**Education** – Accountability

MEMORANDUM FOR BRUCE REED

From: Andrew Rotherham

Bruce —
Accountable

Date: December 13, 1999

Subject: <u>TITLE I SURPLUS PROPOSAL</u>

This memo describes four options to substantially increase investment in Title I while increasing the focus on accountability and fixing failing schools within the program. In addition, these options would allow the President to make a challenge to the nation that by 2005 all failing schools would either be becoming high performance schools or being shut down.

Politically, a Presidential challenge of this nature would shift the emphasis from "Florida style" voucher plans and Governor George Bush's Title I proposal which focus on choice rather than improvement, to a Democratic agenda of fixing failing schools by investing more and demanding more. A focus on Title I and accountability would ensure that more schools get the help they need to turn around or are closed down—currently only 47 percent of schools identified for school improvement receive assistance. The most modest option of the four would result in an average of $197,000 for each of the approximately 7,000 schools identified for school improvement and the most aggressive would result in an average of $250,000 per school over the next five years. Unfortunately, there is not data on the exact costs associated with turning around failing schools because it is a relatively new process. However, considering that schools receiving this funding would also already be receiving other Title I money it is reasonable to assume that investments of this magnitude would enable these schools to undertake more effective reform.

From a policy perspective, a focus on failing schools and accountability would allow us to give more structure to the accountability fund by highlighting activities in addition to technical assistance that school districts and states can undertake with the accountability funding. Mary Cassell at OMB has been developing a draft implementation plan for the Department of Education to help focus different resources there on the task of assisting failing schools. Ann O'Leary and I plan to work with Mary and Mike Cohen to broaden this implementation plan to ensure that the funding provided under the guise of "accountability" actually leverages effective practices at the school district level (for example curtailing the use of unqualified aides by promoting career ladders and high quality professional development). The plan we develop would serve as the policy supporting the President's goal and would link the different investments in the budget that are aimed at failing schools into a comprehensive strategy.

In addition, by substantially increasing the focus on failing schools and revenue targeted at that issue we would have more leverage to ensure that the dollars being provided for accountability are being used for effective strategies rather than simply reinforcing practices we know to be ineffective.

Senator Lieberman's ESEA bill sets the Title I authorization at $12 billion. This is currently the high water mark for ESEA proposals. The four options below are differentiated by two key questions:

- How aggressively to increase investment in Title I during the next 5 years;
- How closely to track the proposed 2.5 – 3.5 percent growth curve for the accountability set-aside.

Option 1: Moving beyond the 2.5 percent set-aside:

| Fiscal Year | Total LEA Grants (Basic and Concentration) | Set-Aside |
|---|---|---|
| 2000 Enacted | $7.94 Billion | $134 million* |
| 2001 | $8.64 Billion (+700) | $250* |
| 2002 | $9.34 Billion (+700) | $300* |
| 2003 | $10.04 Billion (+700) | $350* |
| 2004 | $10.74 Billion (+700) | $400* |
| 2005 | $12 Billion (+1.26) | $500* |

*Not on a percentage basis.

Under this model, Title I would be increased $4.06 billion over 5 years and the set-aside for accountability would be increased from a current level of $134 million to $500 million over five years. Total investment in accountability from FY01-FY05 would be $1.8 billion and in FY05 the set-aside would equal 4.1 percent of the total appropriation.

Option 2: Growing into the 2.5 – 3.5 percent set-aside:

| Fiscal Year | Total LEA Grants (Basic and Concentration) | Set-Aside |
|---|---|---|
| 2000 Enacted | $7.94 Billion | $134 million* |
| 2001 | $8.64 Billion (+700) | $250* |
| 2002 | $9.34 Billion (+700) | $292* |
| 2003 | $10.04 Billion (+700) | $334* |
| 2004 | $10.74 Billion (+700) | $376 (3.5 percent) |
| 2005 | $12 Billion (+1.26) | $420 (3.5 percent) |

*Not on a percentage basis.

In the appropriations end game for FY00, the final deal included $134 million for accountability. This funding was not based on any percentage of the underlying Title I appropriation. Under this model the set-aside would continue to be set on this basis until the Title I funding "grew into" the set-aside. Again, total investment in Title I would be $4.06 billion but the set-aside would account for $1.67 billion. In FY04 the set-aside of

$376 million would be 3.5 percent of the total appropriation and would continue to grow on this basis.

Option 3: Stay the course on 2.5 – 3.5 percent with aggressive investment:

| Fiscal Year | Total LEA Grants (Basic and Concentration) | Set-Aside |
|---|---|---|
| 2000 Enacted | $7.94 Billion | $134 million* |
| 2001 | $8.64 Billion (+700) | $216 (2.5 percent) |
| 2002 | $9.34 Billion (+700) | $234 (2.5 percent) |
| 2003 | $10.04 Billion (+700) | $251 (2.5 percent) |
| 2004 | $10.74 Billion (+700) | $376 (3.5 percent) |
| 2005 | $12 Billion (+1.26) | $420 (3.5 percent) |

*Not on a percentage basis.

Under this model, total Title I investment increases $4.06 billion and accountability grows from $216 million to $420 million over 5 years. Total investment in accountability over the 5-year period would be $1.5 billion.

Option 4: Stay the course on 2.5- 3.5 percent and more modest investment.

| Fiscal Year | Total LEA Grants (Basic and Concentration) | Set-Aside |
|---|---|---|
| 2000 Enacted | $7.94 Billion | $134 million* |
| 2001 | $8.44 Billion (+500) | $211 (2.5 percent) |
| 2002 | $8.94 Billion (+500) | $224 (2.5 percent) |
| 2003 | $9.44 Billion (+500) | $236 (2.5 percent) |
| 2004 | $9.94 Billion (+500) | $347 (3.5 percent) |
| 2005 | $10.44 Billion (+500) | $365 (3.5 percent) |

*Not on a percentage basis

Under this model total investment in Title I would increase $2.5 billion over the next five years with the set-aside growing from $211 million to $365 million. Total investment in accountability over 5 years would be $1.38 billion.