DRAFT

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MEMORANDUM FOR BRUCE REED

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SUBJECT: FY01 BUDGET IDEAS

This is a more detailed view of education related budget initiatives for the President's FY2001 budget request. An overview of the initiatives and more detailed explanations are included. Many of these ideas are still being fully developed, but this memo should give you an idea of where we are.

These initiatives can be considered in three categories, existing budget priorities, proposals from our Elementary and Secondary Education Act (ESEA) reauthorization proposal that should be included in this year's budget request, and new Presidential initiatives.

Existing Budget Priorities:

Class Size: We recommend no policy changes and an expansion of funding to continue on path to 100,000 teachers.

After-School: We recommend changing the policy to allow community-based organizations (including faith-based) to apply for and be the primary fiscal agent for a program so long as it is based at a school site. We also recommend an increase in funding so that programs reach a million students. *A more detailed description is included.*

Charter Schools: We recommend expanding funding to support 3,000 charter schools. OMB estimates that this requires approximately $150 million over FY00 enacted levels.

ESEA Proposals For The Budget:

Title I and Title I Accountability: We recommend increasing the set-aside for Title I accountability to $250 million to highlight the importance of this initiative during ESEA reauthorization and a comparable increase to the basic grants. In addition, the public school choice component of the provision agreed to as part of the budget negotiations should be included along with the original accountability language we proposed in the FY00 request and our ESEA reauthorization proposal.

Teaching to High Standards: The President's ESEA reauthorization proposal would consolidate Goals 2000, the Eisenhower Professional Development Program, and Title VI into a standards-based-reform grant program. We recommend that the FY01 budget request reflect this proposal. At their FY00 enacted levels the Eisenhower program and Goals 2000 are a combined $ 830 million. Although the Administration does not recommend funding the Title VI program in its budget request, the Teaching to High Standards initiative should reflect an inclusion of current Title VI funding ($380 million FY00) and be funded at a minimum of $1.21 billion. In order to do that in a way that focuses the money on education priorities, we recommend including five earmarks in the Title II funding: Teacher Academies (OMB proposal for $100 million), Troops to Teachers – Transition to Teaching ($50 million), Pay for Performance Demonstration Program ($150 million), Dual Accredited Teachers (awaiting cost estimate), and School Leadership (.

Public School Choice OPTIONS Proposal: $30 million The OPTIONS initiative is part of the President's ESEA reauthorization proposal. The initiative would create a grant program that would fund the demonstration, development, implementation, evaluation and dissemination of information of innovative public school choice projects. Funded projects would focus on areas such as new choice options for students within districts, partnering choice schools with other schools to disseminate information and stimulate improvement, and overcome barriers to choice. The request covers $28 million for approximately 40 new grants $1.3 million for evaluation, and $200,000 for peer review.

School Report Cards and Rewards for Performance: $50 million. The President's ESEA proposal requires states to have easy to understand report cards on school, school districts and state performance. As public school choice expands it is important that parents have access to high quality, objective, and understandable information about schools. A common criticism of our report card requirement is that it is an unfunded mandate to states. By providing seed money to help states and localities develop report cards we undermine this argument. States that have already developed report cards could use the funding for dissemination.

The President's ESEA proposal contained language-authorizing rewards for performance. No dollar amount was specified. We are developing a proposal to attach money to this language in the budget and determine performance indicators for rewards.

A more detailed description of both proposals is included.

Troops to Teachers – Transition to Teaching: $50 million. The Troops to Teachers program was created in 1994 to help improve public school education by injecting the talent, skills, and experience of military service members and other federal civilian personnel into high-poverty schools. This program would help bring more mid-career professionals who possess strong subject matter skills and are interested in beginning a teaching career into our schools.

The new proposal will continue to recruit, prepare and support retired military personnel as teachers in high-need subject areas and school districts. It will also support similar programs for other mid-career professionals by awarding grants to public agencies, institutions of higher education, and nonprofit organizations to recruit, prepare, and support career-changing professionals from diverse fields whose knowledge and experience could help them become successful teachers. This is part of our ESEA proposal and should be included in the budget. *A more detailed description is included.*

Presidential Initiatives:

Pay for Performance—$80 million. This initiative is designed to complement the commitment laid out in the Action Plan from the 1999 National Education Summit to pilot pay-for performance initiatives. The program would support pay-for-performance initiatives based on a few models. First, "Denver" style pay-for-performance initiatives in which all teachers receive an initial bonus for participating and additional rewards based on performance. Denver did participation by school with at least an 85 percent affirmative from school staff required for a school to participate. We should leave details of this nature up to the local districts that participate but require at least the participation of 250 teachers and cap participation at 500 per site. While large school districts are the obvious targets for grants of this type, partnerships of smaller school districts that meet the threshold should also be eligible.

With guaranteed bonuses of $500 for participation and assuming that all-10 sites enroll the maximum of 500 teachers, the bonus component will cost $2.5 million. For an additional $12.5 million we can support pay incentives for performance of up to $2500 per participation teachers for a total program cost of $15 million. In addition, an administrative set-aside will have to be provided to each grantee for program implementation and at least an additional $2 million should be included for promotion to attract potential grantees and rigorous evaluation of programs. *A more detailed description is included.*

Teacher recruitment: OMB is developing a teacher recruitment piece and NEC is examining a proposal by Representative Miller to increase teacher pay through federal tax-exemptions for teachers working in high-need communities. It is important that these proposals are linked to the pay for performance initiative.

Fund for Future Schools-- $50 million given out by competitive grant for innovative regional, state, and local ideas that require upfront infusions of funding. As opposed to school-based only reforms these resources would be for structural changes at the school district, state, and/or regional level as well. For example, a school district could apply for funding to help implement one of the governance models proposed in the recent ECS report, conduct a full service "Saturday" school to help students who need extra assistance, or rework the senior year of high school to focus on service learning. States or regional cooperatives could apply for funding for larger scale innovations such as college preparatory academies, innovative partnerships, or pioneering governance models.

Grant awards would be given out by an independent bipartisan board. Grant size and longevity would be determined by the board within broad parameters. Grant renewals would entail a step-down process for funding that would gradually transfer the program to fully state and local funding. Programs that don't meet performance indicators would not receive "step-down" funding. Essentially, the federal government would capitalize promising initiatives, capture data on their effectiveness, and disseminate information. Based on our series of meetings with school officials there are a number of projects which they would like to undertake but cannot for lack of start up funds. *A more detailed description is included.*

Small Schools: The FY00 Appropriations bill contains a $45 million provision supported by Representative Obey for competitive grants to school districts to help them create smaller learning communities for students in large high schools using strategies such as creating schools within schools, establishing career academies, restructuring the school day and other innovations that allow schools to ensure that every student receives personal attention and support. We recommend funding this initiative in our budget at $200 million. *A more detailed description is included.*

Distance Learning Initiatives to Support Access to Challenging High School Coursework:
Total Budget Amount (excluding E-Rate) $665 million

This would be a package of initiatives which would endeavor to help every state develop a Virtual High School entity to harness the power of technology to ensure students everywhere access to a challenging high school curriculum. The package would: 1) ramp up existing programs in technology and 2) create a new partnership program with software companies to spur the development of high quality course content for web-based delivery in areas such as AP, "honors," English as a Second Language, and remedial reading and writing courses.

We have had initial discussions with APEX, which creates and sells web-based AP courses, about subsidizing the cost of R&D in return for cutting in half the cost of their software for poor districts. They are sending along some paper on their commitment.

Funding Specs:

Program	FY2000	FY2001 Proposed
E-Rate	$2.25 billion	Maintain
Teacher Technology Training	$75 million	$125 million
Technology Literacy Challenge Fund	$425 million	$525 million
Partnership Program with Industry	New	$15 million

A more detailed description is included.

School Leadership Institutes: $20 million. Recognizing that without high quality school leadership, school reform is impossible the federal government would provide seed money to establish school leadership institutes. The Department of Education would fund a competitive grant program that would provide seed/capacity-building funds to for state or regional school leadership academies. Multi-year grants would be made to nonprofit partnerships composed of alliances of business groups, education stakeholders, and other relevant partners for example existing nonprofits or the armed services. The nonprofit entities would be focused on training for existing school leaders and recruitment and training of new school leaders including non-traditional candidates.

Administration would partner with/challenge a foundation (ideally Carnegie Commission) to put together a National Commission on School Leadership. There is a lot of disconnected work being done in the field and this could help bring it together, serve as a think tank, and focus national attention on this issue. **Amount: $1 million**

More detailed descriptions of both proposals are included.

Test Prep for Minorities: $25 million would fund 350 sites at $70,000 per site. To avoid ineffective programs, grantees would have to partner with a private for profit or non-profit test-prep service and offer course of sufficient duration and rigor as to be effective. Details of the NAACP proposal are sketchy and we are tracking down more information. *A more detailed description is included.*

Second Chance Schools: $50 million would create a new focus on creating second chance schools through an infusion of additional funds to the Department of Education's Charter Schools program earmarked for this purpose. The initiative would build on the existing program, maintaining its priority for funding states with well-designed charter school laws that hold schools accountable for results. The second chance schools piece could be achieved by earmarking a portion of funds to be used only for the development of alternative high schools. Governance and staffing for the schools would remain subject to state law, although we might specify some minimum criteria.

SYNOPSES OF KEY INITIATIVES

Putting the Community into the 21st Century Community Learning Centers Program:

Allowing Community-Based Organizations to Receive Federal Funds for After-School Programs

Summary

This proposal amends the grant program for the 21st Century Community Learning Centers grant program to allow non-profit community-based organizations (CBOs)—including faith-based organizations—to serve as the grantee for programs operated at a public school site in partnership with that public school. This change would recognize the central role that CBOs can play in delivering services to school, spurring innovative practices, and creating greater community involvement in the local school throughout the school year. The grant criteria would also be amended to require a clear academic focus. These changes would be made at no expense to the federal government.

Background and Rationale for Initiative

The 21st Century Community Learning Centers provides grants to public schools to offer opportunities for extended learning time to students and community members. The program has evolved into essentially an after-school and summer school program. Although public schools are required to partner with CBOs, Cobs can not receive direct funding from the federal government to run the programs. The Administration's current ESEA reauthorization proposal would allow up to 10% of funds in a given year to be awarded to nonprofit Cobs.

Our proposal would allow any and all funds to be granted to nonprofit Cobs, including faith-based organizations, but it would require that the programs be run at public schools and that Cobs be in partnership with that public school. This will allow organization with exceptional track records to benefit the children and families of local public schools by granting them access to direct contracts and federal dollars to run programs in partnership with local public schools. Such a scenario preserves the operation of after-school programs at public schools and allows those schools to tap any local expertise in running such programs.

The following points underscore the added value in funding Cobs to run programs at public school sites:

Why allow Cobs to run programs?

- **Experience**. Cobs are running after-school programs across the country. In fact, CBOs have more experience running after-school programs than do public schools. In places like New York, they are running programs at public schools. CBOs have also demonstrated their capabilities to run programs in the public interest in their running of Head Start operations.
- **Understand Children's Needs**. CBOs are local entities with experience working to support the needs of children, families and/or the community on a variety of issues and through multiple strategies.
- **Offer New Educational Approaches**. Involving CBOs increases the likelihood that the programs will enrich the school culture by introducing promising new educational and child development practices. CBOs can provide a new vision for educational enrichment and change in schools that have difficulty looking beyond current practices.

- **Improve Connection with Parents**. CBOs generally have built better relationship with school parents than the local public schools. These relationships can help enhance the connection between schools and parents for the regular school program.
- **Connections to the Community and Capital**. Nonprofits—be they social service organizations, educational entities, advocacy groups, or faith-based organizations—can bring connections to the business, philanthropic and nonprofit sector that many schools often lack.
- **Personnel Issues**. With CBOs as the grantees, the hiring of instructors for after-school will be more flexible and less tied to union bargaining agreements (where applicable). This will dramatically reduce costs for personnel and more easily allow non-traditional personnel for areas like the arts, sports and other curricular areas.

Why require programs to be run at public schools?

- **Appropriate to Location and Program Needs**. Public schools are the logical place to operate after-school programs, given the projected scale of the initiative, its educational agenda, and goal of connecting the regular school day with extended activities.
- **Licensing Requirements**. School buildings, mostly underutilized after 3:00 p.m., meet all public childcare-licensing requirements.
- **Facilities**. Public schools generally provide more access to things such as science equipment, computer technology, and libraries than do CBO facilities.
- **Convenience**. School based programs are convenient for parents, who do not have to worry about transporting their children to other sites.
- **Connecting After-School to Regular School**. School-based after-school programs seem to stand the best chance of connecting the school day with after-school learning activities, thereby creating an expanded platform for learning and supporting children's efforts to reach high academic standards.

The Track Record with CBOs

Head Start provides a good track record for the capacity of CBOs to run educational programs for children. Head Start grantees may be public or private, for-profit or nonprofit organizations or public school systems. The grantees are accountable for certain administrative, fiscal and program expectations and requirements. In the area of after-school, CBOs are running programs for school-age children across the country. In New York City, CBOs are receiving public and private funding to run programs at schools. For example, The After-School Corporation provides funding for 85 programs that are run by CBOs at public schools and the Virtual Y program offers after-school programs at over 200 New York City schools.

Initiative Design: Allowing CBOs to Compete for 21st Century Grant Funds

A redesigned 21st Century Community Learning Centers grant program would operate as follows:

- The grant competition would be opened up to allow CBOs, in partnership with public schools, to compete for any and all of the program funding.
- To be eligible for a grant award, programs must be run at public school sites.
- CBOs awarded a grant would have to demonstrate administrative, financial and program accountability for funds received (much in the same way public school recipients do now).
- Schools or CBOs that wish to terminate their relationship and their grant funds may do so (in the case that goals and efforts are incompatible).
- Private companies could be partners with CBOs or schools, but would not be eligible to receive direct grants.
- Grants would be required to have a clearer focus on academic achievement than in the current 21st Century program.

Cost

This amendment to the 21st Century Grant Program would not create additional costs, with the possible exception of auditing issues. That is, there may be more administrative work in ensuring fiscal propriety with independent CBOs than with district schools.

Possible Critiques of the Initiative

Critique: ***CBOs won't guarantee a focus on academic learning***. Some people in the education community believe that CBOs bring a focus on the social development of children than the academic development—CBOs "in charge" of programs will dilute their academic content.
Response: Requiring CBOs to partner with public schools will lead to a collaboratively-developed program that will reflect a school's needs for enhancing student performance in core academic subjects. If problems develop in the program, the grant can be terminated for non-compliance or incompatibility between grant partners.

Critique: ***CBOs will be hard to monitor and assess***. It will be difficult to judge a grantees capacity for managing a large grant—especially if it were to represent a substantial part of their budget. In addition, DOE has expressed some reservation about the process for auditing CBOs as a part of financial compliance checks.
Response: The Head Start program should be able to offer processes and mechanisms for ensuring the capacity of CBOs.

Critique: ***Including faith-based organizations will essentially license state-sponsored religion***. By allowing faith groups to receive funds, the federal government will essentially condone faith-based instruction.
Response: By requiring programs to be located at public schools, faith-based groups can not infuse programs with faith-based content. Rather they will be bound by the Constitutional limits on public-funded activities (much like faith-based groups who receive Head Start funding).

Political Considerations

1. The proposal will engender opposition chiefly from the Department of Education, which doesn't want to have to deal with any more than the 10% number included in the ESEA reauthorization proposal. Liberal democrats who don't believe in allowing faith-based groups to receive federal funds will also oppose, but probably not strenuously given the requirement that programs be operated out of public schools.
2. The support for this will likely be soft, given that fiscal agent status is a little bit of inside baseball. That said, Republicans and New Democrats should support the proposal as a way to inject flexibility into the process and allow local communities to deploy best resources for the job. The Congressional Hispanic and Black Caucuses might line up behind this as their constituents will be likely to support and have confidence in CBOs and they are more likely to represent districts where schools need community help in developing new approaches to working with kids.
3. The proposal would run into politically rocky ground with the inclusion of private companies as eligible bidders and the contentious issue of firms making private profits from public funds. Private companies would be allowed to partner, however, with CBOs and/or public schools.

Rewards and School Report Cards

Background

The President's reauthorization proposal contains language authorizing the Secretary of Education to make rewards to states that have demonstrated significant statewide achievement gains in core subjects or have made progress in closing the achievement gap between low and high performing students, as measured by the NAEP for three consecutive years and have strategies for continuous improvement in place. The language is non-specific and no funding is attached.

Proposal

The statutory language in ESEA states that progress is measured by meeting National Assessment of Educational Progress (NAEP) standards for three consecutive years. This language is unworkable because the NAEP is not given every year in the same subject areas. The statutory language should be changed to allow the use of other nationally reliable standardized tests. For the first few years, rewards should also be given for states meeting or exceeding the performance criteria specified in the Education Accountability Act ahead of the statutory deadlines. This criteria includes curtailing out of flied and uncertified teaching and having a plan in place to identify and turn around failing schools as specified in the President's 1999 ESEA reauthorization proposal. After the statutory deadlines for compliance with these provisions are reached the awards should become entirely performance based on overall score gains and closing the achievement gap. States that receive awards should have discretion over the use of the funds so long as they are used to improve education in the state's public schools and supplement not supplant existing efforts.

Cost:

The initial cost for rewards of this nature would be low as very few states would meet the threshold. $10 million in the first two years, scaled up to $50 million over 5 years would be adequate as performance awards are initiated.

Promoting Accountability and Awareness:
An Initiative to Provide Seed Funding to States for the Development and Dissemination of School Report Cards

Summary

The President's ESEA reauthorization proposal requires states to develop report cards on school, district and state performance. As public choice expands and as schools and school systems become more accountable for their performance, it is important that parents have access to high quality, understandable and objective information about their public schools. A common criticism of our report card requirement is that it is an unfunded mandate on the states. This initiative would provide $50 million in seed money to the states to support the development and/or dissemination of required report cards and to undermine the claim that the requirement represents an undue fiscal burden. Funding would be sent on a formula basis to all states.

Background and Rationale for Initiative

Title XI, Part B, The Education Accountability Act, of the President's ESEA reauthorization proposal includes a requirement that on an annual basis report cards on state, district and school-level performance are distributed to all parents and the public. Included on the report cards would be information on student achievement, teacher qualifications, class size, school safety, and, where appropriate, the academic achievement of ethnic and racial subgroups, students with limited English proficiency and students with disabilities in order to help ensure that schools and school systems are held accountable for the achievement of all students.

The State of Report Cards in the States

According to the most recent *Education Week* survey of the states, in 1999, 36 states will publish annual report cards on individual schools or require schools or districts to do so. Another 4 states are set to begin publishing them next year, and one more will join the pack in 2001.

However, the quality and character of these report cards vary tremendously. Although states have acted to develop report cards prior to the proposed federal requirement under our ESEA reauthorization, the quality of the report cards tend to match the vigor of the school reform effort within states. Some states report basic information on testing results only, some provide statistics with no explanation, and others offer detailed summaries of student achievement and performance levels and measures. At the same time, just as some states have been dragged to standards and accountability, they are also having to be dragged to the position of providing public and accessible information on the state of their schools. The political and educational landscape in a number of states is working against revealing too much about the status of school performance and student achievement.

Content. A look at the content of report cards throughout the states reveals the following:

- just over half of the report cards produced by states offers information on state tests scores, attendance rates, and dropout rates
- 14 states include information on Advanced Placement participation and achievement
- 17 states include information about school safety
- 16 states provide data on teacher qualifications.

Comparability. While the ability to compare school performance is critical to promoting awareness and accountability for schools and school systems, fewer than half the states provide information on such comparisons:

- 20 states allow a school's performance to be compared with a district's
- 25 allow comparisons between school and average state performance
- 17 provide comparative data on national performance where applicable
- 9 provide data showing how schools are doing with similar student populations.

Disaggregation. While federal law for Title I now requires the disaggregation of student performance by gender and racial and ethnic subgroups, only 1 state (Texas) makes this information a central feature of its report card.

Dissemination. In addition to the uneven quality of state and local report cards, dissemination of report card information to parents and the public is poor. Although 26 states will make report cards available electronically via the World Wide Web by this year, only 13 will require that parents receive them at home.

Costs. Expenses vary from state to state depending on the detail of the report and its format. Providence, RI, which provides detailed reports on schools that can run more than 30 pages, reports that per school costs reach $7,000 to $8,000. Louisiana, which provides state, district and school-level report cards, spent approximately $550,000 on a contract with a management group to produce and disseminate the information (data collection is a separate cost).

Critics of the report card requirement have claimed that it represents an unfunded mandate on states and localities. By providing seed funding, we would undermine this claim and force opponents to debate the concept on merit and content, not cost. Further, the absence of funding support could lead to dual report card systems, whereby states and localities provide one set of federally-mandated data for schools receiving Title I funding, and another set for all other schools. This would weaken the accountability and comparability of schools and districts and would fall short of the goal to promote awareness and accountability on school performance among parents and the public.

DPC Proposal

Faced with a deadline in one year for the development of report cards, states and localities need support in the development and dissemination of easy-to-understand, yet comprehensive information for parents and the public on their public schools.

In the FY2001 budget, the Department of Education would distribute to states by formula grant, funding to support the development and/or dissemination of report cards that meet the standard as agreed-upon in the reauthorized ESEA. States would use funds to defray the costs of development, including data collection and system requirements. States that have already developed satisfactory report cards or require less than the entire sum of their grant for development purposes would be allowed to use the funds for dissemination purposes, with the expectation that report cards go directly to parents and are easily accessed by the public. States can distribute money to local districts as appropriate.

Cost

The FY2001 budget would provide $50 million on a formula basis to states for the development of required report cards and for dissemination. The formula would be developed based on such criteria as student population and numbers of schools and school districts.

Potential Criticisms of Current Approach

Critique: ***Schools need support in many areas to improve performance and report cards does not represent the most effective way to provide needed resources***. In addition, some may argue that states should have the flexibility to decide where they need money to support our accountability requirements.
Response: In order to create a system with more accountability, good information on a variety of school performance measures must be able to compare schools on their achievement and progress. Report cards are a critical and necessary vehicle for communicating information about school performance and quality to parents.

Critique: ***This initiative will subsidize efforts with report cards that were occurring in the absence of a federal mandate and is unnecessary***. Given that 41 states by 2001 will publish report cards prior to any federal mandate, this expenditure of money is providing support to states in an area where they are acting anyway. Better to use the money elsewhere to compel state action and progress.
Response: While states were acting to provide information on schools, it is of greatly uneven content and quality. It is in the interest of the federal government—and of parents and the public—to ensure that school, district and state report cards are developed and disseminated in way that spur accountability by increasing comparability and public understanding of school performance.

Political Considerations

1. By providing seed money to states and localities for report cards, we will undermine criticism that our ESEA requirement is an unfunded mandate and an undue burden. This will neutralize opposition on the basis of cost alone from both members of Congress and governors and clear the path for either acceptance of the report card concept or a debate on the merits and content of the information—not on its cost.

2. We should win support from states that have completed all or a substantial portion of the development of report cards, as they will receive funding for dissemination.

Transition to Teaching:
Expanding Troops to Teachers to Recruit Other Mid-Career Professionals into Teaching

Background and Rationale for Initiative

As a result of increasing enrollments, the retirement of many teachers and other attrition, this country will have to hire over 2 million teachers in the next decade. The problem of attrition is particularly acute among new teachers, 22 percent of who leave the profession after teaching for three years or less. Mid-career professionals interested in changing jobs are an important and largely untapped resource for addressing teacher shortages. Recent studies have shown that a significant number of mid-career professionals who possess strong subject matter skills are interested in beginning a teaching career.

Troops to Teachers was created in 1994 to help improve public education by injecting the talent, skills and experience of military and other federal civilian personnel into high-poverty schools. Since 1994 over 3,300 former military personnel have been hired as teachers in 48 states and the District of Columbia. The average program participant is 41 years old, and more than 83 percent of those hired have stayed in the classroom. Teachers recruited through Troops to Teachers are twice as likely as traditional public school teachers to teach science or math and three times as likely to be minorities.

DPC Proposal

The Transition to Teaching initiative was included as part of the Administration's ESEA proposal – the Educational Excellence for All Children Act of 1999. This initiative would build on the successes of the Department of Defense's Troops to Teachers program by recruiting, preparing and supporting talented mid-career professionals from diverse fields as teachers of high-need subjects areas in high-need schools. The initiative would preserve the Troops to Teachers initiative by requiring the Secretary of Education to allocate the necessary funding to DANTES (the Defense organization that runs the Troops to Teachers program) before funding other programs. Additional grants would then be awarded to public agencies, institutions of higher education, and nonprofit organizations to recruit, prepare and support career-changing professionals whose knowledge and experience could help them become teachers of high-need subjects in high-poverty schools. Funds could be used for stipends, training, or other costs, with a spending limit of $5,000 per participant.

Cost

The Administration requested $18 million for this initiative in our FY 2000 budget request, but we did not receive those funds specifically. There is some discussion about using FIE funds to fund the program anyhow, but it is unclear if that will happen. We would probably request a similar amount in FY 2001.

Performance-Based Pay

Background:

As part of the 1999 National Education Summit in Palisades, New York, the governors and assembled business leaders pledged to sponsor "pay for performance" initiatives for teacher salary in 10 locations as a strategy to make teacher pay more competitive with other professions. Despite considerable attention to the issue of teacher quality, teacher pay still remains far below other professions with the national average starting salary only approximately $25,000, average teacher salary overall only approximately $38,000, and the average maximum teacher salary in any state only about $51,000.

At the time of the summit, Denver, Colorado was receiving considerable attention for its pay for performance pilot and Governor Ridge of Pennsylvania had set-aside $1 million for school districts to establish pay-for-performance programs (which has sparked a pay-for-performance discussion in Philadelphia). The Denver program evaluates teacher performance on three-different measures with teachers electing which measure to use. The first is student performance on the Iowa Test of Basic Skills (ITBS) a nationally normed standardized test. The second is student performance on teacher-developed criterion-referenced measures. The final measure is net student progress after the teacher receives some sort of professional development related to their teaching.

12 elementary schools will participate in the first year of the Denver program. In order to participate, 85 percent of teachers at a school site had to affirmatively vote to participate. As a result, only 12 of the 82 elementary schools in Denver qualified to participate with a total participation of approximately 450 teachers. All teachers receive a $500 bonus for participating and an additional $1000 if they meet two (self-determined) goals for raising student achievement in one of the three categories.

During the DPC's discussions with local school officials this fall the issue of teacher salary structure was raised on two fronts. First, local officials complained that because teacher pay was not competitive, particularly in high need areas such as math and science, they were having trouble attracting qualified candidates. Second, local officials pointed out that because teachers compensation systems are so rigid and based on input measures rather than output measures they felt that it hurt motivation and incentive to perform in the long run.

England is now introducing pay for performance for teachers as well. This Spring the first component of the Blair proposal will be put in place. In the "Green Book" published in December of 1998 outlining school improvement strategies, the Blair Administration proposed rewarding teachers for high performance as a way to reward successful teachers.

While teachers' unions remain opposed to merit pay, they are open to the idea of rewards for effective teaching. One of the main complaints about merit pay schemes is that they are too subjective and based more on relationships with supervisors than performance. Conversely, even testing experts in favor of merit pay agree that basing teacher pay on student test scores alone is an unfair and unreliable base for compensation. This argues for a hybrid approach such as Denver's that incorporates multiple measures for evaluation.

A second complaint about performance rewards for teaching is that the resources for compensation rarely exist. For example, several New York school districts that experimented with merit pay had to suspend the program after it became fiscally impossible to reward all eligible teachers. A common complaint from teachers about reform efforts is a lack of sustainability. By providing sufficient funding for 10 pilots, our proposal addresses this concern.

Critics of performance pay also argue that teaching is a collegial profession and that efforts to reward individual performance detract from this atmosphere. There is little data upon which to judge this argument lending credence to the need to pilot such programs and evaluate them.

One area of agreement about pay for performance plans is that teachers should have a voice in the development of the performance indicators. The Denver plan includes this component. Teacher buy-in is essential for program success.

<u>DPC proposal:</u>

Our initiative is designed to support the commitment laid out in the Action Plan from the 1999 National Education Summit to pilot pay-for performance initiatives in 10 states or school districts. The initiative should support "Denver" style pay-for-performance initiatives in which all teachers receive an initial bonus for participating and additional rewards based on performance. As aforementioned, Denver set parameters for school participation; however, we recommend leaving details of this nature up to the local districts that participate but require at least the participation of 250 teachers and cap participation at 500 per site. While large school districts are the obvious targets for grants of this type, partnerships of smaller school districts that meet the threshold should also be eligible.

Although there will be pressure from constituency groups and within the Administration to explicitly define every aspect of the program for local school districts, it would be a mistake to do so. First, by specifically defining programs we would stifle innovation and limit the value of data from this pilot. For example, the 1999 National Education Summit pledge was deliberately vague as to whether pay for performance plans had to have an individual teacher component or could be school-site-based. Second, entangling the federal government too much in the area of teacher pay raises numerous political problems that can be avoided with a more flexible program design. The proper federal role in supporting this type of initiative is to provide leadership and resources, broad parameters for participation, and to measure, compare, and disseminate results. The ideal initiative would provide resources to 10 sites within a context of broad discretion as to program design. Ideally, both individual teacher bonuses and school-based bonuses will be piloted.

However, to ensure both sound policy and political viability, any program funded under this initiative should have the following characteristics:

- No teacher should receive less compensation as a result of participating in the program;
- Teachers should be involved in the development of performance indicators;
- Performance should be based on more than a single indicator;
- Student performance must be an indicator.

Cost:

Including a substantial evaluation component, 10 sites could be funded adequately for $20 million annually including independent evaluation With guaranteed bonuses of $500 for participation and assuming that all-10 sites enroll the maximum of 500 teachers, the bonus component will cost $2.5 million. For an additional $12.5 million we can support pay incentives for performance of up to $2500 per participation teachers for a total program cost of $15 million At least an additional $2 million should be included for promotion to attract potential grantees and rigorous evaluation of programs and each site will have to be provided with funds to cover administrative, legal, and other expenses arising from implementation.

Fund for Future Schools

Background:

During our discussions with local school officials, a reoccurring theme was the inability to try innovative or new ideas because of a lack of funding. In fact, a common complaint of school leaders is that when not an actual problem, lack of funding is commonly used as an excuse to derail innovative reforms.

Currently the federal government funds "innovative practices" from two main accounts in the Department of Education, the Fund for the Improvement of Education (FIE) and the Title VI account. FIE is largely consumed by legislative earmarks and pet programs of lawmakers and as a result drives little innovation in states and localities around the country. Title VI, while a very flexible block grant, is sent to states and localities through a formula that rarely provides sufficient revenue for large scale reform. In practice there is little evidence that Title VI money drives innovation and the Administration recommends zero-funding the program each year in its budget request.

As the federal role in education evolves in conjunction with the emerging information-based economy, that role will increasingly become more strategic and less programmatic. For example, already the Title I program, the largest elementary and secondary program is moving toward becoming almost entirely flexible within the context of defined goals.

While we should continue to invest in what works throughout ESEA, it is equally important that we acknowledge that we don't know a lot of things that work. As Seattle Superintendent Joe Ochaleske put it during one discussion this fall, we don't know how to make some students proficient readers by the third-grade despite all the rhetoric to the contrary.

While the Obey-Porter Comprehensive School Reform program supports school-based reforms, there is no federal program targeted to statewide, district-wide, or multi-school initiatives or single school programs that fall outside the purview of Obey-Porter.

In England, a similar fund has been established to help disadvantaged schools try new strategies and cultivate bottom-up innovations. While the fund got off to a slow start, British officials report that in its second year results are encouraging. Hong Kong sponsors a similar effort to what we are proposing.

DPC Proposal:

An independent fund to support innovative regional, state, and local ideas that require upfront infusions of funding. As opposed to school-based only reforms these resources should support structural changes at the school district, state, and/or regional level. For example, a school district could apply for funding to help implement one of the governance models recommended in the recent ECS report which involves completely restructuring the school board-school relationship. Other ideas raised in our discussions included conducting a full service "Saturday" school to help students who need extra assistance, or rework the senior year of high school to focus on service learning outside of the school. States or regional cooperatives could apply for funding for larger scale innovations such as college preparatory academies, innovative partnerships among schools, or pioneering governance models.

Grant awards would be given out by an independent bipartisan board. Grant size and longevity would be determined by the board within broad parameters. Grant renewals would entail a step-down process for funding that would gradually transfer the program to fully state and local funding. Programs that don't meet performance indicators would not receive "step-down" funding. Essentially, the federal government would capitalize promising initiatives, capture data on their effectiveness, and disseminate information. Based on our series of meetings with school officials there are a number of projects which they would like to undertake but cannot for lack of start up funds.

No grant should:

- Be for more than 20 percent of the total appropriation for the fund (i.e. $10 million);
- Be for a purpose explicitly prohibited by federal law (i.e. national testing, vouchers, etc.).

The board would be composed in such a way as to maintain a bipartisan division regardless of which party controls the White House and would include representatives from the education and business communities. The assistant secretaries of education for elementary and secondary education and educational research and improvement would represent the administration on the board. The threshold for grant approval would be structured to ensure that ideas are approved with bipartisan support from board members.

Cost:

$50 million annually given out by competitive grant and less administrative and evaluation expenses of the board.

Small Schools

Improving Student Achievement with Smaller High School Learning Environments

Background and Rationale for Initiative

Incidents of school violence, like the recent tragedy in Littleton, Colorado, have caused serious alarm among parents and students who are unsure what has caused such tremendous alienation and aggression in our teenagers. Although there have been calls for tougher gun control laws and stricter discipline policies, more and more educators are pointing to a systemic problem -- the model of the American high school, one of the most enduring and unchanging institutions in our society. One indicator of our failure to adjust high schools to the changing needs of the population is the alarmingly high Hispanic dropout rate (30 percent for students born in the United States and 44 percent for those born outside the country). Hispanics are the fastest growing segment of our society, yet our high schools are clearly not engaging or serving these students. Finally, we are failing to prepare many students for the academic challenge of higher education and lifelong learning. While record numbers of high school graduates are going on to college, almost half of entering college freshmen drop out by the end of their second year. Close to thirty percent of students entering a four-year college have to take remedial courses.

Although experts cite a variety of factors that contribute to the decline of our high schools, including academic mediocrity, poor teaching, insufficient counseling services and waning parental involvement, most cite the same remedy for these ills – create smaller schools with smaller classes. Since the end of World War II, the number of schools nationwide has declined seventy percent, while average enrollment has grown fivefold. More than 25 percent of American high schools enroll more than 1,000 students, and enrollments of 2,000 and 3,000 are common. The conventional wisdom in building these enormous schools was that they would offer students more academic and extracurricular opportunities. However, more and more large schools are being built because of the need to educate rapidly growing numbers of high school students. There are currently 13.5 million students attending secondary school in America, and they will enroll and additional 1.3 million students in the next decade.

Research shows that small schools can offer a strong core curriculum and, in most cases, a level of academically advanced courses comparable to large schools. Smaller schools also have better attendance records, lower dropout rates and fewer discipline problems. A 1996 study found that students in smaller schools were more likely to be involved in extracurricular activities and to hold positions of responsibility. Finally, research backs up the conventional wisdom that smaller schools are safer and more productive because students feel less alienated, more nurtured and more connected to caring adults, while teachers feel that they have more opportunity to get to know and support their students. A 1997 study of charter schools showed that the most common reason parents chose a charter school over a traditional public school was the smaller size of the charter school. Fifty-three percent of parents surveyed cited the schools' small size, ranking that factor ahead of higher standards, greater educational philosophy, greater parental involvement and better teachers.

There is no agreement on what a "small school" looks like, but there is a general consensus that a high school should have no more than 600 students. The University of Illinois *Small Schools Workshop* describes "good" small schools as having a curriculum integrated around a coherent focus and philosophy of education, teachers that collaborate and discuss the needs of their students, a sense of leadership and investment in the school, and the involvement of families and community. Many of these characteristics are also associated with charter schools, and indeed, charter schools tend to be significantly smaller than their traditional counterparts. In addition to charter schools, models of small schools include freestanding small schools, autonomous schools-within-schools, and scatterplexes, with two or more small schools at different sites that share a principal.

<u>DPC Proposal</u>

This proposal would build on an initiative introduced by Congressman Obey to establish smaller learning communities in America's high schools. The program would offer competitive grants to school districts that submit a plan to create smaller learning environments for students by building smaller schools or by breaking up larger schools using strategies such as creating schools-within-schools, establishing career academies, restructuring the school day and other innovations that allow schools to ensure that every student receives personal attention and support. A competitive priority could be offered to do not just create smaller schools, but also build those schools around the *Small Schools Workshop* criteria detailed above. Allowable uses of federal funds could include planning and implementation costs, professional development, team building, facility renovation, additional planning time, extended learning time, legal and accounting consulting, supplies and other relevant costs.

Cost

The Obey initiative is funded at $45 million in the FY 2000 budget, however the FY 2001 request would probably be for $200 million, and we are still determining how many schools that would fund.

Possible Critiques of the Initiative

Critique: ***Many of the fastest growing districts are desperately struggling to simply keep up with enrollment. How can they be expected to build small schools?***
Response: The advantage of this program is that it will defray the additional costs to those districts of building more, smaller schools. There is little question of how to do this quickly and efficiently, and federal support could mean an area would have more, smaller schools that better meet students' needs rather than a large, impersonal high school.

Political Considerations

4. This proposal would differ somewhat from the Obey proposal in that money could be used to create new small schools (not just to break existing schools down into smaller units), and money could be used for some facilities renovation and construction. It is unclear if these things would be acceptable to Obey, or if they would change the program beyond his original intention. Also, if we take on the renovation/construction issues, we need to decide how far to go. Would we finance or subsidize the building of new schools? Perhaps it could be tied into moving the school construction proposal to the discretionary side (offer a priority for building small high schools).

5. The Obey proposal is an appropriations initiative, and there is no separate authorization for the program. It is not included as part of our ESEA proposal, but it might make sense to try and get it included in legislation in order to guard against its disappearance after one year.

21st Century Schools Distance Learning Initiative:
Providing Access to Challenging Coursework
for Students from Rural and Inner City Districts

Summary

The 21st Century School Distance Learning Initiative is designed to ensure that students have access to challenging high school coursework regardless of the location of their school. Within two years, any student—no matter his or her place of schooling—will be able to take high school AP coursework. To accomplish this ambitious goal, the initiative would include a package of proposals. First, it would increase or maintain existing support for three key technology access programs: E-Rate, the Technology Literacy Challenge Fund, and the Technology Teacher Training Program. Second, it would develop a public-private partnership with leading course software developers, which would subsidize the cost of high quality Web-based course development in return for cut-rate prices for high poverty school districts. Third, it would offer a grant program for districts to support their efforts to provide challenging coursework for their students. The cost of the new components of the package would be $50 million for course development and grants and $150 million in increased funding for current programs.

Background and Rationale

The federal government has a historic role in supporting education for children who gain the most from it: children in high poverty schools. Lacking the necessary fiscal and community resources, high poverty schools are generally unable to provide high quality educational opportunities. It's these schools—the schools that harbor the most pressing needs—that disproportionately lack qualified teachers, access to technology, and other resources that augment the most basic curriculum.

This Administration has not only continued to provide investments in disadvantaged communities through such programs as Head Start and Title I, but it has committed to shaping a federal role in education that holds all students to high standards, expects they can achieve, and holds schools accountable for results. In addition, the Administration has fought to make college affordable to all Americans so that students who work hard and prepare themselves to enter college will not face prohibitive financial barriers to higher education.

However, many high schools in poor rural and inner city school districts include another type of barrier: poor access to challenging coursework that students deserve—and need to enter college. Faced with higher proportions of unlicensed and out of field teachers, especially in areas like math and science, little in the way of community financial and professional resources, and smaller numbers of students interested or prepared to take challenging courses, these schools are unable to provide AP courses, honors electives and other important offerings like foreign languages. Fewer than 60% of high schools offer AP courses to their students. That means 2 out of 5 high schools do not have access to coursework that research shows is the best predictor of college success. And those high schools are disproportionately located in poor communities.

One way to bridge this gap is through distance learning technology. Not new to American schools, but still scarce among them, distance learning encompasses Web-based courses, compressed video, and courses televised via satellite. Distance learning technology can help provide coursework for students who attend schools unable to offer certain courses, need alternatives to traditional education, or seek more high quality offerings in areas such as English as a second language and remedial writing and reading at the high school level.

The following represent some current state-level efforts in distance learning at the high school level:

- Florida and Iowa have created Virtual High Schools, whereby students from across the state can access coursework in a variety of disciplines. Coursework is delivered via the World Wide Web.
- Virginia delivers AP courses via satellite. Nearly 2,000 students took courses through this means in the 1998-99 school year in the state.
- Mississippi and North Carolina offers courses on compressed video, which is gaining acceptance as costs are coming down.
- The Massachusetts-based Concord Consortium (federally funded) offers courses nationally and trains teachers to develop and teach courses for the Web.
- Universities around the country are partnering with states and school districts to offer college level and credit courses to high school students. The University of Nebraska has created a for-profit subsidiary to develop and offer on-line courses.

Of the three technologies, Web-based instruction appears to have the most currency. It provides for lower equipment and transaction costs, uses a technology which is in schools at present and with which most students are familiar, and it is more immune to technological obsolescence than compressed video and television as it can adapt to new software and delivery mechanisms utilizing the Web.

A Federal Role

There are a number of issues involved in attempting to provide access to challenging and needed coursework for under-served schools and student populations. Among them are the following:

- Training teachers to use technology and course software
- Accessing the equipment needed to support Web-based courses
- The cost of connectivity
- The quality of course content and its cost

At present, the federal government is supporting initiatives that focus on the first three issues. The Teacher Training Technology Program, the Technology Literacy Challenge

Fund, and E-Rate are all working to provide schools with the capacity to access and use computer technology and connect to the World Wide Web in an affordable way. The Star Schools and Technology Innovation grants have also provided seed funding to partnerships endeavoring to offer access to educational opportunities through distance learning. The latter two programs, however, are small and have been frozen to concentrate on supporting currently funded initiatives.

The last issue—course content and cost—remains a hurdle. The quality of current offerings on the Web is of considerable variance. Much of the reason is that the cost of course development is very high. The Southern Regional Education Board reports that states in this game have found course development to be roughly $200,000 per course; private developers quote numbers in excess of $700,000 per course. To add to the problem, software developers with access to the capital needed for high quality R&D efforts are generally unwilling to jump into the on-line high school course market because of the multiplicity of standards, curriculum requirements and assessments across states. Where developers are coming into the market—for example APEX in developing AP courses—they are doing so where the standards are national in scope. At the same time, their products are not cheap and generally unaffordable for the student populations that needs them most.

With ongoing initiatives in training, equipment and connectivity, the key area for federal involvement and support is in the area of course development and subsidy. Through this approach, the federal government would allow states to continue their own efforts to offer coursework based on their standards and unique needs (e.g., Florida's Virtual High School), but provide quality content and take the pressure off of course development.

<u>Initiative Design</u>

The initiative is a package composed of three distinct pieces:

1. Propose increased funding for the Technology Teacher Training program and the Technology Literacy Challenge Fund and continuing the funding plan for the E-Rate program.

2. A public private partnership with a group of course developers. In exchange for a hefty subsidy of course development for AP courses, courses in ESL, foreign languages, and other challenging coursework, course/software developers would offer the courses at major discounts (or free) to eligible high poverty schools.

3. A competitive grant program for states and districts to allow schools to apply for course access and to help defray the costs of additional expenses needed to support such an initiative. Such activities might include other initiatives at the local level to prepare teachers and students to offer AP courses, specific distance learning scheduling and personnel issues and efforts to partner with community colleges and local Community Technology Centers for access to needed facilities and equipment.

The grant program could also subsidize state and school efforts to offer access to college-level and credit courses.

We have had initial discussions with APEX, which creates and sells web-based AP courses, about subsidizing the cost of R&D in return for cutting in half the cost of their software for poor districts. APEX is very interested in a partnership of this breadth and scope and the group is sending along some paper on a potential commitment.

Cost

The new costs associated with this initiative would be $50 million to support the partnership with industry and a grant program for states and districts. The cost breakdown would be as follows:

- $25 million for subsidizing the development of up to 16 AP courses and courses in other areas such as ESL, foreign language, remedial needs, and in math and science. At $500,000 per course (APEX's initial offer), the project could subsidize the development of 50 high quality courses.
- $300,000 per course (very rough estimate) for other 8 ($2.4 million)
- $25 million grant program to offer access to courses and seed local efforts to provide courses to students.

The initiative would also seek increased funding in the amount of $150 million:

- Maintain E-Rate at $2.25 billion commitment
- Increase Teacher Technology Training funds from current level of $75 million to $125 million.
- Increase Technology Literacy Challenge Fund appropriation from $425 million to $525 million (OMB plans this request).

Together with the new course development and access initiative, the total new costs would be $170 million.

Possible Critiques of the Approach

Critique: ***Effort would fund development without guarantee that schools would take-up discount rate courses on the Web***. The subsidy of industry would have to occur before districts signaled a desire to pay for courses at discount rates or target other resources to support this effort.
Response: The efforts already occurring in states are testament to the demand for such services. That said, the initiative would warrant a lot of outreach to eligible communities (concomitant perhaps with E-Rate outreach efforts).

Critique: ***Given the small size of the course development industry, partnering with companies will end up undercutting competition in the industry***.

Response: This danger does exist, but if the partnership were opened up, bid out, and committed to not doing a sole source contract, then it could actually increase competition in the industry.

Political Considerations

- Sen. Kennedy is the major supporter for the Star Schools Program (it was his creation) and the Senate in general likes the program. It will be frozen for next year and an initiative like this could attract support.
- Republicans and Democrats have supported AP fee assistance and would likely support this effort to increase access to AP courses and other challenging coursework. The College Board's government relations shop reports that Sen. Bingaman (D-NM), Rep. Cunningham (R-CA), and Sen. Hutchison (R-TX) are among the program's most ardent supporters.
- The rural support aspect of the initiative could win support among Republicans who pushed for the Rural Education Act in the House's ESEA reauthorization proposal. Although that initiative was more of Super Ed-Flex accountability model dressed up in a rural education rescue program, the issue of supporting rural educational needs is a real one that should develop broad support. Inner city advocates should also line up.
- There is the potential for opposition from two areas: those who see this as a move towards national standards and curriculum and 2) those who see this as a move towards faceless education that might support home schooling and the like. Both arguments are fairly weak, but the language describing and promoting the initiative would need to be sensitive. I.e., national course curriculum and virtual school terms could stir unnecessary opposition. Teachers unions, for example, will be especially sensitive to the latter issue.

School Leadership for the 21st Century:
An Initiative to Fund Independent School Leadership Centers in States
To Enhance the Quality of Public School Leadership

Summary

In recognition that without quality school leaders, school reform is destined to fail, the Administration proposes to support state-level efforts to increase the quality of current school leaders. This initiative would assist the creation and support of independent school leadership centers in a select number of states. The centers would be run by nonprofit or public-private partnerships, would not be directed by state departments of education or state administrator preparation programs at universities and colleges, and would tap local leadership expertise in the public and private sector. The issue of school leadership has broad political appeal and support for the initiative should be strengthened by the independent nature of the centers. Seed funding would be provided on a matching basis and grants would be awarded on a 3-5 year basis. The budget amount for FY2001 would be $20 million.

Background and Rationale for Initiative

School reform in the 1990s has trained its sights on any number of places. Developing school and student standards, assessment and accountability systems, charter schools, school-based management and improving teacher quality have been the dominant strategies employed by the states to improve the quality of their public K-12 schools. What few seem to be talking about, however, is the one area in public schools central to all of these reform strategies: school leadership.

The role of school leaders—principals and assistant principals, superintendents and assistant superintendents, and select teachers—in school improvement should not be underestimated. If states are serious about improving public schools and the educational opportunities for young people, they must begin to focus on the development of school leaders who can lead school change and improvement efforts. While policy has rightly focused on areas such as accountability, teacher quality, and school-based decision-making, the spotlight has yet to shine with adequate intensity on one of the lodestones of reform: the principalship.

Three trends in public education highlight the pivotal role school leaders are playing in school improvement and the need to support them:

1. **Devolution of Decision-making**. Decisions about schooling—from budgets to curriculum to instruction—are moving out of state capitals and centralized processes and into local districts and schools. With that devolution of authority comes much greater responsibility for superintendents, principals and other school leaders.

2. **School-Based Assessment and Accountability**. The devolution of decision making has largely come about as a result of the move by states to systems of standards and rigorous accountability. In holding schools accountable, states are giving districts—and districts are giving schools—greater flexibility about how they reach the standards set for them. In these new systems, school leaders are being asked to play much bigger roles in crafting instructional approaches, restructuring their organizations, working with the local community, and using resources strategically than they have previously.

3. **The Focus on Improving Teacher Quality.** The federal government and state governments have focused many political and fiscal resources in recent years on efforts to ensure teacher quality. Initiatives aimed to improve teacher preparation, support, development, and retention have been undertaken. However, many of these efforts will matter little in the face of bad school leadership that does not understand how to support and develop teachers. Improving the quality of school leadership is an important complementary investment for guaranteeing better quality teachers.

A Federal Role

There are a number of places that resources from the federal government could be used to leverage improvements in the quality of school leadership. As with teachers, recruitment of quality candidates and reforming preparation practice is critical to ensuring that future ranks of school leaders are exceptionally prepared for the job.

However, reforming licensure and preparation standards can't carry the entire load of enhancing the capacity of school leaders. Attention must also be paid to the ongoing learning and development needs of these school administrators. School leaders need high-quality and ongoing development and opportunities to develop networks and to learn best practices in fields beyond education. At present, there is no federal program focused solely on school leadership and only a handful of programs that allow funds to be used to support the development of school leaders.

Perhaps the most appropriate role the federal government could play, and the place where its resources can best leverage change, is in the seeding of state-level partnerships that focus on the needs of school leaders and provide ongoing development opportunities for the current ranks. Further, the federal government can serve as a catalyst for bringing nontraditional partners into the effort, such as the business community, to disseminate its lessons in leadership to those in charge of improving the public schools.

Initiative Design: School Leadership Centers

The Department of Education would fund a competitive grant program that would provide seed/capacity-building funds to state or regional School Leadership Centers. Multi-year grants would be made to nonprofit public-private partnerships composed of alliances of business groups, education stakeholders, and other relevant partners such as existing nonprofits or the armed services.

The centers would be focused on providing training for principals and superintendents, as well as provide services for assistant principals and superintendents and select teachers. Where states had enabling legislation to this effect, Centers could also focus on recruiting nontraditional candidates into the profession and constructing alternate pathways. Centers could not be run by state departments of education, university or college schools of education, or the federal government's regional education labs, although these organizations could be partners in the effort.

Funds would be awarded on a 3-5 year basis. Centers would be expected to offer training and services to support school leaders in areas such as instructional leadership, management practices, school organization, school design, community engagement, and school board relationships. Centers would also be expected to involve leaders and best practices from fields other than education. An Advisory Board to the Secretary, made up of national leaders in the areas of education, business, nonprofits and the armed services, will be assembled to advise the Secretary on choosing grants.

Cost

The grant program would provide $20 million for funding demonstration centers around the country. Grantees would receive funding in the $200,000 - $300,000 range per year for three to five years. Funding would support approximately 20 Centers in states or regions. Grant recipients would be required to provide a 50% match, 30% of which could be in-kind.

Possible Critiques of the Initiative

Critique: ***Independent centers aren't guaranteed to support state agendas for school improvement.*** Without being tied into state educational community, the Centers may run programs that don't support the goals and standards in the state.
Response: Centers that are run by the establishment are much less likely to run innovative programs that provide new approaches to school leadership. At the same time, effective centers will be aligned with the state's standards and goals and will help fashion leaders better equipped to reach the standards.

Political Considerations

1. The issue of school leadership engenders broad political support across political parties with Republicans being traditionally very receptive of a focus on leadership.
2. Senator Kennedy introduced S. 1180 in the past session (signed onto by Dodd, Daschle, Dorgan, Murray, Levin and Schumer) that included funding for a national center for principal preparation and support and efforts to recruit people into the principalship.
3. Creating independent centers will likely be strongly opposed by the higher education administrator preparation programs and other groups who are setting national standards for administrators. They will see this as undermining their role in states.
4. The administrator groups will like the focus on principals and superintendents, but will probably oppose the independent nature of them.
5. Teacher groups will want to include language that involves teacher leaders (which we've included) and about school leaders, especially principals, as "instructional leaders." I think the less we include in the mandate for these Centers, the better—with the exception of independent entities that are public-private partnerships, which include both traditional and nontraditional stakeholders in school leadership.

Closing the Achievement Gap:
Providing Free, High Quality Test Preparation Courses to
High Need Students

We are still researching this proposal including getting more detailed demographic information about SAT test takers. Here is a framework so far..

Summary

SAT scores are an important component of college admission and historically minority and low income students have not scored as well as their white and more affluent classmates for many reasons including not having access to high-quality test preparation activities that are common in many communities. There is a federal role to help solve this problem by providing funds to increase access to college entrance exam preparation. Under the model we are proposing, partnerships of high schools, leaders in the test prep industry and community based organizations would compete for a grant to offer college test preparation as well as other related services.

Background/Rationale

Because every child deserves an equal chance at academic success and because, for the moment, standardized testing as a part of college admissions will remain a fixture on the educational landscape, each student regardless of financial standing should have equal training and preparation for college entrance exams. Quality test preparation courses are important to success on college exams but are often beyond the financial reach of most families adding to the disadvantages many financially needy students face when competing with privileged students in college admissions. Free college test preparation courses could help students with college aspirations who have demonstrated through coursework that they are capable of succeeding in college.

While this program should be aimed at low-income students, by default through this criteria it will target minority students. The College Board report *Reaching the Top: A Report of the National Task Force on Minority High Achievement* found that:

- In 1995, African-Americans, Latino's and Native American's accounted for only 13% of the bachelor's degrees, 11% of professional degrees and 6% of doctoral degrees awarded by U.S. Colleges and Universities despite making up about 30% of the under 18 population.

- This year, Blacks, Hispanics, and Native Americans made up only about one in twenty of the students who had very high scores on the SAT 1, which are scores typical of students admitted to highly selective colleges and universities.

One of the College Board's recommendations for action is for national and community organizations concerned with improving minority education to work with educational reformers and researchers to expand and strengthen supplementary education opportunities available to underrepresented students. The objective should be to provide the same education opportunities for underrepresented minorities that are equivalent in scope and quality available to many youngsters from the nation's most academically successful groups.

Recently, the NAACP also highlighted this issue as an emerging problem and called for increasing access to test preparation services for disadvantaged students.

Last year California State Senator Hayden introduced the College Preparation Partnership Program in California that offers very low cost or free college test preparation courses. Districts were able to apply for money and choose which schools would receive the funds that met the eligibility criteria. In California, schools that receive money for college exam prep are able to use the money either to contract with an unspecified college prep service, or to use the money to train the teaching staff to do the college exam prep instruction.

DPC Proposal

Key Components

The Federal government will offer leadership and resources for communities to create partnerships to increase access to test preparation programs for disadvantaged students.

Partnerships

The program would require the high school to partner with a test preparation program with a proven track record and established curriculum with an option to add least one community based organization. Commercial test preparation companies involved would have to demonstrate an established curriculum and have a proven track record. Programs would have to offer a minimum of 25 hours of instruction over no less than 4 weeks to ensure rigor and quality and discourage one-time preparation activities which research shows are ineffective.

Eligibility

This initiative would offer competitive grants to high schools or LEA's based on the California model. Grants would be given to schools would be those with a low college attendance rate, high numbers of low-income pupils, and demonstrated school-based efforts to improve the school's college preparatory curriculum and college attendance rates. Eligible students would receive the free college test prep courses. Students in the top 50% of their class who fall under 200% of the poverty line would be eligible.

Priority

A competitive priority would be given to schools that couple test preparation with other relevant services including counseling, college application and financial aid assistance.

Cost

The California Preparation Partnership Program is able to serve 50,000 students with a $9 million budget with an expected increase of 4.5% next year. **We are still in the process of collecting data in order to make a correct cost estimate.**

Critiques

Issue

Teacher unions could object that this proposal because unlike the California model which allows grant funds to be used to train the current teaching staff to be college test prep instructors, doesn't provide for this. This proposal would not allow funds to be used to train teachers as instructors in order to ensure that students are receiving the high quality test preparation through established providers.

Response

Providing high quality test preparation is a key to the success of this grant. We want to fund what works and has proven results with research to prove their effectiveness. Training teachers is a bigger risk in terms of quality control.

Issue

The President's Initiative on Race asked the Department of Education to do a study on the usefulness of college test preparation. The final analysis of the report showed that there was no reason to expand funding to include college test prep, but that expanding the AP program would be more effective. The data showed that minority students are more likely to prepare for the SAT or ACT than whites and middle-income students.

Response

The study concluded that because non-white, low-income students had similar rates of test preparation, it is unnecessary to put any money into subsidized test preparation, but rather that funding should be focused on expanding the AP program (which is not surprising considering the Department runs the program). However, the study failed to control the methods of college preparation and quality of instruction. For example, a student might be getting tutoring for reading and could count this as college test preparation. We do not think that the study is conclusive.

Political Considerations

1. This proposal supports the Administration's position on affirmative action programs that expand opportunities for minorities and support states that are developing innovative ways to reach the goal of equality in education.

2. The NAACP has been working to reduce the weight of the SAT and ACT on college admissions, but is strongly in favor of state subsidized college test preparation courses. They are working closely with Senator Hayden's office in California and are reaching out to states and are generating momentum on this issue. So far they have found states and schools to be very receptive to the idea and there is growing interest in the California model.

Universal Access to 21st Century After-School Programs

Option A: Provide universal access to after-school and/or summer school for any student that attends a low-performing school.

Background:

Failing schools: Under Title I, approximately 7,000 schools have been identified for "school improvement." (Note: There are approximately 45,000 Title I schools overall, 16% have been identified under the Title I accountability system.) Of these 7,000 schools, 900 schools have been in school improvement for more than two years and 560 for more than three years for a total of 1,460 that are now eligible for "corrective action."

While we do not have an exact number of schools that have been identified under other accountability systems (state or local), we do know that most schools being identified are Title I schools and that States widely vary in how they identify schools in need of improvement. In Texas, for example, less than 1% of their schools have been identified as "low-performing" or "in need of improvement" while in both New Mexico and Washington, DC more than 80% of their schools have been identified as "low performing."

Of these schools, we know that based on a sample of schools that in school improvement, approximately 80% already run some type of extended learning program (before, after, or summer school). And, for schools that have been in school improvement for more than 2 years, 62% reported having some type of extended learning program. We do not have information on the quality of these programs, however.

21st C grantees: Of the current 21st Century grantees, we know that 75% of the grantees are in schools with 50% or more students in poverty, but that only 45% of the grantees are Title I schools. Of these Title I grantees, we do not, however, have an indication of the number of these grantees that have been identified under Title I as "in need of improvement."

We also know that in terms of a break-down of extended learning time services, 95% of the grantees are providing after-school programs, 12% before school programs, and 76% summer school programs.

Assumptions and Cost Estimates:

Scenario 1: Target 21st Century grants to all schools identified in Title I school improvement that do not currently have extended learning opportunities for their students.

Assumption 1:

Targeting those schools identified under Title I as "school improvement" schools: 7,000 schools.

60% already have extended learning programs, 40 in need of quality extended learning program: 2800 schools.

Program will serve between 150-500 students per year and will cost $700/student making the range between $105,000 and $350,000 per grant.

Total Cost/year: $294 - 980 million per year

Cost with Match (assume 50% local match): $147-490 million

FY 01 high-end budget request: $453 million for continuation grants, $490 million for "universal access" to students in low performing schools = $943 million

Assumption 2:

Assume 80% already have extended learning programs, 20% in need of quality extended learning programs: 1400 schools

Program will serve between 150-500 students per year and will cost $700/student making the range between $105,000 and $350,000 per grant.

Total Cost/year: $147-490 million per year

Cost with Match (assume 50% local match): $74-245 million

FY 01 budget request: $453 million for continuation grants, $245 million for "universal access" to students in low performing schools = $698 million

Scenario 2: Provide 21st Century grants to <u>all</u> Title I schools in Title I corrective action.

Assume that all schools in corrective action, need additional assistance to provide or improve their extended learning programs: 1400 schools.

Same cost assumptions as above for a total request of $700 million.

Scenario 3: Provide 21st Century grants to any Title I school that has been identified under Title I, State, or local accountability system as "low-performing" or in "need of improvement."

Assume that of the 45,000 Title I schools, 25 percent of the schools have been identified under either Title I, State, or local accountability systems as "low-performing" or "in need of improvement." Total schools: 11,250

Assume 60% already have extended learning and 40% are in need: 4,500 schools

Same cost assumptions as above with match: $236-790 million

FY 01 Budget Request: $453 for continuation + $790 = $1.25 Billion

Assume 80% already have extended learning and 20% are in need: 2,250 schools

Same cost assumptions as above with match: $118-395 million
FY 01 Budget Request: $453 for continuation + $395 = $848 million

Option B: Provide universal access to quality after-school programs for all students in need.

Background: According to a 1993 National Study of Before and After-School Programs, 15 million children are "latch-key" kids in need of after-school services

The goal of this option is to keep the after-school program as a program that serves both the needs of educationally and economically disadvantaged students, as well as a program that helps fill a gap in child-care and can provide enrichment and extracurricular activities for all children.

In FY 00, the 21st Century program expects to support 3,960 21st Century Community Learning Centers and serve 861,000 children.
[NOTE: 95% of grantees in FY99 report that they are serving "at-risk" students]

FY 01 Request: Assuming a 50% match and $1 billion, the 21st Century Community Learning Centers could support 10,458 centers, 2.8 million children

Priority could be first to schools in Title I corrective action then to Title I school improvement schools and, finally, to any school identified under a state or local accountability system as low-performing.

Five-Ten year projections:

FY '01	$1 billion	2.8 million children
FY '02	$1.5 billion	4.2 million
FY '03	$2 billion	5.6 million
FY '04	$2.5 billion	7 million
FY '05	$3 billion	8.4 million