high achievement for all students--and goal 2--reducing the nexus between student achievement and family background--the committee concluded that although schools are not failing as badly as some people charge, they are not sufficiently challenging all students to achieve high levels of learning and are poorly serving many of the nation's most disadvantaged children. The continuing correlation between measures of student achievement and student background characteristics, such as ethnic status and household income, looms ever more serious as global economic changes have increasingly tied the economic well-being of individuals to their educational attainment and achievement. Particularly troublesome is the perceived crisis in education in many big-city school systems, a condition that has concerned policy makers since the 1960s but has been too often stubbornly resistant to improvement.

Regarding goal 3--raising revenue fairly and efficiently--the United States is unique in its heavy reliance on revenue raising by local school districts, the extensive use of the local property tax, and the small federal role. Despite significant amounts of state financial assistance to local school districts, spending levels vary greatly among districts within states and also across states, a situation that many people believe is unfair. Moreover, the local property tax is not always administered equitably and may generate a greater burden on taxpayers with low income than on those with high income. Efforts to increase fairness, however, must be balanced by sensitivity to possible effects on the efficiency with which funds are raised.

Fairness in the distribution of education dollars has long been an objective of school finance reformers, but one that has frequently been thwarted by the political realities of an education system that allocates much of the responsibility for funding and operating schools to local governments. Concern about how funding policies and practices affect the performance of schools is a more recent development, but one that is becoming ever more central to school finance decision making.

In the aftermath of *Brown v. Board of Education*, 347 U.S. 483 (1954), the United States awoke from its historical indifference to the problem of unequal educational opportunities and began to address them. Beginning about 1970, the nation entered a notably vigorous period of school finance reform aimed at making the distribution of education dollars more fair. Litigants in a number of states succeeded in having state finance systems overturned in court on the grounds that they violated state constitutional equal protection provisions or education clauses. In the wake of these court decisions, virtually all states, whether under court order or not, substantially changed their finance systems. State and federal governments also created a number of categorical programs directing resources to students with special education needs and to some extent compensating for funding inequities at the local level.

Despite these changes, U.S. education continues to be characterized by large disparities in educational spending. While within-state funding disparities decreased in some states, especially those subject to court-mandated reform, large disparities persist. Moreover, disparities continue to mirror the economic circumstances of district residents; districts with lower-income residents spend less than districts whose residents have higher incomes. In some districts, this pattern is repeated in school-to-school spending differences. Nationwide, over half of the disparity in district per-pupil spending is the result of differences in spending between states rather than within states.

Particularly in the last decade, the concept of fairness as it applies to school finance has taken on a new emphasis, spawning another round of litigation and reform. The pursuit of fairness has moved beyond a focus on the relative distribution of educational inputs to embrace the idea of educational adequacy as the standard to which school finance systems should be held.

Despite the success of adequacy arguments in several prominent school finance court decisions, there is as yet no consensus on its meaning and only limited understanding about what would be required to achieve it. Adequacy is an evolving concept, and major conceptual and technical challenges remain to be overcome if school finance is to be held to an adequacy standard. Earlier concepts of equity posed similar challenges in their infancy, although over time much progress was made in defining and measuring them. Similar progress may be expected here. In the meantime, awareness of the shortcomings in current understanding of adequacy is important for all who would use the concept in either policy making or in research.

In part, efforts to use finance policies to achieve educational adequacy depend centrally on understanding how to translate dollars into student achievement. In fact, however, knowledge about improving productivity in education is weak and contested. The concept itself is elusive and difficult to measure. There is as yet no generally accepted theory to guide finance reforms. Instead multiple theories, each of which is incomplete, compete for attention. Empirical studies seeking to determine the best ways to direct resources to improve school performance have produced inconsistent findings.

Equality of Educational Opportunity, the famous study of the mid-1960s known as the Coleman Report, found that, after family background factors were statistically controlled, school resource variation did not explain differences in student achievement. The Coleman report ushered in decades of productivity research attempting to understand (and perhaps discredit) that counterintuitive result. For many years, the inability of researchers to speak consistently on how to improve schools has frustrated scientists and policy makers alike. While there is still a great deal of uncertainty about how to make schools better or how to deploy resources effectively, the committee's review of the last several decades of research and policy development on educational productivity makes us more optimistic than our predecessors regarding the prospects for making informed school finance choices. Thirty years' worth of insights have generated a host of ideas about how to use school finance to improve school performance, and researchers have learned to ask better questions and to use improved research designs that yield more trustworthy findings. Knowledge is growing and will continue to grow. One major implication of this fact for school finance is that good policy will reflect both the best knowledge available to date *and* the need to continue experimenting and evolving as new knowledge emerges.

Even while understanding is becoming more sophisticated, knowledge about how to improve educational productivity will always be contingent and tentative, in part because the characteristics and needs of key actors--the students--differ greatly from place to place. Therefore, solutions to the challenge of improving school performance are unlikely ever to apply to all schools and students in all times and places. Policy makers and the public will have to consider evidence and analysis about the strengths and weaknesses of strategies for change as they also weigh differing values about what Americans want their schools to be and to do.

STRATEGIES FOR MEETING THE GOALS

Four generic strategies can be used to make money matter more for U.S. schools and to propel the education system in desirable directions:

- Reduce funding inequities and inadequacies;
- Invest more resources (either new or reallocated from other uses) in developing capacity;
- Alter incentives to make performance count (within the existing governance structure); and
- Empower schools and parents to make decisions about the use of public funds (thereby altering governance and management relationships).

Reducing funding inequities and inadequacies includes options such as reducing disparities in funding across schools, districts, or states; ensuring that all schools or districts have funding sufficient to provide an adequate level of education to the students they serve; and raising revenue more fairly without neglecting efficiency. Investing more resources in developing capacity refers not only to the capacity of the formal education system to provide services but also to the capacity of students to learn. Hence, it includes investments in inputs, such as teacher quality and technology, and in programs, such as preschool for disadvantaged students. Altering incentives embraces changes in incentives designed to operate primarily within the existing system of school governance and includes policies such as restructuring teacher salaries, use of school-based incentive programs, and changes to the incentives built into financing formulas for students with special needs. Empowering schools and parents refers to policies that would decentralize significant authority over the use of public funds, to schools in the form of site-based management or charter schools, and to parents in the form of significant additional parental choice over which schools (public and perhaps private as well) their children will attend.

In reality, policy makers do not and should not consider strategies in isolation. Finance policies ought to reflect the interrelatedness of the various facets of the finance system and the possibility that complementary changes may be required for reform to be successful. Indeed, some visions of overall education reform explicitly call for a set of intertwined finance strategies. Our decision to examine the strategies separately is useful for analytical purposes, but it also reflects the important fact that strategies can be combined in different ways. It is important to emphasize, however, that not all strategies are compatible. For example, a centrally (i.e., state or school district) managed program of investment in capacity would not fit naturally with a program that empowers parents and schools to make decisions about the kind of capacity in which they wish to invest.

For each of the three goals for an education finance system, we evaluate a variety of policy options employing these strategies and weigh the evidence on how effective they are likely to be in helping meet the objectives.

Achieving goal 1: Promoting high achievement for all students in a cost-efficient way.

- Adequate funding (sufficient funding for efficiently operating schools to generate high achievement levels) is clearly essential for meeting goal 1. Although we do not know how to identify this level with precision, it is important to try. But providing adequate funding by itself may do little to foster significant improvements in overall student achievement. Thus, while funding adequacy may be a necessary part of any education reform effort--and is likely to be especially crucial for districts or schools serving disproportionate numbers of disadvantaged students--it is at most part of an overall program for increasing student achievement in a cost-efficient way.

- Teaching all students to high standards makes unprecedented demands on teachers and requires changes in traditional approaches to teacher training and retraining. In addition to nonfinance policies for investing in the capacity of teachers (e.g., reforming teacher preparation and licensing), finance options might include raising teacher salaries and investing in the professional development of teachers once they are on the job. Given schools' need to hire 2 million new teachers over the coming decade, raising salaries--especially for new hires--may be needed to ensure sufficient numbers of qualified people in classrooms. Professional development that is aligned with curriculum reform and teaching objectives offers the promise of changing teaching practice in ways likely to improve student performance. But neither approach is likely to be effective in achieving goal 1 unless it is aligned with appropriate incentives throughout the education system to make performance count.

- Altering incentives responds to the fact that the school finance system historically has operated almost in isolation from educational performance, in that educational goals and desired outcomes have seldom been reflected in pay for teachers and budgets for schools. Traditional teacher salary schedules provide higher pay for experience and postgraduate degrees, neither of which appears to be systematically linked with student achievement.

Skill and knowledge-based pay shows greater promise for making teachers more effective in the classroom but remains to be tested. School-based accountability and incentive systems are increasingly popular and seem to contribute to desired student outcomes. To be fully effective, however, they require adequate funding for schools and attention to capacity building.

- Empowering schools or parents to make decisions about public funds (via enhanced site-based management, charter schools or contract schools, or vouchers, for example) has been justified as a strategy for improving student achievement in a cost-efficient way based on a variety of different arguments: some contend that local control will enhance innovation at the school level; some believe that schools with a strong sense of community perform better; and some believe that the introduction of competition and the possibility of losing students (and their associated funding) will encourage schools to be more productive than under the current monopoly situation. Although positive effects for children using vouchers have been reported from several sites where vouchers have been tried, the small scale of current programs leaves many important questions unanswered.

Achieving goal 2: Reducing the nexus between student achievement and family background characteristics.

- As money is made to matter more in education, funding disparities will become increasingly worrisome, because their effects on achievement will be magnified to the detriment of children in underfunded schools, many of whom are likely to be from disadvantaged backgrounds. The new focus on funding adequacy has the potential to buildings in many older urban areas suggests that reform of facilities financing must also be attended to. Again, the effectiveness of any individual policy change may depend on how it is linked to an interconnected set of strategies for improving school performance, and some critics question whether these most troubled of U.S. schools can be reformed through strategic investments and related strategies, or whether they require much more fundamental structural change, such as might be brought about by a voucher program.

- Most federal and some state aid flows to schools via categorical programs tied to the special needs of certain groups of disadvantaged students. Title I compensatory education grants and special education funding are the chief examples. Questions have been raised about the extent to which the incentives deliberately or inadvertently created by categorical programs serve educationally desirable purposes and whether and to what extent it continues to be appropriate to treat children with special needs separately in an educational system increasingly oriented toward fostering high levels of learning for all students. Our findings suggest that previously defined sharp distinctions between students with special educational needs and other students have compromised educational effectiveness and that current efforts to move toward more integrated school programs should be facilitated by the finance system.

- Arguments for dramatic changes in school governance (by empowering schools or parents to make decisions about public funds) may be more compelling in urban areas with large numbers of disadvantaged students than in the educational system in general for a number of reasons. The size of many urban districts and the continuing fact of racial and economic segregation offer many urban residents much less choice help disadvantaged students, but it will do so only to the extent that school funding formulas are appropriately adjusted for the additional costs of educating youngsters from disadvantaged backgrounds.

- Achieving goal 2 will also require attention to increasing both the capacity of children to learn and of schools to teach. Children raised in economically and socially impoverished environments or suffering from physical disabilities often come to school less ready to learn than their more advantaged counterparts. Schools must deal with these problems, even though they alone will not be able to solve them. A strong consensus has emerged among policy makers, practitioners, and researchers about the importance of increasing investments in the capacity of at-risk children to learn, by focusing on the school-readiness of very young children and by linking education to other social services, so that the broad range of educational, social, and physical needs that affect learning are addressed. Programs providing early childhood interventions and school-community linkages give evidence of both promise and problems, suggesting that there is still much to learn about making these investments effectively.

- That more investment is needed in the capacity of schools to educate concentrations of disadvantaged students would seem to be obvious given the dismal academic performance of many of these students, but as yet we have only incomplete answers to the question of which types of investments are likely to be the most productive and how to structure them to make them effective. The quality of teachers is likely to be a key component; reducing class size might help under certain conditions; whole-school restructuring may have significant potential; and the dilapidated state of school over where and how to educate their children than suburban residents have. Moreover, urban residents have arguably benefited least from prior school reforms. Both theory and empirical evidence suggest that, among choice options, charter schools and vouchers, rather than interdistrict and intradistrict choice programs, the approaches most worthy of further exploration as vehicles for improving poor-performing schools. At present, however, little is known about the effects of either. Extensive evaluation is needed of the many charter efforts currently under way. Vouchers, both publicly and privately funded, are being tried in a number of cities, but the existing small-scale efforts are unlikely to provide adequate information to assuage the concerns of those who question the need for so dramatic a break with traditional school finance policies.

Achieving goal 3: Raising revenue fairly and efficiently.

- Shifting away from local revenue raising to greater reliance on state revenues and/or increasing significantly the federal role in revenue provision for elementary and secondary education would foster the goal of raising revenues fairly. Both, however, have to be considered in light of trade-offs and complementarities with the other two goals of a good financing system and with attention to maintaining some local control over managerial decisions.

- A larger federal role in providing education revenues could be justified either on the grounds that is fair and appropriate for the federal government to take responsibility for disproportionate needs of students who are poor, who have disabilities, or are otherwise educationally disadvantaged, or on the grounds of ensuring that all states can provide adequate education funding. Fully funding federal compensatory education programs would be consistent with past federal policy and is likely to be the more politically viable of the two approaches. The alternative of a new federal foundation aid program based on an adequacy justification would entail a significant change in federal policy and would raise many of the same analytical, conceptual, and political issues that arise in the formulation of adequacy programs at the state level.

Finally, the report draws attention to the nation's need for better and more focused education research to help strengthen schools and bring about substantial improvements in student learning. Acknowledging the especially challenging conditions facing many big-city educators, the committee proposes three new substantial research initiatives in urban areas (without specifying the priority among them): (1) an experiment on capacity-building that would tackle the challenges of developing and retaining well-prepared teachers; (2) systematic experimentation with incentives designed to motivate higher performance by teachers and schools; and (3) a large and ambitious school voucher experiment, including the participation of private schools. Meeting the nation's education goals will depend in part on continuously and systematically seeking better knowledge about how to improve educational outcomes, through new research initiatives such as these along with more extensive evaluation of the many reform efforts already underway.

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Testimony of
The Honorable Jeb Bush
Governor of Florida

September 23, 1999

House Committee on the Budget
United States House of Representatives
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Good morning Mr. Chairman and Members of the Committee. This is my first time addressing a Committee of the United States Congress as Florida's governor, and I am grateful for the invitation and the opportunity to discuss Florida's educational reform efforts with you.

You have no doubt heard much about Florida's recent educational reforms, and depending on the source of your information, some of what you've heard may even be true.

In the short time that I have before you, I would like to briefly describe some of the important elements of the education reform plan that we adopted in Florida this year, then discuss some of the dramatic efforts being taken by the dedicated educators throughout our state to improve student achievement. I'd like to conclude by discussing the ways we believe the federal government can best help us in our efforts to provide a high-quality education to every child in Florida.

The Good News and the Bad

When I took office as Florida's Governor in January, the news on the educational front was both good and bad.

The good news was that Florida was moving in the direction of high standards, rigorous assessment and true accountability.

Florida had adopted a rigorous set of standards known as the Sunshine State Standards. These standards tell us what students should know and be able to do from kindergarten through high school. Florida had also established a school evaluation system that was tied to these standards, and we had established a test, the Florida Comprehensive Achievement Test, the "FCAT," that was specifically designed to test these standards.

However, there was also some bad news. Shortly after I took office, it was announced that Florida's high school graduation rate was an astonishing 52 percent. Fifty percent of Florida's fourth graders were not able to read at the fourth grade level. And, a survey showed that over one-third of Florida's ninth graders, or about 60,000 ninth graders, had a D or F average. And despite this fact, Florida, like many states, was still clinging to the notion of "social promotion," – a feel-good idea that was setting up tens of thousands of Florida children for ultimate and tragic failure.

In that context, Lieutenant Governor Frank Brogan and I proposed and fought for legislative approval of the Bush/Brogan A+ Plan for Education.

The Principles of the A+ Plan

The A+ Plan is built upon the foundation of three fundamental principals. The first principle is meaningful and undiluted accountability – there must be different consequences between success and failure.

The second principle is zero tolerance for failure, and the honesty and the courage to point out where it exists. Too often, there can be political or institutional reluctance to identify "failure." Although this can be extremely difficult and painful, it becomes much easier when one realizes that a loss of courage to identify failure results in sacrificing children and their futures merely to protect the "system."

This leads to our third principle. We zealously believe that our educational system must be child-centered, not system-centered or even school-centered. The educational universe should revolve around the individual educational needs of each and every child, not the other way around.

We have weaved these three fundamental principles throughout the A+ Plan.

The Elements of the A+ Plan

Assess annual student learning against high standards. First, in order to more accurately assess student learning and to better determine how well Florida's students were achieving the learning benchmarks set forth in the Sunshine State Standards, we're expanding the Florida Comprehensive Achievement Test so that all third through tenth graders will take it, not just fourth, fifth, eighth, and tenth graders. To demonstrate the rigor of the Florida Comprehensive Achievement Test, I have included sample questions from the tenth grade FCAT with my written testimony.

Earlier this year, *Education Week* magazine rated each state's educational standards and assessment methods in its "Quality Counts '99" report. I'm proud to say that Florida was given a grade of "A minus" and was ranked among the top five states in this category. With Florida's adoption of the A+ Plan this year, I am confident that Florida's ranking will climb even closer to number one in next year's review. For the record, I've included a copy of the Quality Counts '99 state rankings.

Clearly communicate school performance to everyone. Second, in order to clearly identify to parents, teachers and community leaders which schools are performing and which are not, we changed the terminology for grading Florida's schools from a "1" through "5" grading scale to an "A" through "F" grading scale. We are also sending the school report cards home to parents and posting them on the Internet.

I am especially proud of the fact that our grading system sets one standard for all students, regardless of their race, regardless of their family income levels, and regardless of their ethnicity—every single student and every single school will be held to uniformly high standards.

Reward high performing and improving schools. Third, schools that move up a grade and schools that receive an A grade are directly receiving a bonus of $100 per student to spend as each school sees fit. In fact, next week we will be distributing $30 million to Florida's high performing and improving schools with no strings attached as a reward for their exceptional performance.

Assist low performing schools. Fourth, to quickly turn around low-performing schools, schools that receive grades of D or F are required to develop a school improvement plan specifically tailored to address the particular needs of each school. These schools will also receive technical and financial assistance from their local school districts and the state.

Provide alternatives to children in chronically failing schools. Fifth and finally, if a school receives an F grade in any two years of a four year period, children in those chronically failing schools will be given alternative educational choices through an Opportunity Scholarship. The Scholarships will allow these students to obtain a quality education at a better-performing public school or the private school of their choice.

Opportunity Scholarships

Here's how our Opportunity Scholarship program works. Private schools that accept students using Opportunity Scholarships must accept the value of the Scholarships as full tuition, must meet applicable health and safety standards, and must accept students using Opportunity Scholarships on a random basis. Students using Opportunity Scholarships to attend a private school will still be required to take the Florida Comprehensive Achievement Test and the Florida Writes! test so we can continue to evaluate their academic progress.

When the state Department of Education issued grades for Florida's public schools in June, 78 public schools in Florida received an F grade, and over 600 schools received a grade of D. In terms of students, this meant that 508,000 students were attending D schools, and 61,000 were attending F Schools.

Because they had been previously identified as critically low-performing schools, students at two Pensacola elementary schools that received F's this year became eligible to receive Opportunity Scholarships.

In total, 134 children left these two public schools to attend other schools. Seventy-six left to attend a better-performing public school, and 58 left to attend five participating private schools that included four parochial schools and one Montessori school.

Debunking the Myths About Opportunity Scholarships

In the weeks that these children have been using Opportunity Scholarships, many myths about the Scholarships have been destroyed.

The "skimming" myth. One of the often-repeated myths we heard during the legislative debate was that providing students in chronically failing schools with alternative educational choices would result in "brain-drain" or "skimming" of the best students from the failing schools, resulting in a disproportionate number of quote-unquote "hard-to-educate" kids being left behind. Data released last week from these two elementary schools in Pensacola squarely contradicts that myth. When school officials looked at the academic history of the children who used Opportunity Scholarships, roughly even numbers of high-performing and low-performing students chose to attend other schools using Opportunity Scholarships.

The "elitist conspiracy" myth. Another myth that has been destroyed is what I call the "elitist conspiracy" myth. Those that repeated this myth said that Opportunity Scholarships would mainly benefit and be used by children from suburban, white, higher-income families. Shortly after school report cards went out this summer, we looked at the racial and economic breakdown of F schools, and this myth was quickly destroyed. Of the 61,000 students in F schools, 85 percent are minorities -- 63 percent, or 38,430 are African American children, and 20 percent, or 12,200 are Hispanic children. Furthermore, of all students attending Florida's F schools, 81 percent of them participate in the free and reduced school lunch program.

Not only do these statistics debunk the "elitist conspiracy" myth, they powerfully underscore the urgent moral imperative we face in ensuring that each of these children receives the opportunity to gain the life-long benefits of a high quality education. In light of these statistics, it's not hard to understand why Florida's Opportunity Scholarship Program has received the endorsement and support of African American state legislators in Florida, the Urban League of Greater Miami, and most recently, civil rights leader and former United Nations ambassador Andrew Young.

The "abandonment" myth. The other myth that was destroyed was the myth that Opportunity Scholarships would lead to the "abandonment" of the children "left behind" in the failing schools.

I wish that every Member of this Committee could have attended the Florida State Board of Education meeting in June when local school officials presented school improvement plans for these two chronically failing schools. The list of reforms being initiated at these schools by local officials was truly impressive in substance and in scope:

- More after-school and Saturday tutorials,
- A reduction in the teacher-student ratio,
- A lengthened school year from 180 to 210 days, and
- Blocks of time that are specifically dedicated to traditional core subjects -- reading, writing and mathematics.

So principals would have the authority they need to improve the educational environment, local school officials gave the two principals the ability to hire or transfer any person working in the school.

And, in order to reduce the high turnover rate of students in these schools, the school district has now agreed to provide transportation to any student who moves but wishes to continue attending either elementary school.

The state of Florida has also committed more resources to quickly turn these schools around. The Department of Education is providing more money, including grants totaling $87,000, for basic skills programs to help improve learning in the areas where it is needed most: reading, writing and mathematics.

Witnessing the remarkable changes planned for these two schools had a powerful effect on Florida's Attorney General Bob Butterworth, one of the state's highest-ranking elected Democrats. Although General Butterworth had previously opposed Opportunity Scholarships, shortly after he witnessed the dramatic efforts being made to improve the quality of education at the two Pensacola schools, he announced his support of Opportunity Scholarships, because he believed they were responsible for sparking the improvements at these schools.

So while it is very early in the implementation of the A+ Plan, many of the worst fears about Opportunity Scholarships have failed to materialize, and in fact, we have turned skeptics into supporters along the way.

Educational Improvement Sparked by the A+ Plan

And beyond Pensacola, it has been inspiring to witness the changes taking place all across our state by Florida's dedicated educators in response to the accountability measures of the A+ Plan.

- For example, in Martin County on Florida's southeastern coast, school officials are providing teachers at two low-performing schools with ten extra days of additional training to help them teach students basic skills. Also, teachers at low-performing schools will receive a $1,000 bonus for raising the performance of their students.

- In Jacksonville, low-performing schools will now have summer and after-school programs to focus on improving reading, writing, and math skills.

- School officials in Ocala are hiring additional teachers to reduce class sizes and the school superintendent has called for more teacher training and development of parent-community activities.

- School officials in Broward County, the nation's fifth largest school district, are spending millions of dollars to reduce first-grade class sizes to 18 - 20 students per class in 104 low-performing schools. An associate superintendent told the local newspaper, "Contrary to public opinion, the schools have really been energized by this [grading system]. They are determined to improve their scores."

- In the Tampa area, Hillsborough County school superintendent Earl Lennard made statewide news recently when he vowed to take a 5 percent pay cut, or a personal loss of $8,250, if any school in Hillsborough County receives an F grade. To meet this high expectation, Lennard promised his schools the support they need, including reduced class sizes for select "D" schools and money for after-school or Saturday tutoring at all schools. This pledge prompted one Hillsborough schoolteacher to remark, "I've seen principals eat worms. I've seen vice principals kiss pigs to get students to read a certain number of pages, but I have never seen a superintendent put his salary on the line." At least not until the A+ Plan.

- In Miami-Dade County, the fourth largest school district in the nation, school officials are increasing intensive math and reading instruction at schools receiving low grades, and are hiring 210 additional teachers to work at the 26 schools that received F grades. Elementary school students in Miami-Dade County will see their class sizes shrink, <u>in some cases by half</u>!

Keep in mind, that in each of these cases, ***<u>local school officials</u>*** -- not state officials and not federal officials -- are implementing the various reforms that they believe will work best in their schools. As a state, we have simply set up an accountability system that is child-centered and standards-based. We have injected our educational system with the catalytic mechanisms needed to give every educator at every school real incentives to see that every child gains the power of knowledge.

<u>Future Goals of the A+ Plan</u>

So I am excited and hopeful about the educational renaissance that is beginning to take place throughout Florida, and in future years, as we continue to implement the entirety of the A+ Plan, we expect to see even greater benefits.

Eliminate "social promotion" and increase funding for remediation efforts. One goal in particular that we hope to achieve is the complete elimination of social promotion. Based on a preliminary survey, Florida's school districts are in the process of revising their Pupil Progression Plans as a result of the A+ Plan. The term "administrative placement" is being removed from these plans, and performance criteria are providing the basis for promotion.

We've provided $527 million in flexible funds for local school districts to use to help provide remediation so that students can get the help they need to be promoted to the next grade with proficiency at their grade level. School districts are using these flexible funds to implement a variety of approaches: some are hiring additional teachers and reducing class sizes, others are funding after-school programs and tutoring, some are purchasing additional materials and supplies, others are providing intensive reading instruction, and others are capping class sizes in algebra. Each school district is doing what it believes is best.

A year's worth of knowledge in a year's time. The other significant change we expect to see in the future is having the capability to determine whether children are learning a year's worth of knowledge in a year's time.

Once we begin testing all third through tenth graders, we will be able to measure each student's annual progress against the Sunshine State standards. With this information, our state's grading system will ultimately be based on students meeting high standards as well as each student's annual progress.

Leave no child behind. There's another element of the A+ Plan's new grading system that I am proud of: our commitment to ensure that no child is left behind. The A+ Plan's new grading system, which we will be implementing during the next two years, will take into account the performance of the lowest performing 25 percent of students in Florida. Schools will not be able to attain high grades by simply focusing their efforts on the top three-quarters of students in the state. Our future grading system will ensure that Florida's educators focus attention on the bottom quartile of the state's students.

Continue tearing down barriers to learning. Ultimately, we hope to tear down the barriers and the obstacles to student achievement, and make Florida's educational system truly aligned and obsessively focused solely on student learning. Once the barriers come down, educators, parents and community leaders alike will be inspired to prove that every child can learn. When Hillsborough County School superintendent put his salary on the line and voluntarily risked a five percent pay cut to guarantee that no school in his district would receive an F grade, Tampa businessman Dave Marshall made a similar pledge. Because Mr. Marshall's alma mater, Oak Grove Middle School, had received a D, he pledged to give up five percent of his own salary and donate it to the fundraising branch of the school district if Oak Grove went down to an F. Mr. Marshall then recruited ten co-workers from his company to tutor eighth grade students at the school for one hour each week. And this is only one example of what can be achieved if we continue to increase accountability and remove barriers to student learning.

Mentoring Initiative. To encourage more adult and community involvement in the lives of Florida's children, last month I was joined by the former Chairman of the Joint Chiefs of Staff, General Colin Powell, to kick off my Mentoring Initiative. Since taking office last January, I have spent one hour per week at Augusta Raa Middle School in Tallahassee mentoring a student, and we're hoping to recruit 200,000 mentors across Florida to get engaged in the lives of our state's children. This initiative will bring together non-profit groups, state agencies, businesses, communities of faith, schools, and others from around the state in a partnership designed to help students excel, both in and out of school. We are also changing the state personnel policy to allow state employees to devote one hour a week, or four hours a month to mentor Florida's young people.

The Federal Role in Education

So we have much work to do as we continue to implement this comprehensive reform plan that will bring Florida's educational system into the 21st century. While we have begun to do all we can to make Florida's educational system performance-based and child-centered, seven percent of our budget is regulation-based and system-centered, and that's the federal portion of our education budget.

I am here to fully support the principles behind the Academic Achievement for All Act, or "Straight A's Act."

States like Florida that are moving toward a truly accountable, performance-based and child-centered system should be given regulatory and funding flexibility to achieve their academic goals. It's time to move away from the Washington-knows-best model, and allow states that are willing to meet stringent performance goals to have more flexibility.

The current federal approach is still based on a model that was designed in the 20th century, and states like Florida are blazing forward with 21st century educational approaches. Through charter schools, charter districts, and performance contracts, we're finding ways to hold schools accountable with much less process.

Right now, federal programs have lots of process, and little or no accountability.

Let me give you an example of what I mean. Though the federal contribution to education in Florida is small, only about seven percent of total spending, it takes more than 40 percent of the state's education staff to oversee and administer federal dollars. In fact, in Florida, six times as many people are required to administer a federal education dollar as are required by a state dollar. And how much learning has the federal government achieved through these expenditures? No one knows.

Imagine what our states could do if we could spend more of our time and energy working to improve student achievement, rather than tediously complying with a dizzying array of federal rules. At the very least, the federal government should stop creating barriers for states that are taking new educational approaches.

Because the A+ Plan's accountability measures are so potent, I believe that once fully implemented, the A+ Plan may do more good to help low-income children in low-performing schools in five years than the Title I program has done in our state in 35 years. Without legislation like the Straight A's Act, Florida will not be able to use federal funds to fully support our reform efforts. But with the Straight A's Act, Florida's school districts could use federal funds to support their accountability-driven efforts in the manner they believe best to address their local solutions, whether those solutions are more technology, smaller class sizes, a longer school year, or individual tutoring.

The federal government should welcome states that are willing to trade flexibility for strict performance standards. As a state, we are welcoming school districts that are willing to meet strict performance standards in exchange for flexibility from state rules.

As a matter of fact, a few months ago, before Florida's legislative session, I was visiting an elementary school in Tampa, and the district superintendent and I were talking about the many regulations that the state imposes on its local school districts.

Having previously founded a charter school with the Urban League of Greater Miami in 1995, I knew that the state's charter school law allowed certain schools to operate free of district regulations if the charter school agreed to meet certain student performance criteria. As the superintendent and I talked, I asked whether he would be interested in becoming the state's first "charter district" – a school district that would agree to achieve certain performance goals in exchange for regulatory flexibility from the state.

Despite the fact that no law on the books permitted the creation of a "charter district," we eagerly discussed the idea, and within two months, passed legislation that allows for charter school districts. Within the next month, we expect to receive applications from six school districts in our state wishing to become the first charter districts.

In a similar vein, I have come here to offer you more accountability from Florida, in exchange for more flexibility. We can increase the impact that federal dollars will have on student learning in our state, if we are provided with more freedom and less one-size-fits-all regulations from the federal government. I sincerely hope that Congress will pass the Straight A's Act so Florida can become the first education "charter state."

I thank you for the privilege of speaking before the Committee today.

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