MEMORANDUM

To: Rep. Ford & Gina Mahony
From: Andrew Rotherham
Date: July 1, 1999
Re: Super-Ed Flex

Super-Ed Flex or HR 2300 is simply a dressed-up version of revenue sharing. The concept of performance agreements between Washington and states or localities itself is not unsound; however, the implementation in HR 2300 is very problematic. The major shortcomings of HR 2300 are as follows:

- HR 2300 fails to define a national role in education. There is a vital national role in elementary and secondary education beyond simply providing revenue to states and localities. Washington should set broad performance benchmarks, research and disseminate information and effective strategies, and use federal dollars to leverage successful practices at the local level. HR 2300 is an abdication of federal responsibility and leadership because it fails to provide any purpose for federal resources beyond the broad platitude of raising student achievement.

- HR 2300 lacks accountability. Despite the inclusion of some accountability language, HR 2300 is still vague about performance targets. The only concrete accountability language applies to Title I and is in the existing statute. If a state elects not to include Title I Part A in its plan, accountability becomes almost non-existent. In addition, a five-year timetable for determining progress is too long. Performance targets should be more concrete and the timetable should be shorter as to be meaningful.

- HR 2300 fails to target resources to the most needy students. Research consistently shows that high-poverty schools are where the bulk of the problems are. Aside from a hold-harmless requirement if a state includes Title I Part A in its plan, there is no other fiscal targeting in HR 2300. There is ample evidence that without federal sub-state targeting formulas, federal dollars will not reach the students most in need. For example, a recent General Accounting Office report (State and Federal Efforts to Target Poor Students GAO-HEHS 98-36) found that in 45 of 47 states examined, federal funds were more targeted than state funds to low-income students. Moreover, in 24 of the 47 states, state funds were directed **more** to lower poverty districts than high poverty districts. In fact, nationwide, for every dollar spent on a student, the federal government spends an additional $4.73 per low-income student. State funds contribute only an additional $0.62.

  In its report, Extent of Federal Funding in State Education Agencies (GAO-HEHS 95-3), the GAO also found that states use federal dollars to fund administrative bureaucracies at the state level. The GAO found that the average state department of education is about 41 percent reliant on federal money for its operations. In addition, 38 state departments of education are more than 30 percent funded with federal dollars and 12 states are more than half-reliant on federal taxpayers for their operations. The GAO also found that states use 5.8 percent of their federal money for administrative costs compared to 1.4 percent of state funds.

Considering this, the notion that Washington should simply give states discretion to determine, "the distribution of funds from programs included in the performance agreement from a state to a local education agency within the state" (HR 2300 Sec 5a) is ludicrous.

- <u>HR 2300 mis-diagnoses the problem with federal education programs.</u> Aside from IDEA (not included in HR 2300) local officials have few complaints about the flexibility of federal education programs. In fact, a significant percentage (29% according to the Department of Education) of waivers that were applied for in the 12 Ed-Flex pilot states were not needed because the applicants could already engage in the activities they were applying to undertake. Moreover, a there is a significant state regulatory burden that proponents of HR 2300 choose to ignore.

  Three main problems plague federal education programs: A diffusion of funds often in amounts to small to be significant, a Balkanization of priorities created by the numerous programs, and a lack of a results-based focus. Rather than contend with these problems, HR 2300 exacerbates the targeting problem, doesn't instill meaningful accountability for results, and fails to provide any purpose for the expenditure of federal resources.

Last, HR 2300 is distracting from the real work of improving ESEA. The ESEA statute is dizzyingly complex and very much in need of substantial overhaul. However, instead of approaching ESEA reauthorization in a comprehensive and substantive way, through HR 2300 Republicans have elected to focus on soundbite oriented rhetoric at the expense of meaningful policy. HR 2300 is the legislative equivalent of an Earl Schieb paint-job. At first it looks flashy and like a good bargain, but the true quality becomes apparent after even a cursory examination.

INCREASING FLEXIBITY AND TIGHTENING ACCOUNTABILITY TO RAISE STUDENT ACHIEVEMENT: THE REAL STORY

The sponsors of the Straight A's Act want you to believe that this Act frees States and local school districts from the burden of Washington, DC and ensures that these funds will go to improving student achievement. This claim is just not true. In fact, Straight A's offers funding to States with no assurance that these funds will go to helping all children reach high standards and support proven practices to raise student achievement. Straight A's is a proposal that offers little accountability and no leadership in ensuring that our most disadvantaged students receive the resources and support they need to achieve to high standards:

- The Anti-Accountability Act: Block grant funding in exchange for a distant promise of improvement

  Contrary to the rhetoric, Straight A's is not a proposal that provides flexibility to States with a proven track record in raising student achievement. Instead, it allows any State to combine most of its elementary and secondary programs by entering into a so-called "performance agreement" with the Secretary. The Secretary has almost no authority to ensure the integrity of the State's approach. Even if the State's student performance goals are weak, or the assessment system is invalid or excludes certain students, or its indicators of performance cannot meaningfully determine improved student achievement, the Secretary MUST accept the agreement. Only after the fact – 5 years later – when student achievement has not improved do States receive a sanction. And, the principal sanction is merely that the State must then participate in Federal programs without a performance agreement, but in accordance with the law governing the programs. In five years, a student could have slipped from 5th grade to 10th grade without any accountability to ensure that he or she is being taught to high standards, and no State or school district would be held accountability for this educational failure.

  There is no research to support this approach to raising student achievement. States are not required to use the funds to support proven educational practices. Instead, they can use the funds for "any educational purposes permitted by State law." Supporting a voucher program that will drain funds away from public schools, supporting the latest educational fad that has no basis in research or proven practice, or even supporting the local football team are all acceptable uses of funds under this bill. Even more importantly, Straight A's means that States could divert funds away from the most needy students.

- Losing the Heart of ESEA – providing help and support to our most disadvantaged students

  ESEA is intended to provide resources to those students most at risk of educational failure – students living or attending schools in high-poverty areas. Under the Straight A's Act, there is no guarantee that the students who need the funds the most will receive the resources. In fact, Straight A's allows the Governor and the State legislature to develop within-State funding allocations with no provisions or requirements for ensuring that funds are targeted to high poverty areas. We know from a recent GAO report that States do not target to high poverty students to the extent that the Federal government does. In this study, GAO reported that federal funds provided an average of $4.73 per poor student nationwide for every $1 provided to each student, while state funds only provided an additional $0.62 per poor student in state funding. The Title I hold-harmless language provides some protection, but not enough. It locks in allocations to the levels they are at the beginning of the agreement, so there would be no increases in funds even with changes in need.

- Setting the Bar Low

  While the Straight A's proposal is filled with rhetoric about standards and accountability, it does not actually require States to set or to reach toward challenging and high standards for all students. States can merely track changes in progress from year to year and set standards that seem adequate. These weak provisions are not good enough if we truly want all children to reach high standards.

The Real Story:
The real story is that States and districts already have a tremendous amount of flexibility that is tied to real accountability for results. Over the past six years, the Clinton Administration has dramatically cut red-tape and regulations, eliminated and consolidate unnecessary programs, increased flexibility, and given States and school districts resources to carry-out practices proven to raise student achievement:

- Cut red-tape and regulations: The U.S. Department of Education has eliminated 39% of the pages published in the Code of Federal Regulations for all of its programs since 1993. Overall, the Department has eliminated 2/3 of the regulations applicable to elementary and secondary education programs and has simplified the other 1/3.

- Elimination and consolidation of categorical programs: Since President Clinton took office, the Department has gone from 240 programs to 174 programs. And, in the Administration's ESEA proposal, 32 programs are proposed for elimination and 17 additional programs would be consolidated into 5 broader programs.

- Increased Flexibility: Goals 2000 and the Improving America's School Act of 1994, both significantly expanded the flexibility of states and school districts to implement locally developed and driven education reforms. Increased flexibility, has allowed states to submit a single, consolidated application — instead of separate applications — for the majority of ESEA programs, reducing paperwork by 85 percent while encouraging a comprehensive approach to planning. The 1994 laws also allow the Education Department to waive statutory and regulatory requirements that block innovative reforms upon the request of states, districts, and schools. The Department of Education received 648 requests for waivers, 83 percent of which were either approved or withdrawn because applicants learned that they had sufficient flexibility to proceed without a waiver.

  In addition, Congress recently passed and the President signed into law the Education Flexibility Partnership Act of 1999; giving States and districts increased flexibility to