

NOTE TO BRUCE REED AND ELENA KAGAN

Below is the basic approach to an education block grant that I sent to Mike Smith over the weekend, modified slightly so you could better understand it. Mike is basically ok with this. Let me know what you think.

It involves combining Goals 2000, Title VI (The Republican block grant that already exists and for which we never seek funding), and the Eisenhower Professional Development Program into a \$1.2 billion or so block grant. It also involves expanding Ed-Flex (in which states are given the authority to waive federal education requirements) from a 12-state demonstration program to a 50 state program.

Riley is on board with this approach, but hasn't really focused on the details yet. Mike is going to involve some the key program staff on this over the next few days, to keep them on board.

We are aiming for this as a POTUS announcement when he meets with the gov's at the end of the month. This package is very close to what NGA is developing at Voinavich's initiative. Once this is a bit more firmed up, we'll develop a strategy for reaching out to the Dem. Govs. I don't want Voinavich to find out too soon that we are close to him--he will just try to push the envelope further.

1. We should describe this package as building on Goals 2000, even as we change the name and build in even more flexibility and streamlining. To avoid the charge of suddenly abandoning our top priority over the five years, we should be clear in our initial rhetoric that this proposal is building on the most important features of Goals, and expanding them. Since we have always called Goals 2000 a "responsible block grant" and since Ed-Flex is part of Goals 2000, this is not an unreasonable stretch.

We can accomplish this in several simple ways:

- o **Purpose of the Block Grant:** The purpose of this program is to help states and local school districts undertake the education reforms necessary to help all students reach challenging state standards in the basics and advanced skills in academic subjects.
- o **Underlying Principles:** Our rhetoric should stress that the program is built on the same principles that have been the foundation for Goals 2000: (1) high expectations and challenging academic standards for all students; (2) accountability for results; (3) maximum flexibility in the use of funds in order to achieve results; (4) investing in strengthening quality and increasing capacity. We should also stress another principle, not directly tied to Goals, of getting \$ to the local schools.
- o **Make Ed-Flex expansion a part of the Block Grant proposal, not a separate piece.** This reinforces that our legislative proposal is an extension of Goals 2000. In addition, we can require states that want Ed-Flex to have a strong school accountability plan (instead of an approved Goals 2000 plan), in ways that link to the overall accountability requirements for the block grant.

2. States should have some discretion in how they allocate funds, linked to the accountability requirements of the program.

Funds would be distributed to states according to a formula that would get each state the same share of funds that it now receives from the 3 programs. ED has initially proposed that the block grant include a formula for the substate allocation of funds. Below, I've proposed an alternative approach, which Mike seems comfortable with:

I'm not sure that we should have a substate formula as you suggested, especially if we are looking for some way to align this proposal with the governors. Substantively, I'd like to retain for states the ability to incorporate these funds into a broader statewide strategy, to preserve the benefits of having local districts compete for funds, and to have the ability to use the funds as incentives for forming partnerships between districts and other organizations (e.g., IHE's- especially for teacher training and professional development, or business and community groups for other purposes).

As an alternative, I'd suggest an approach with the following elements:

- o Drive the funds to the local level:** States would have to give out 95% of the funds to LEA's or partnerships involving LEA's.
- o Protect high poverty districts.** As we have proposed in class size, states should be required to guarantee high-poverty districts at least their "Title 1 share" of the funds.
- o Give states flexibility in how to use the rest of the money to achieve the purposes of the program, to help all kids reach state academic standards.** States should be free to use the funds in any fashion that will help kids reach their own state academic standards, consistent with the state's own reform strategy. This would leave states free to distribute the funds according to a formula, or competitively. States could determine the purposes for which the funds could be used--very targeted, or very flexibly.
- o Require states to issue annual statewide report cards, and district by district (or school by school) report cards.** States should be required to issue annual statewide report card, showing student progress toward reaching academic standards on a statewide basis, and disaggregated by socioeconomic level, race/ethnicity, and gender. Report card should also report on high school completion rates, and other indicators of the effectiveness of the system, as determined by the state. Report cards must also be issued on a district-by-district basis (though in local control states such as Iowa, without uniform state academic standards, these report cards can reflect somewhat different indicators of achievement).
- o Require the accountability and performance data to inform the use and distribution of the funds.** The state must describe to the public and the Secretary (but no approval required) how its use of the funds will help increase the number of kids meeting state

standards and reduce the achievement gaps revealed by the report cards. States would still have the flexibility to determine how the money would be used; this requirement simply makes the state take into account the accountability data in determining how to best use the funds. (This is why I think we need local district or school report cards as well as state report cards). It will also exert some pressure on state to target additional funds to low performing schools.

3. Ed-Flex should clearly be built on accountability for results. In addition to whatever requirements are necessary to ensure that programatic funds are used for the purposes as intended, the basic requirement for states to get Ed-Flex is that they have a rigorous approach to holding schools and districts accountable for results, including school and district report cards with disaggregated data and some form of meaningful intervention in low performing schools/districts. In addition, I believe that Ed-Flex already requires states to demonstrate the same kind of flexibility with respect to its own requirements as we are prepared to offer; we should retain this approach and strengthen it if necessary based on what we have learned so far.

Education Q&A For NGA Roundtable

QUESTION: *We are very concerned about your proposals to use tobacco settlement funds for your national initiatives. How will you support flexibility on how the funds can be used between health care, child care, and class-size reduction?*

ANSWER:

QUESTION: *Your administration claims to support flexibility in education funding. Why don't you support the consolidation of vocational and work force programs at the state level?*

ANSWER:

QUESTION: *Is the voluntary national test dead? If not, how do you plan to move the proposal forward?*

ANSWER:

QUESTION: *At the beginning of your administration you advocated a comprehensive approach to improving education rather than having separate categorical programs. Why has your position changed in light of the many new education initiatives you are proposing?*

ANSWER:

QUESTION: *Education programs cut across the Federal government. If you won't support block grants what will you do to support better coordination across the federal government?*

ANSWER:

QUESTION: *We are very concerned about the proposed new IDEA regulations. Would you be willing to work with us to ensure that they are not going to be overly burdensome?*

ANSWER:

QUESTION: *Many poor families would like the same chance that wealthier families have to send their child to a private school. Why do you continue to oppose vouchers?*

ANSWER:

Bill,

The following are the tough questions that could be raised by governors at the NGA meeting.

1. Mr. President, we are very concerned about your proposals to use tobacco settlement funds for your national initiatives. Will you support flexibility on how the funds can be used between health care, child care and class size reduction?
2. Your administration claims to support flexibility in education funding. Why don't you support the consolidation of vocational and work force programs at the state level?
3. Is the Voluntary National Test proposal dead? If not, how do you plan to move the proposal forward?
4. At the beginning of your administration you advocated a comprehensive approach to improving education rather than having separate categorical programs. Why has your position changed because it seems that you are proposing a new education program every other week.
5. Education programs cut across the Federal Government. If you won't support block grants what will you do to support better coordination across the federal government?

Bill, I don't think this issue will come up but it has been one we have heard a lot about from governors:

We are very concerned about the proposed new IDEA regulations. Would you be willing to work with us to ensure that they are not going to be overly burdensome?

There is also a slight chance that vouchers could come up.

Sorry I don't have answers to these questions for you. If you want to talk these through I can be reached tonight through Sunday morning at 617-723-0331 and Sunday night through Wednesday morning in Seattle at 206-728-1000.

Jennifer

The recommended new block grant would allow states to integrate public health efforts into a comprehensive strategy to complement Medicaid and the new children's health insurance program. Programs funded by the grant could include mentoring for expectant and new mothers and counseling on strategies to provide children with a healthy and stimulating environment, as well as more traditional prenatal care and immunization services. Spending would not be restricted to young children; states could continue to fund programs for older children. Administrative savings resulting from more effective coordination should be reinvested in the new block grant to expand available services.

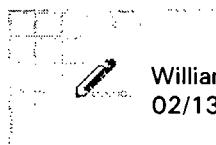
<u>Programs:</u>	<u>Fiscal 1998 Budget Authority</u> (\$ in millions)
Maternal and Child Health Block Grant	\$ 683
Centers for Disease Control Immunization Grants (Section 317)	427
Vaccines for Children Program	437
Healthy Start	96
Total	\$1.643

3. State Innovative Education Reform Strategies

Definition: The proposal consolidates three federal programs supporting education reform and professional development programs for teachers into a single block grant that would support state standards-based reform initiatives. Many states are engaged in systemic reform initiatives that are focused on improving student performance. These initiatives seek to improve the various components of states' education systems including school and school district performance and professional development programs for teachers; convert the state education agency from an oversight agency to a technical assistance agency; develop new assessment and accountability systems, and improve the quality of instructional materials to which students have access in the classroom. By consolidating the resources for these programs in a single funding stream, these funds can be used to complement state programs and better address the needs of schools in the state.

Rationale: These three federal programs support state-developed and state-implemented standards-based reform activities. Two of these programs are run by the education agency and the third is directed by a state planning panel appointed by the Governor. The block grant proposal combines the resources of these programs into a single stream of funds that would be granted to a state-level partnership appointed by the Governor. Like the current Goals 2000 program, states would be given maximum flexibility to determine how the funds would be used. A strong accountability system would also be built into the plan. The Secretary of Education would certify, not approve, the plan if it contained the appropriate components. Administrative savings from combining these programs could be redirected to programs and services for children. States could choose to direct all of these funds to a single program area, such as technology or professional development, or could use the funds to support a wide array of programs.

<u>Programs:</u>	<u>Fiscal 1998 Budget Authority</u> (\$ in millions)
Eisenhower Professional Development State Grants	\$ 335
Innovative Education Program Strategies State Grants	350
Goals 2000	464
Total	\$1,149



William R. Kincaid
02/13/98 07:28:51 PM

Record Type: Record

To: Michael Cohen/OPD/EOP

cc:

Subject: Notes on IDEA Q/A

Of the questions that Jennifer presented, I thought the one we were the most likely to need some outside help on is the IDEA Q. I called Tom Hehir -- here are some notes from my conversation...thus far I have not tried to boil this down into a brief answer.

We have received about 4,000 comments regarding our proposed regs and they are just that, proposed. There are many thoughtful comments that have been made by supers, parents, teaches and governors, and legislators, we are taking all those into consideration in proposing our final rules. In issuing final regs, will strike a balance -- make sure that the rights of kids are preserved while preventing unnecessary burden.

New law is less burdensome in important ways. States and districts no longer have to provide lengthy plans every 3 years. (For some states, that was 1000 pages). No longer require that every child be reassessed every 3 years if it's clear that they are disabled and parents and teachers agree.

[Want to have rules done by the Spring -- late April, early May. Comment period has closed.]

Complaints around serving kids in prisons. -- Statute requires it. And shouldn't give up on these kids.

Discipline for kids with disabilities -- New law provides more flexibility for school districts than the old one did. Strikes balance between protecting kids rights and giving districts flexibility to discipline kids.

Special ed funding -- overall budget will be of much greater benefit, including class-size and school construction.