

Please make 1
copy for Mike.

orig sent to me
— Thank Zill

additional
comments

from T. J. Johnson

District Expenditure Each Year Under Zone

DRAFT

ASSUMPTIONS

- Each year when contracts expire, new negotiations will reflect reform principles.
- All new funds will focus on both adding new programs and scaling-up to full-capacity throughout the entire system.
- The district will leverage all fiscal resources (federal, state, local).
- This city also receives Title I, Goals 2000, STW, IDEA, and possibly other federal funds. The student body includes a substantial percentage (over 50%) of children from low income families.
- The disaggregated test scores are beginning to inch upward, yet when disaggregated for race and gender, reveal student performance is uneven.
- The restructuring efforts in this design requiring discard obsolete practices and replacing them with more promising ones.
- Since the cost of each design element will vary according to the region and market capacity, **this outline is presented in percentages of the whole**, instead of actual dollar amounts.

SOME BASIC PRINCIPLES

- Focus is on supporting schools in need of improvement.
- Failing schools are identified and fixed (or closed)
- Accountability measures drive the reform effort
- The capacity of parents and others to support the academic development of learners is strengthened.
- Separating or reducing the gap of academic achievement from the social divisions to which learners are assigned, including class, ethnicity, gender, and language proficiency, is an essential goal.

CONDITIONS

- Funds cannot supplant; must demonstrate how leveraging new funds improve chances for student success.
- District staff - have completed a thoughtful analysis of use of existing funds.

QUESTIONS / *For developing formulas*

- What factors shall we use to determine the ratio of award money to district size?
- What characteristics are essential ingredients, either as local initiatives, or proposed?
- *what base should we use to get to value added?*

This percentage allocation could be translated into a value added figure above existing expenditure for each category

	YEAR 1 75%	YEAR 2 100%	YEAR 3 85-90%	YEAR 4 50-60 %	YEAR 5 50-60 %
<u>STAFFING</u>					
New	10*	20	15		Local Funds
Extended day		15	15		Local Funds
Bonuses	--	--	--	30	30
Tutors (teacher's hourly)	10	15	15		

INSTRUCTIONAL RESOURCES

Texts	--	(Other federal or local funds or Technology Challenge grant.)			
Software	--				
Misc.	--				

CURRICULUM DEVELOPMENT

Products	15	15	10		
Training					

* All these numbers represent percent.

	YEAR 1 75%	YEAR 2 100%	YEAR 3 85-90%	YEAR 4 50-60 %	YEAR 5 50-60 %
<u>PROFESSIONAL DEVELOPMENT</u>					
Design team training	20		5 (new teams)		
→ On-site coaching	--	?	(other funds)		
Substitute coverage		5			
? Stipends	15	15	15	15	15

NEW ASSESSMENTS

(Accountability)

New Tests (Title I)

Scoring (Title I)

Analysis (Title I)

Disaggregation

Public Reporting

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS
75%	100%	85-90%	50-60 %	50 -60%

INSTRUCTIONAL
ORGANIZATION
MODELS

Extended Day --

Extended Week Salary implications

Extended Year

Multi-group

Pattern

<u>EVALUATION</u>	5	5	5	5	5
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Consultants

Studies

Collaboration

FACILITIES

?

TRANSPORTATION

(Choice)	--	10	10	10	10
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December 9, 1997

MEMORANDUM TO WORKING GROUP PARTICIPANTS

**FROM: Mike Cohen
 Bill Kincaid**

SUBJECT: Education Opportunity Zones

On December 5 we met and discussed a draft memo describing this initiative, and considered some key outstanding issues. Below is a summary of where we left things at the conclusion of the meeting. The next meeting on this initiative is scheduled for Thursday, December 11 at 5 p.m. in 211 OEGB.

Relationship of Education Opportunity Zones with Obey-Porter Funds. There is a strategic imperative to ensure funding for both initiatives in our FY99 budget proposal, and a consensus that, despite some important differences in targeting of funds, we need to figure out how these two can best fit together. The importance of making this work was subsequently reinforced in a meeting with Cheryl Smith of Obey's staff. DPC, OMB and ED have all agreed to share some ideas, in writing, for how to connect these two initiatives. It would be ideal to distribute these before we meet on Thursday.

Funding Patterns and Incentives for Performance. We agreed that the purpose of this initiative is to demonstrate that a serious approach to high standards can work. Therefore, 3 year grants would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, and/or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated. Districts should be eligible to receive extensions of their grants in years 4 and 5 as a reward for demonstrating real gains in student performance. There is no agreement yet on the amount of the reward, although one possibility would be 50% of the maximum grant.

There is a general sense that, if necessary, it would be possible to start with somewhat less funding per grantee in year one (because it could take time for various aspects of the reform effort to get started). A possible pattern for the first three years of a grant could be something like 66%/100%/75%, but more work on this is required. In particular, Judith Johnson was going to do some thinking about how a district would spend its grant funds.

We agreed to continue considering whether there should be a single round of zones selected for funding beginning in FY 99, or whether there should be multiple rounds of grants, so that some districts that might not be as advanced would still have a chance to participate and to maintain interest in a wide range of districts in undertaking serious reform. However, there was a general sense that if there are to be two rounds of zones, the second round should occur in year 3. During years 2 and 3 of the zones initiative, these districts could be receiving smaller amounts of funds and focusing on a smaller number of their troubled schools under Obey-Porter.

Flexibility. There was general agreement that we need to investigate possible options for extending greater flexibility in the use of federal funds to the districts selected to be education opportunity zones, as long as they continue to meet agreed-upon performance goals. Some requirements would likely need to be exempted from waivers; a possible example that needs further discussion is Title I targeting. [A group within Education, in consultation with DPC, is beginning to put together a range of options for broader flexibility in use of program funds that will include both current authority and new legislation specifically connected to the Education Opportunity Zones, but will also include other options such as expansion of state Ed-Flex.]

A suggestion also was made that the proposal should require flexibility on the part of state and local funds as well.

Authority. There is general agreement that we should seek to carry out this initiative, to the extent possible, under existing legislative authority, perhaps with some minor appropriations language. One option discussed as likely to work best was the Title I demonstration authority that is being used for Obey-Porter. Once this memo has been circulated, Education will review possible options in light of agreements on the initiative to date.

**Strengthening Public Schools By Raising Standards, Expanding Opportunity, and
Requiring Accountability
December 3, 1997**

OPPORTUNITY AND RESPONSIBILITY FOR REACHING CHALLENGING ACADEMIC STANDARDS. The Administration is developing an Education Opportunity Zones initiative. This competitive challenge grants program is aimed at demonstrating comprehensive, coordinated and effective approaches to expanding opportunities for students in high poverty urban and rural school districts, coupled with a balanced approach to increased responsibility for results for schools, educators and students themselves. High-poverty school districts will be eligible for additional Federal funding *if* (1) they now adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

To receive funds, local school districts will demonstrate how they will:

- provide students and parents with choice within the public school system;
- hold schools accountable for helping students reach academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts can use Education Opportunity Zone funds to:

- provide extra help to students in need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school.
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses and community-based organizations, or closing down failing schools and reopening them as charter schools.
- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they do; and implement programs to identify low performing teachers, providing them help to

improve, and removing them fairly and quickly if they don't.

Examples of Local School Districts Using These Approaches. (See Attachment)

Spreading Practices Nationwide. These are the kinds of approaches that must be replicated everywhere in order to strengthen public schools. The President's Education Opportunity Zones challenge grants will help demonstrate how they can work and spread them to cities and rural communities with students that can benefit from them the most. They will help make sure that our most disadvantaged students are held to high academic standards and helped to reach them. They will help make sure that disadvantaged students can choose among good public schools, and are not trapped in failing schools. They will help reach the President's goal of having at least one Master Teacher in every school, which is particularly important for students in high poverty schools, because these schools often have the least well prepared teachers.

Budget. This initiative has not yet been finalized. Consultation with the education community, state and local officials, higher education, community groups and others is still underway. Final budget numbers will not be determined until the FY 1999 budget process is completed.

**CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- *EXAMPLES OF ACTIVITIES THAT COULD
BE SUPPORTED UNDER THE PROPOSAL***

Proposed FY 99 Budget Initiative

DRAFT -- November 29, 1997

Student Assistance and Accountability:

- In **Chicago**, many students participate in the district's Lighthouse after-school program, which features intense reading/math instruction, social other enrichment activities, and a meal. Students in the district who perform below minimum standards at key transition grades (3, 6, 8 and 9) are required to participate in a seven-week "SummerBridge" program and pass a test before moving on to the next grade. Over 45,000 students were served in the SummerBridge program in 1997, and over 144,000 students participated in some form of summer activity.
- This summer **Denver** served approximately 2,400 students in grades 3, 5, and 8 who were required to attend summer school to address subpar reading scores.
- The **Long Beach** school district required 1,600 third graders who had not attained reading proficiency by the end of the year to attend five-week tutorial sessions.
- In **Cincinnati**, student promotion is now based on specific standards that define what students must know and be able to do. The standards are designed to prepare students to pass the state's ninth-grade proficiency test.
- As part of the superintendent's focus on reading, the **Houston** school district is hiring 150 reading coaches. The coaches, mainly college students tutor about 1,000 children on a one-to-one basis at \$10 an hour. Designed by the University of Texas at Dallas, the program will use an intensive approach. The university is training the tutors and the district is funding the program from the general budget.

Staff Effectiveness and Accountability:

- **Charlotte-Mecklenburg's** Benchmark Goals program gives cash awards of \$750 to \$1,000 to teachers in schools when their students meet a range of goals based on their previous performance. The goals are structured so that schools have an incentive to raise the achievement of their lowest performing students. It also focuses on goals for African American students, who historically have been under-achievers in the Charlotte school system, ensuring that schools work to close the achievement gap with white students.
- In **Cincinnati**, school district administrators' pay raises are now linked to job performance, with automatic cost-of-living adjustments and salary rates being replaced

with new criteria, including performance on several measures such as student test scores and graduation rates. The district is also preparing a system for providing financial rewards to schools based on student achievement, to take effect in 1998-99.

- In **St. Paul**, the school district is collaborating with the teachers' union and the University of Minnesota on Project 20/20 to support teachers through the National Board for Professional Teaching Standards (NBPTS) certification process. The district pays the application fees and the university and other partners develop and conduct professional support programs for the candidates.
- States like **North Carolina** and **Kentucky**, and school districts like **Los Angeles**, are providing significant salary increases to reward National Board Certified Master Teachers.
- Peer review and assistance programs help beginning teachers learn to teach and help veterans who are having difficulty improve their teaching or leave the classroom without union grievances or delays. In **Cincinnati**, for example, low-performing teachers can be assigned to an intervention program where they gain assistance from colleagues and administrators, and if unable to improve, are counseled out of the profession or removed. In Cincinnati, as well as **Toledo**, while most teachers improve their performance, roughly one-third of the teachers referred to intervention have left teaching by the end of the year, through resignation, retirement or dismissal.

In **Rochester**, expert, experienced teachers can be selected through a rigorous evaluation process as "lead teachers" and given significant salary stipends to become involved with peer counseling, or to take on other reform-related priorities such as consulting with new teachers, accepting positions in "intervention" schools, and developing curricula.

Columbus and **Seattle** also have aggressive peer review programs.

- **New York City's** Community District 2 places an unusually strong emphasis on providing ongoing opportunities for teachers to build skills and learn from one another. For example, the district enables visiting teachers to observe and practice with a highly accomplished teacher for three weeks while their classrooms are taught by another experienced teacher. District 2 registered the second highest standardized test scores in math and reading in the city.
- In 1996, **Memphis** opened its new Teaching and Learning Academy, which coordinates professional development opportunities for all teachers in the district. The Academy offers workshops in all major areas of school reform including leadership, core content, performance assessment, and uses of technology.

School Improvement and Accountability:

- **The San Francisco** Unified School District places low-performing schools on a one-year probationary period, during which they are expected to improve student performance. If there is no improvement, the school is reconstituted. All staff must reapply for jobs at

their school, and the Board hires a new principal, who in turn hires a new teaching staff and support staff. The new team must then put together an improvement plan to raise student achievement. Since the 1993-94 school year, ten schools have been reconstituted.

- The **Charlotte-Mecklenburg** school system distributes to parents easy-to-read student learning goals at the beginning of the school year. The district then follows up with school report cards on student attendance and performance that are distributed to parents and every household in the district, and are published in the newspaper, in part to help inform parents' decisions about the district's magnet schools.
- In **Chicago**, schools can be placed on probation due to low student achievement. These schools will be targeted for aggressive intervention strategies by the district, such as providing intensive help and training from expert teams of educators, or, where necessary, replacing ineffective principals and teachers. In the event of persistent failure, the district may shut down and reorganize the schools. Seven high schools were reconstituted between the 1996-97 and 1997-98 school years.

Chicago also recognizes a number of exemplary schools, providing financial rewards of \$5,000 and \$10,000 to the winners to become professional development centers for other schools. Seventeen schools were awarded exemplary status in the first year.

- As part of **Kentucky's** school accountability program under the Kentucky Education Reform Act, schools that do not reach academic and non-academic (attendance, retention, dropout, transition to the next level of schools or the job market) accountability targets must develop their own school improvement plan. If a school fails to improve over the next two years, the state assigns a distinguished educator to provide support and advice to the school. If the school's performance continues to decline, the state can assume control. Although the state has yet to take over a school, 88 schools were recently identified as being in decline and nine have been placed in the "crisis" category. The state also rewards schools that have demonstrated substantial progress by distributing \$27 million to 502 schools in 1997.
- Late last summer, **Cleveland** reconstituted two elementary schools that had failed to meet district-mandated school performance indicators and where there had been significant internal strife among staff members. The district reassigned the schools' principals and asked all teaching staff to reapply for their positions. As a result, about two-thirds of teachers at the reconstituted schools are new to the buildings this year. And earlier this year **Denver**, working closely with the teacher's union there, reconstituted two elementary schools, replacing nearly the entire staff at each.
- **New York City** also has a union-district negotiated process for "redesigning" schools identified by the state as failing. Such schools can replace approximately half the incumbent teaching faculty.
- In **Memphis**, since 1995, about half of all schools have adopted a "break-the-mold"

reform model, including several of the models developed by the New American Schools Development Corporation.

Public School Choice:

- In **Boston**, all parents choose their child's public school, and have a wide array of options ranging from neighborhood schools, magnet schools, and pilot and public charter schools which operate under performance contracts that provide them with greater autonomy and accountability for results.
- The **Houston** Independent School District recently instituted an open choice program. Parents may send their children to any of the district's 258 schools provided the school is enrolled at 95 percent of capacity or below. The district is currently analyzing available space and plans to publish the information in the near future; parents will apply to the district transfer office to change schools. HISD will not transport students to schools outside their attendance area. In addition to this choice program, the district has launched an aggressive effort to support in-district charter schools.
- **Cambridge** allows every family to choose a public school for their child. The school district provides information on every school and has created parent centers to help parents learn about and choose a public school for their child. More than 90% of parents get their first choice of kindergarten for their child, and most get one of their top picks at all grade levels.
- The **San Diego** school district has helped parents, teachers, and principals create more than a dozen public charter schools that stay open only as long as they do a good job. These are all schools of choice, publicly accountable and open to students from around the school district.
- In August 1997, **Denver** opened its first charter school as the Pioneer Charter School (PCS). PCS is a joint effort of the school district and the University of Denver (DU), enrolling 320 students from throughout Denver in grades Pre-K-5, with priority given to students residing in specific economically depressed communities. The school is to serve as an incubator for practices to support high achievement for urban students. The school features a personalized instruction plan for each student; a year-round calendar (an additional 20 days each year and 45-day instructional periods with 15-day intersession breaks); an extended day that begins at 7:30 AM and ends at 6 PM; and access to basic health care, community and social and education services for students and their families.

**Options for Carrying Out Challenge Grants Aspect of
Education Opportunity Zones Under Existing Authority**
DRAFT -- December 10, 1997

Two most likely options:

Title I Demo -- § 1502(a)

- Already used for Obey/Porter Comprehensive Reform -- but with the help of appropriations report language.
- How likely that we can squeeze in another initiative under this?
- Regulations/notice to further define scope?

ESEA Title X-I -- § 10951 et seq -- Urban and Rural Education Demonstration Grants

- Two separate subsections -- urban and rural each get 50% of funds. No separate set-aside for Native American schools.
- If more than \$50 million goes into the rural half, apparently requires an award to every state.
- Eligibility provisions, sec. 10952(5) would exclude some smaller urban LEAs; e.g., a district like New Haven would probably be excluded, because it is under 25,000 in enrollment and is not the largest central city in the state; same could be true of Kansas City, Kansas. Could not address through regulation, nor through waivers -- maybe approps.
- Would have to issue priority notices for grants, substantially narrowing and defining the range of allowable activities. (For example, one of the current allowable activities is increasing voter participation among eligible students). Doing this would entail opportunity to comment from the field. Could use new exception for first year competition -- but this could draw flak.
- Appears that authorization for approps would expire after FY 99; appears would need extension language in approps bill (or through some other avenue) for 00 and beyond. Not clear that GEPA would cover this kind of thing.

Long shots:

FIE

- Would be very unusual to fund something this large in FIE, and would be an even bigger problem in light of the national tests controversy, but if could get general approp, could issue priority notices defining the program.
- Unlike with ESEA program, could have to define class of eligible applicants through regulation.
- A such sums authorization.

Goals 2000 Urban/Rural -- §314(b)(1)

- Highly unlikely option, for a variety of reasons.
- Would have to get approps into Goals 2000 national activities on a large scale, something the Hill is very unlikely to do.
- Getting proper focus for the program would likely require first ■regulations■ under Goals 2000 (but not the main Goals 2000 state grant program).
- Overall, Goals authorization is for such sums, but with a maximum reservation for national activities of 5%. If cap held, would only provide tens of millions of dollars for this effort -- far too little. Also, existing language prohibits awards to urban and rural districts already getting Goals money through their state, but could override with approps language.

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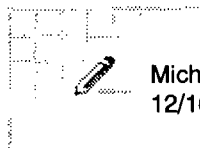
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- The **San Diego** school district has helped parents, teachers, and principals create more than a dozen public charter schools that stay open only as long as they do a good job. These are all schools of choice, publicly accountable and open to students from around the school district.
- In August 1997, **Denver** opened its first charter school as the Pioneer Charter School (PCS). PCS is a joint effort of the school district and the University of Denver (DU), enrolling 320 students from throughout Denver in grades Pre-K-5, with priority given to students residing in specific economically depressed communities. The school is to serve as an incubator for practices to support high achievement for urban students. The school features a personalized instruction plan for each student; a year-round calendar (an additional 20 days each year and 45-day instructional periods with 15-day intersession breaks); an extended day that begins at 7:30 AM and ends at 6 PM; and access to basic health care, community and social and education services for students and their families.



Michael Cohen
12/16/97 09:52:54 AM

Record Type: Record

To: William R. Kincaid/OPD/EOP

cc:

Subject: Re: revised urban paper 



URB9712.977

I've made a few changes and am sending the document back. Overall, I think its quite good. One more thing--we need a greater emphasis on evaluation in here. Could you relabel the dissemination section to emphasize evaluation in the title, and include a few sentences that indicate that there will be a strong, independent evaluation effort in order to determine which districts qualify for the years 4 and 5 grants, and to learn what works. Districts will also be required to have their own accountability system, in order to encourage them to be data-driven, and to contribute to the overall evaluation.

My 10:00am appointment showed up early. I'm going to try to deal with them as quickly as possible, and then get back to you.

Once you've made the above changes, go ahead and send to Wayne and Barry.

Thanks

EDUCATION OPPORTUNITY ZONES

December 15, 1997 Meeting

I. Budget Scenario

II. Relation to Obey-Porter

III. Legislative Authority

IV. Flexibility

V. Next Steps on Eligibility

THE WHITE HOUSE

Office of the Press Secretary
(Akron, Ohio)

For Immediate Release
December 3, 1997

OPENING STATEMENT OF THE PRESIDENT
AT "ONE AMERICA: PRESIDENT CLINTON'S
INITIATIVE ON RACE" TOWN MEETING

E.J. Thomas Performing Arts Hall
University of Akron
Akron, Ohio

12:00 P.M. EST

* * *

Again, let me say that this dialogue to me is an important part of where we're going. Now, we have responsibilities in Washington, too. There is an economic responsibility. There is an education responsibility. A few weeks ago I announced that we were going to support scholarships for people who would go out and teach in educationally-deprived areas where we needed more teachers. Today, we are releasing a proposal to create educational opportunity zones to reward school districts in poor urban and rural areas who undertake the kind of sweeping reform that Chicago has embraced in the last couple of years -- closing down failing schools, promoting public school choice, holding students and teachers accountable, involving parents more, providing opportunities for students who have learning problems to learn, but ending automatic social promotion and giving people high school diplomas that don't mean anything.

Press Paper -
Extra Copies

—

**Strengthening Public Schools By Raising Standards, Expanding Opportunity, and
Requiring Accountability
December 3, 1997**

OPPORTUNITY AND RESPONSIBILITY FOR REACHING CHALLENGING ACADEMIC STANDARDS. The Administration is developing an Education Opportunity Zones initiative. This competitive challenge grants program is aimed at demonstrating comprehensive, coordinated and effective approaches to expanding opportunities for students in high poverty urban and rural school districts, coupled with a balanced approach to increased responsibility for results for schools, educators and students themselves. High-poverty school districts will be eligible for additional Federal funding *if* (1) they now adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

To receive funds, local school districts will demonstrate how they will:

- provide students and parents with choice within the public school system;
- hold schools accountable for helping students reach academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts can use Education Opportunity Zone funds to:

- provide extra help to students in need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school.
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses and community-based organizations, or closing down failing schools and reopening them as charter schools.
- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they do; and implement programs to identify low performing teachers, providing them help to

improve, and removing them fairly and quickly if they don't.

Examples of Local School Districts Using These Approaches. (See Attachment)

Spreading Practices Nationwide. These are the kinds of approaches that must be replicated everywhere in order to strengthen public schools. The President's Education Opportunity Zones challenge grants will help demonstrate how they can work and spread them to cities and rural communities with students that can benefit from them the most. They will help make sure that our most disadvantaged students are held to high academic standards and helped to reach them. They will help make sure that disadvantaged students can choose among good public schools, and are not trapped in failing schools. They will help reach the President's goal of having at least one Master Teacher in every school, which is particularly important for students in high poverty schools, because these schools often have the least well prepared teachers.

Budget. This initiative has not yet been finalized. Consultation with the education community, state and local officials, higher education, community groups and others is still underway. Final budget numbers will not be determined until the FY 1999 budget process is completed.

**CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- *EXAMPLES OF ACTIVITIES THAT COULD
BE SUPPORTED UNDER THE PROPOSAL***

Proposed FY 99 Budget Initiative

DRAFT -- November 29, 1997

Student Assistance and Accountability:

- In **Chicago**, many students participate in the district's Lighthouse after-school program, which features intense reading/math instruction, social other enrichment activities, and a meal. Students in the district who perform below minimum standards at key transition grades (3, 6, 8 and 9) are required to participate in a seven-week "SummerBridge" program and pass a test before moving on to the next grade. Over 45,000 students were served in the SummerBridge program in 1997, and over 144,000 students participated in some form of summer activity.
- This summer **Denver** served approximately 2,400 students in grades 3, 5, and 8 who were required to attend summer school to address subpar reading scores.
- The **Long Beach** school district required 1,600 third graders who had not attained reading proficiency by the end of the year to attend five-week tutorial sessions.
- In **Cincinnati**, student promotion is now based on specific standards that define what students must know and be able to do. The standards are designed to prepare students to pass the state's ninth-grade proficiency test.
- As part of the superintendent's focus on reading, the **Houston** school district is hiring 150 reading coaches. The coaches, mainly college students tutor about 1,000 children on a one-to-one basis at \$10 an hour. Designed by the University of Texas at Dallas, the program will use an intensive approach. The university is training the tutors and the district is funding the program from the general budget.

Staff Effectiveness and Accountability:

- **Charlotte-Mecklenburg's** Benchmark Goals program gives cash awards of \$750 to \$1,000 to teachers in schools when their students meet a range of goals based on their previous performance. The goals are structured so that schools have an incentive to raise the achievement of their lowest performing students. It also focuses on goals for African American students, who historically have been under-achievers in the Charlotte school system, ensuring that schools work to close the achievement gap with white students.
- In **Cincinnati**, school district administrators' pay raises are now linked to job performance, with automatic cost-of-living adjustments and salary rates being replaced

with new criteria, including performance on several measures such as student test scores and graduation rates. The district is also preparing a system for providing financial rewards to schools based on student achievement, to take effect in 1998-99.

- In **St. Paul**, the school district is collaborating with the teachers' union and the University of Minnesota on Project 20/20 to support teachers through the National Board for Professional Teaching Standards (NBPTS) certification process. The district pays the application fees and the university and other partners develop and conduct professional support programs for the candidates.
- States like **North Carolina** and **Kentucky**, and school districts like **Los Angeles**, are providing significant salary increases to reward National Board Certified Master Teachers.
- Peer review and assistance programs help beginning teachers learn to teach and help veterans who are having difficulty improve their teaching or leave the classroom without union grievances or delays. In **Cincinnati**, for example, low-performing teachers can be assigned to an intervention program where they gain assistance from colleagues and administrators, and if unable to improve, are counseled out of the profession or removed. In Cincinnati, as well as **Toledo**, while most teachers improve their performance, roughly one-third of the teachers referred to intervention have left teaching by the end of the year, through resignation, retirement or dismissal.

In **Rochester**, expert, experienced teachers can be selected through a rigorous evaluation process as "lead teachers" and given significant salary stipends to become involved with peer counseling, or to take on other reform-related priorities such as consulting with new teachers, accepting positions in "intervention" schools, and developing curricula.

Columbus and **Seattle** also have aggressive peer review programs.

- **New York City's** Community District 2 places an unusually strong emphasis on providing ongoing opportunities for teachers to build skills and learn from one another. For example, the district enables visiting teachers to observe and practice with a highly accomplished teacher for three weeks while their classrooms are taught by another experienced teacher. District 2 registered the second highest standardized test scores in math and reading in the city.
- In 1996, **Memphis** opened its new Teaching and Learning Academy, which coordinates professional development opportunities for all teachers in the district. The Academy offers workshops in all major areas of school reform including leadership, core content, performance assessment, and uses of technology.

School Improvement and Accountability:

- **The San Francisco** Unified School District places low-performing schools on a one-year probationary period, during which they are expected to improve student performance. If there is no improvement, the school is reconstituted. All staff must reapply for jobs at

their school, and the Board hires a new principal, who in turn hires a new teaching staff and support staff. The new team must then put together an improvement plan to raise student achievement. Since the 1993-94 school year, ten schools have been reconstituted.

- The **Charlotte-Mecklenburg** school system distributes to parents easy-to-read student learning goals at the beginning of the school year. The district then follows up with school report cards on student attendance and performance that are distributed to parents and every household in the district, and are published in the newspaper, in part to help inform parents' decisions about the district's magnet schools.
- In **Chicago**, schools can be placed on probation due to low student achievement. These schools will be targeted for aggressive intervention strategies by the district, such as providing intensive help and training from expert teams of educators, or, where necessary, replacing ineffective principals and teachers. In the event of persistent failure, the district may shut down and reorganize the schools. Seven high schools were reconstituted between the 1996-97 and 1997-98 school years.

Chicago also recognizes a number of exemplary schools, providing financial rewards of \$5,000 and \$10,000 to the winners to become professional development centers for other schools. Seventeen schools were awarded exemplary status in the first year.

- As part of **Kentucky's** school accountability program under the Kentucky Education Reform Act, schools that do not reach academic and non-academic (attendance, retention, dropout, transition to the next level of schools or the job market) accountability targets must develop their own school improvement plan. If a school fails to improve over the next two years, the state assigns a distinguished educator to provide support and advice to the school. If the school's performance continues to decline, the state can assume control. Although the state has yet to take over a school, 88 schools were recently identified as being in decline and nine have been placed in the "crisis" category. The state also rewards schools that have demonstrated substantial progress by distributing \$27 million to 502 schools in 1997.
- Late last summer, **Cleveland** reconstituted two elementary schools that had failed to meet district-mandated school performance indicators and where there had been significant internal strife among staff members. The district reassigned the schools' principals and asked all teaching staff to reapply for their positions. As a result, about two-thirds of teachers at the reconstituted schools are new to the buildings this year. And earlier this year **Denver**, working closely with the teacher's union there, reconstituted two elementary schools, replacing nearly the entire staff at each.
- **New York City** also has a union-district negotiated process for "redesigning" schools identified by the state as failing. Such schools can replace approximately half the incumbent teaching faculty.
- In **Memphis**, since 1995, about half of all schools have adopted a "break-the-mold"

reform model, including several of the models developed by the New American Schools Development Corporation.

Public School Choice:

- In **Boston**, all parents choose their child's public school, and have a wide array of options ranging from neighborhood schools, magnet schools, and pilot and public charter schools which operate under performance contracts that provide them with greater autonomy and accountability for results.
- The **Houston** Independent School District recently instituted an open choice program. Parents may send their children to any of the district's 258 schools provided the school is enrolled at 95 percent of capacity or below. The district is currently analyzing available space and plans to publish the information in the near future; parents will apply to the district transfer office to change schools. HISD will not transport students to schools outside their attendance area. In addition to this choice program, the district has launched an aggressive effort to support in-district charter schools.
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William R. Kincaid
12/10/97 10:20:13 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message

Subject: Re: Urban Education Meeting



EOZMTG12.5SM

Attached is a memo summarizing last week's meeting on the Education Opportunity Zones. Our next meeting will be tomorrow at 5 p.m. in 211 OEOB. Folks at the Department: if you have trouble opening the attachment, please call or e-mail Allison Balderston at 456-5543 and she can fax you a copy.

Thanks.

Message Sent To:

Michael Cohen/OPD/EOP
Tanya E. Martin/OPD/EOP
Robert M. Shireman/OPD/EOP
Barry White/OMB/EOP
Wayne Upshaw/OMB/EOP
Mary I. Cassell/OMB/EOP
jonathan h. schnur/ovp @ ovp
gerald_n._tirozzi @ ed.gov @ inet
judith_johnson @ ed.gov @ inet
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yvonne_briscoe @ ed.gov @ inet
Allison Balderston/OPD/EOP

Mike/Barbara/Jerry:

There are at least five issues to address: defining a Clinton thing that relates to but is different from Obey/Porter; creating a programmatic linkage; relating to current major programs so as not to imply that they are failing; involving district level management; money and phasing.

1. The Clinton difference: Address biggest Problems; Reward success. Stick with the leaked notion of a significant money-in-return-for-accountability offer to the larger, low-income and low-achieving school districts, urban and rural, but with emphasis on the district showing how its commitments to process (the tough reforms) and to accountability (real improvement in student achievement) is played out in its schools with the biggest problems. But,

Make Clinton grants in two parts:

(i) Part A. Supplements to Districts with the neediest Obey grant winners, taking into account greater demonstration of worst problems and thus the need for extra help. District role is required to qualify for the new grant. The District must: (a) use some of the money to add to support in the Obey-winning school, (b) use most money for similar improvements in other schools in trouble in that district, and (c) must include District level implementation of the Cohen reforms (End social promotion, fix failing schools, weed out incompetent teachers and administrators).

(ii) Part B. Rewards to Districts with Obey grants that most significantly raise student achievement. Districts with Obey winners and Part A winners compete for who can demonstrate the most significant progress from where they were in 1994 [the enactment of the Administration's Improving America's Schools Act and the Goals 2000 Act; also stress gains for children with disabilities to link to the IDEA reforms just enacted] to the time of the competition.

Structure the Part B Rewards into two competitions: (i) Big systems/big problems (big defined differently for urban vs. Rural); (ii) smaller systems/smaller problems -- perhaps most of the Obey winners. Part B grants would be much larger on average than the Obey awards, as they should be, since they should reward performance, not plans.

This approach lets there be a plethora of Obey grants (we still think 1,000 is a wasteful diffusion of effort; prefer around 500], and lots of hurrahs around their accomplishments, but maintains the focus on places with the biggest problems and the most payoff for students. In the competition for rewards, all Districts with Obey winners could compete.

Call the Clinton program, in its entirety: "Comprehensive School Achievement Rewards" so it sounds like the natural follow on to Obey's Comprehensive School Reform Program..

2. Programmatic linkage. Structure the February guidance for Obey so that in order to get their grants from ED, the States must set up three priority conditions for their competitions for the Obey grants:

(A) Highest priority for quality applications from schools with lowest achievement (as measured however the State so measures), regardless of income level, whose proposals give promise of raising achievement. This should pick up virtually all the poor districts with any interest in improvement.

(B) After (A), priority for schools with the strongest commitment to the Cohen reforms.

(C) After (A) and (B), priority for schools with the most ambitious proposals to raise achievement. This achievement focus will be the programmatic link to the Comprehensive School Achievement Rewards.

3. Relating to current major programs. This is accomplished by benchmarking the achievement measure since 1994, and for disabled kids, since IDEA reforms. Technical assistance to title I and IDEA programs may also focus on successes in Obey grant sites as ways of achieving those statutes' program goals better. Link the evaluation of Obey grants to the evaluation of title I and, eventually, IDEA: Obey grant winners should be those who are best using title I funds if they are, in fact, raising achievement.

4. Involving district level management. In the Obey grant guidance, make States give extra credit for schools that come in with the strongest district-level commitment to support the school itself and to use the school as a test bed for other schools in the district.

Then the Rewards program, as above, has as its eligible applicants, districts with at least one Obey award winner, which has demonstrated the achievement growth since 1994 and whose example the District commits to spread to other schools.

5. Money and phasing. Considerations: The best time to do the Rewards Part B grants (the actual rewards) would be in FY 2000 -- 5 years since enactment of the big school reform bills. If we can lower the amount for Rewards spending in FY 1999, we can get the program started with less crowding out of other initiatives, and reserve the big payoffs for FY 2000. Option:

	(\$ in millions)			
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001 (etc.)</u>
1. Obey grants	145	175	175	175
2. Rewards grants Part A	---	150	200	200
3. Rewards grants Part B	---	---	300	300
total	145	325	675	675

1. Obey grants for up to three years annually in FY 1998 to 500 schools (around \$300,000 each). In FY 1999, continuation grants, plus about 100 new schools. FY 2000, continuations to years 1 and 2 grants, and any left over for new schools (some will attrit out; States can give some schools one or two years of funding if their plans would work that way). FY 2001 and thereafter, new schools as 1st year schools end.

2. Rewards Part A grants -- supplements to Obey winners with lowest achievement/highest

poverty. Two year grants with a third year option. Assume 100 grants @ average of \$1.5 million, with larger grants for the half that are Urban; smaller for the half that are rural, based on differences in population.

3. Rewards Part B grants -- Rewards for actual achievement gains. One time rewards for 50 winners each year starting in FY 2000, half rural, half urban. Average of \$6 million, though again, larger for urban than for rural. Grants to be used for any school improvements the district desires. No judgement by Feds of use of funds as long as used for the school system.



Michael Cohen
12/10/97 09:17:31 AM

Record Type: Record

To: William R. Kincaid/OPD/EOP

cc:

Subject: Urban/rural

I haven't read any of this yet, but thought you ought to see it right away. Let me know what you think.

----- Forwarded by Michael Cohen/OPD/EOP on 12/10/97 09:19 AM



Barry White
12/09/97 07:40:05 PM

Record Type: Record

To: Barbara Chow/OMB/EOP, Michael Cohen/OPD/EOP

cc: Wayne Upshaw/OMB/EOP, Mary I. Cassell/OMB/EOP

Subject: Urban/rural

Here are two emails that together are some grist for the Obey/Cohen linkages. The first is a draft I did; the second some comments from Mary and Wayne. On one quick pass, I like Mary's comments. I just don't have time or energy tonight to merge them, the morning is shot on appeals and such, and don't know Mike's timetable, so here they both are for whatever good they may offer.

----- Forwarded by Barry White/OMB/EOP on 12/09/97 07:37 PM



Barry White
12/09/97 12:13:48 PM

Record Type: Record

To: Wayne Upshaw/OMB/EOP@EOP, Mary I. Cassell/OMB/EOP@EOP

cc:

Subject: Urban/rural

I'd like to get some thoughts to Cohen and Chow and Tirrozzi today. See the attached. Mark up as you wish or talk to me about it before 5 pm today. All ideas welcome.

It is clear by the way, that Cheryl is worried about the new thing competing for dollars with her program, though her bouquet suggesting that if the President supports the new thing, the Obey

showing promise of raising student achievement -- although A also focuses on schools that start off with low achievement. Instead of C, I would propose adding a condition along the following lines: C) Districts where the Obey school-based plans fit into a broader district reform plan, in particular a districts plan for fixing failing schools

Here are some other possible programmatic links:

o Link the guidance with a description of the EOZ proposal. Release the Obey guidance and a thorough discription of the EOZs at the same time. While the Obey guidance is about an extant program and the EOZ is still a twinkle in Mike Cohen's eye, releasing them together may help districts plan to use the money together.

o Link the plans. Districts should be allowed to submit the same plan for the EOZs next year as they submit for the Obey plan this year. That way districts would be encouraged to think about the two together. Another link that could be made is to the consolidated State and local plans. To apply for Obey, States, and districts could simply amend their consolidated plans (48 of 50 States submit consolidated plans and these have been peer reviewed, so they are not too bad -- I don't know how many LEAs submit consolidated plans to States)

Section 3

o under "Relating to current major programs", I'm not sure what you mean in saying "This is accomplished by benchmarking the achievement measure since 1994" Does this mean, it's accomplished by rewarding achievement gains?

Section 4

o I like the "extra credit" for district-level commitment -- as suggested above, you may want to add something on this to Section 2 on priority conditions for State competitions.

o In the second paragraph in this section, do you mean that districts would simply need to show gains in Obey schools, or in other schools as well? (I would support the latter)

Section 5

o On money and phasing, as Mike described the current DPC proposal at yesterday's meeting, he would like to reward performance by making the last two years of a possible 5-year grant contingent upon improvements in student achievement. His argument is that it takes a while for gains to occur -- but, I've seen schools make a lot of progress in two years. As a compromise between the two positions, you could award the reward money beginning in 2001.

thing will lose out was more than a tad disingenuous -- witness the fate of America Reads. Still, the opening is there.



NEWURBAN.WPI

Mary I. Cassell

12/09/97 05:38:23 PM

Record Type: Record

To: Barry White/OMB/EOP@EOP, Wayne Upshaw/OMB/EOP@EOP

cc:

Subject: Urban/rural

There are a lot of interesting and good ideas in this proposal -- it's a promising structure and I particularly like the ideas on programmatic links and involving the district. In general, I think the best outcome would be for districts to be able to plan how they would use these two pots of money in conjunction with each other, as well as with existing funds -- all pointed toward the ultimate goal of district-wide achievement gains. Here are a couple of comments, plus a few ideas to augment your proposal:

Section 1

o In point 1 (the description of the leaked version of the proposal) Cohen has accepted and incorporated some of our ideas on rewarding performance. Specifically, districts would only be eligible for the Economic Opportunity Zone (EOZ) grants if they show improvements in student achievement in at least some schools, or possibly show they have changed district-wide behavior in a way that holds real promise of improving achievement (we told him you would only like the first half of his formulation). You may want to change your description to reflect this by changing the sentence slightly to read something like: "Stick with the leaked notion...urban and rural, once the district shows its commitment to process (the tough reforms) and accountability (real improvement in student achievement) in its schools with the biggest problems."

o On the Part A grants -- could these be expanded to include other districts that want to implement Obey-style reforms? That way, if States don't award Obey grants to all the districts that we hope would be eligible, they wouldn't be locked out of the EOZ grants.

o A clarifying question on the Part A and B reward grants --- do you expect these to go to both Title I and non-Title I schools, since the Obey money goes to both? I think the grants should only be for Title I schools, and ideally for Title I schools that are failing and are therefore in school improvement (or districts with schools in school improvement).

o In the last paragraph on the first page, you mention that we think 1,000 is a wasteful diffusion of effort -- actually, Obey expects his grants to go to about 3,000 schools (even worse than you thought, huh?).

Section 2

o Under Programmatic links, I'm not sure why you need condition C, since both A and C have to do with

December 11, 1997

MEMORANDUM TO WORKING GROUP PARTICIPANTS

FROM: Gerry Tirozzi

SUBJECT: Connecting Obey-Porter to the Education Zones Initiative

In preparation for the December 11 meeting, staff and leadership at the Department of Education re-examined both the Obey-Porter program for comprehensive school reform and the Education Opportunity Zones initiative for urban and rural school districts. After careful consideration, we strongly believe that these initiatives complement and support one another, and both are critical.

The Obey-Porter program naturally leads into a focused, district-wide program for urban and rural areas plagued by concentrated poverty.

The Obey-Porter program sets the stage for some deeper, more ambitious reform activities in a small number of high poverty urban and rural school districts. We expect that most, if not all, of the urban districts will receive some funds under Obey-Porter. This will, however, be targeted in a few schools and not provide the district level reform necessary to sustain school reform efforts once the Obey-Porter funds are gone and bring reform to scale throughout the district. The Obey-Porter money should work in conjunction with other critical federal funds such as Title I and Goals 2000 and local funds to launch and implement comprehensive school reforms -- school by school -- that help all students reach high standards. We recognize, however, that in order to institutionalize and scale up such reforms, district level commitment and investment will be necessary.

The urban-rural Education Opportunity Zones initiative provides an opportunity to demonstrate that communities with concentrated poverty can turn around their schools and help all students achieve high standards. These grants would go to districts that have demonstrated their commitment to improving their schools. These districts will be the types of districts that utilize Obey-Porter funds to get some of their school programs up and running. A larger, more systemic grant would allow these districts to build the accountability, public school choice, technical assistance, and professional development programs that will help institutionalize, broaden, and deepen the reform activities begun under Obey-Porter.

District experience shows that successful school-by-school reform efforts can stall and even disappear without some district level support and commitment. For example, the New American Schools Development Corporation began with a school-by-school approach and is now working with districts because it found that district barriers to comprehensive reform activities needed to be addressed. NAS is now focusing on several school districts that have committed to implementing comprehensive school reforms in a significant number of schools. Other research supports this conclusion, including work by such researchers as Dick Elmore and Susan Fuhrman. In effect, comprehensive school reform is not realized by celebrating "victory gardens."

Steps to link the two initiatives:

- Discuss the initiatives as related activities to support the achievement of high standards. Emphasize their common goal of helping improve student achievement. Discuss Obey-Porter funds as leading into deeper district-wide reform activities.
- Reference the urban-rural Education Opportunity Zones initiative in the Obey-Porter guidance.
- Strongly encourage states to give priority to districts that plan to use Obey-Porter funds for schools in school improvement.
- Give priority in the Education Zones competition to districts that can demonstrate their commitment to school reform. One option would be to give a preference to districts that competed for and received funds under Obey-Porter.
- Require districts to focus on research-based, comprehensive approaches to turning around low performing schools in the Education Zones program. Obey-Porter funds would be one source for accessing these programs. We could use the criteria for research-based comprehensive reform being developed under Obey-Porter as the guide to reform in the Education Zones Initiative.
- Encourage Education Zone recipients to use models funded under Obey-Porter.
- Fund both programs in FY 99. The Obey-Porter program serves a critical need of supporting school efforts, regardless of district capacity. The Education Zones initiative is much more focused on broadening reform activities in high poverty urban and rural districts that need extra help turning around their low performing schools.

**CHALLENGE GRANTS FOR URBAN AND RURAL
EDUCATION OPPORTUNITY ZONES**
Proposed FY 99 Budget Initiative
OPEN ISSUES -- November 24, 1997

DPC/ED Proposal:

Working Assumptions:

- **Competitive grants** targeted to a fairly small number of inner city and poor rural districts (possibly 10 to 15 of each).
- Grantees would agree to address standards-based school reform approaches advocated by the President: **student, staff, and school accountability**, promoting **public school choice**, and **extra resources** to help students, teachers, and schools succeed.
- **Flexible use of funds** as long as key elements are addressed.
- Applicants would have to show how will make use of **all available resources** in support of improvement strategy.
- Selection via **rigorous peer review** with repeat participants.
- Reward district success by **extending grants**.
- Seek to use **existing legislative authority**.

Unresolved Issues:

- How best to structure incentives for **most effective use of existing and new funds** including Obey \$ (designed to pay for individual school improvement plans)?
 - Is a clear application requirement enough?
 - Should there be a matching requirement? Cash or in-kind?
 - Should there be an annual review, or should the main focus be on whether to extend grants to a 4th and 5th year?
- Should challenge grant funds be available for **ongoing operating expenses**, such as after-school programs or teacher incentives?
- Methods for providing **greater flexibility** in use of existing federal funds? Is expedited consideration under existing authorities enough? If not, what should we propose and is new legislation needed?
- How to structure **public school choice** component? Should there be a relatively generic requirement that districts expand their offerings? Must districts ensure choice district-

wide? Should they focus on helping students escape low-achieving schools? If the focus is on low-achieving schools, how to address tension with fixing such schools? Should grant funds pay for transportation? Are there good ways to leverage sufficient high quality slots?

OMB Alternative

Working Assumptions

- Funds targeted to high poverty districts that are beginning with low test scores.
- Use FY 98 Obey school reform \$, stretched over 2 years, in competitive grants to these districts to meet current needs for implementing reform. Seek additional school reform \$ in FY 2000.
- Use new \$ as achievement awards to go to 50-100 highest performing districts (measured from FY 95) forward fund to award beginning in FY 2000.
- Set aside smaller pot of new \$ to go to high poverty, high-achieving districts to partner with low-achieving districts and help them improve.
- Flexible use of funds, which could include (but need not necessarily) addressing some of the accountability elements of DPC/ED proposal. Could condition participation in competition based on commitment to address social promotion.
- Applicants for Obey money would have to ensure integration with existing federal \$.

Key Issues:

- Would OMB approach try to accomplish too much with Obey funds? It seems as though those \$ should be focused on specific school efforts to implement reform models. ED/DPC approach would allow Obey \$ to be folded into a broader package of efforts that encompass both school-level and district-wide efforts. Also, Obey funds must be distributed to all states, and will likely go to multiple grantees. \$150 M spread over two years and to dozens of grantees will have a much less concentrated impact than ED reform \$.
- Would OMB approach do enough in the near term to spur districts to focus on the accountability and choice themes the President is pursuing?
- Is there a way to integrate OMB focus on rewarding and highlighting achievement into DPC/ED proposal?

- Is there a common metric that would allow rewards based on achievement, as OMB proposes, measured from FY 95? DPC/ED approach would allow reward for progress based on mutually negotiated benchmarks at time awards are initially granted.

Education Opportunity Zones Meeting -- Possible Issues to Cover

- Relationship of EOZ's with Obey-Porter funds?
- How to build in incentives for performance?
- Funding options currently on the table
 - Option 1: (1 round) 15-15
 - Option 2: (2 rounds) 10-10, 10-10
 - Discuss thinking on replication grants
- Options for providing expanded flexibility to EOZ's?
- Ability to use existing legislative authority?
- Outreach strategy (if time)

Eligible

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$250 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

The purpose of this initiative is to demonstrate that a serious approach to high standards can work. Therefore, funds would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated.

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive

teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

The stream of federal support under these grants would be structured so as to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$250 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 3 (FY 2000). FY 99 request: \$221 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

**Strengthening Public Schools By Raising Standards, Expanding Opportunity, and
Requiring Accountability
December 3, 1997**

OPPORTUNITY AND RESPONSIBILITY FOR REACHING CHALLENGING ACADEMIC STANDARDS. The Administration is developing an Education Opportunity Zones initiative. This competitive challenge grants program is aimed at demonstrating comprehensive, coordinated and effective approaches to expanding opportunities for students in high poverty urban and rural school districts, coupled with a balanced approach to increased responsibility for results for schools, educators and students themselves. High-poverty school districts will be eligible for additional Federal funding *if* (1) they now adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

To receive funds, local school districts will demonstrate how they will:

- provide students and parents with choice within the public school system;
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- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they do; and implement programs to identify low performing teachers, providing them help to

improve, and removing them fairly and quickly if they don't.

Examples of Local School Districts Using These Approaches. (See Attachment)

Spreading Practices Nationwide. These are the kinds of approaches that must be replicated everywhere in order to strengthen public schools. The President's Education Opportunity Zones challenge grants will help demonstrate how they can work and spread them to cities and rural communities with students that can benefit from them the most. They will help make sure that our most disadvantaged students are held to high academic standards and helped to reach them. They will help make sure that disadvantaged students can choose among good public schools, and are not trapped in failing schools. They will help reach the President's goal of having at least one Master Teacher in every school, which is particularly important for students in high poverty schools, because these schools often have the least well prepared teachers.

Budget. This initiative has not yet been finalized. Consultation with the education community, state and local officials, higher education, community groups and others is still underway. Final budget numbers will not be determined until the FY 1999 budget process is completed.

**CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- *EXAMPLES OF ACTIVITIES THAT COULD
BE SUPPORTED UNDER THE PROPOSAL***

Proposed FY 99 Budget Initiative
DRAFT -- November 29, 1997

Student Assistance and Accountability:

- In **Chicago**, many students participate in the district's Lighthouse after-school program, which features intense reading/math instruction, social other enrichment activities, and a meal. Students in the district who perform below minimum standards at key transition grades (3, 6, 8 and 9) are required to participate in a seven-week "SummerBridge" program and pass a test before moving on to the next grade. Over 45,000 students were served in the SummerBridge program in 1997, and over 144,000 students participated in some form of summer activity.
- This summer **Denver** served approximately 2,400 students in grades 3, 5, and 8 who were required to attend summer school to address subpar reading scores.
- The **Long Beach** school district required 1,600 third graders who had not attained reading proficiency by the end of the year to attend five-week tutorial sessions.
- In **Cincinnati**, student promotion is now based on specific standards that define what students must know and be able to do. The standards are designed to prepare students to pass the state's ninth-grade proficiency test.
- As part of the superintendent's focus on reading, the **Houston** school district is hiring 150 reading coaches. The coaches, mainly college students tutor about 1,000 children on a one-to-one basis at \$10 an hour. Designed by the University of Texas at Dallas, the program will use an intensive approach. The university is training the tutors and the district is funding the program from the general budget.

Staff Effectiveness and Accountability:

- **Charlotte-Mecklenburg's** Benchmark Goals program gives cash awards of \$750 to \$1,000 to teachers in schools when their students meet a range of goals based on their previous performance. The goals are structured so that schools have an incentive to raise the achievement of their lowest performing students. It also focuses on goals for African American students, who historically have been under-achievers in the Charlotte school system, ensuring that schools work to close the achievement gap with white students.
- In **Cincinnati**, school district administrators' pay raises are now linked to job performance, with automatic cost-of-living adjustments and salary rates being replaced

with new criteria, including performance on several measures such as student test scores and graduation rates. The district is also preparing a system for providing financial rewards to schools based on student achievement, to take effect in 1998-99.

- In **St. Paul**, the school district is collaborating with the teachers' union and the University of Minnesota on Project 20/20 to support teachers through the National Board for Professional Teaching Standards (NBPTS) certification process. The district pays the application fees and the university and other partners develop and conduct professional support programs for the candidates.
- States like **North Carolina** and **Kentucky**, and school districts like **Los Angeles**, are providing significant salary increases to reward National Board Certified Master Teachers.
- Peer review and assistance programs help beginning teachers learn to teach and help veterans who are having difficulty improve their teaching or leave the classroom without union grievances or delays. In **Cincinnati**, for example, low-performing teachers can be assigned to an intervention program where they gain assistance from colleagues and administrators, and if unable to improve, are counseled out of the profession or removed. In Cincinnati, as well as **Toledo**, while most teachers improve their performance, roughly one-third of the teachers referred to intervention have left teaching by the end of the year, through resignation, retirement or dismissal.

In **Rochester**, expert, experienced teachers can be selected through a rigorous evaluation process as "lead teachers" and given significant salary stipends to become involved with peer counseling, or to take on other reform-related priorities such as consulting with new teachers, accepting positions in "intervention" schools, and developing curricula.

Columbus and **Seattle** also have aggressive peer review programs.

- **New York City's** Community District 2 places an unusually strong emphasis on providing ongoing opportunities for teachers to build skills and learn from one another. For example, the district enables visiting teachers to observe and practice with a highly accomplished teacher for three weeks while their classrooms are taught by another experienced teacher. District 2 registered the second highest standardized test scores in math and reading in the city.
- In 1996, **Memphis** opened its new Teaching and Learning Academy, which coordinates professional development opportunities for all teachers in the district. The Academy offers workshops in all major areas of school reform including leadership, core content, performance assessment, and uses of technology.

School Improvement and Accountability:

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their school, and the Board hires a new principal, who in turn hires a new teaching staff and support staff. The new team must then put together an improvement plan to raise student achievement. Since the 1993-94 school year, ten schools have been reconstituted.

- The **Charlotte-Mecklenburg** school system distributes to parents easy-to-read student learning goals at the beginning of the school year. The district then follows up with school report cards on student attendance and performance that are distributed to parents and every household in the district, and are published in the newspaper, in part to help inform parents' decisions about the district's magnet schools.
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- Late last summer, **Cleveland** reconstituted two elementary schools that had failed to meet district-mandated school performance indicators and where there had been significant internal strife among staff members. The district reassigned the schools' principals and asked all teaching staff to reapply for their positions. As a result, about two-thirds of teachers at the reconstituted schools are new to the buildings this year. And earlier this year **Denver**, working closely with the teacher's union there, reconstituted two elementary schools, replacing nearly the entire staff at each.
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Public School Choice:

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- The **Houston** Independent School District recently instituted an open choice program. Parents may send their children to any of the district's 258 schools provided the school is enrolled at 95 percent of capacity or below. The district is currently analyzing available space and plans to publish the information in the near future; parents will apply to the district transfer office to change schools. HISD will not transport students to schools outside their attendance area. In addition to this choice program, the district has launched an aggressive effort to support in-district charter schools.
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OPPORTUNITY AND RESPONSIBILITY FOR REACHING CHALLENGING ACADEMIC STANDARDS. The Administration is developing an Education Opportunity Zones initiative. This competitive challenge grants program is aimed at demonstrating comprehensive, coordinated and effective approaches to expanding opportunities for students in high poverty urban and rural school districts, coupled with a balanced approach to increased responsibility for results for schools, educators and students themselves. High-poverty school districts will be eligible for additional Federal funding *if* (1) they now adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement..

To receive funds, local school districts will demonstrate how they will:

- provide students and parents with choice within the public school system;
- hold schools accountable for helping students reach academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts can use Education Opportunity Zone funds to:

- provide extra help to students in need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school.
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses and community-based organizations, or closing down failing schools and reopening them as charter schools.
- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they

do; and implement programs to identify low performing teachers, providing them help to improve, and removing them fairly and quickly if they don't.

Examples of Local School Districts Using These Approaches. (See Attachment)

Spreading Practices Nationwide. These are the kinds of approaches that must be replicated everywhere in order to strengthen public schools. The President's Education Opportunity Zones challenge grants will help demonstrate how they can work and spread them to cities and rural communities with students that can benefit from them the most. They will help make sure that our most disadvantaged students are held to high academic standards and helped to reach them. They will help make sure that disadvantaged students can choose among good public schools, and are not trapped in failing schools. They will help reach the President's goal of having at least one Master Teacher in every school, which is particularly important for students in high poverty schools, because these schools often have the least well prepared teachers.

Budget. No information to be provided at this time. These initiatives have not yet been finalized. Consultation with the education community, state and local officials, higher education, community groups and others is still underway. Final budget numbers will not be determined until the FY 1999 budget process is completed.

Plus

version

12/3

**CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- *EXAMPLES OF ACTIVITIES THAT COULD
BE SUPPORTED UNDER THE PROPOSAL***

Proposed FY 99 Budget Initiative

DRAFT -- November 29, 1997

Student Assistance and Accountability:

- In **Chicago**, many students participate in the district's Lighthouse after-school program, which features intense reading/math instruction, social other enrichment activities, and a meal. Students in the district who perform below minimum standards at key transition grades (3, 6, 8 and 9) are required to participate in a seven-week "SummerBridge" program and pass a test before moving on to the next grade. Over 45,000 students were served in the SummerBridge program in 1997, and over 144,000 students participated in some form of summer activity.
- This summer **Denver** served approximately 2,400 students in grades 3, 5, and 8 who were required to attend summer school to address subpar reading scores.
- The **Long Beach** school district required 1,600 third graders who had not attained reading proficiency by the end of the year to attend five-week tutorial sessions.
- In **Cincinnati**, student promotion is now based on specific standards that define what students must know and be able to do. The standards are designed to prepare students to pass the state's ninth-grade proficiency test.
- As part of the superintendent's focus on reading, the **Houston** school district is hiring 150 reading coaches. The coaches, mainly college students tutor about 1,000 children on a one-to-one basis at \$10 an hour. Designed by the University of Texas at Dallas, the program will use an intensive approach. The university is training the tutors and the district is funding the program from the general budget.

Staff Effectiveness and Accountability:

- **Charlotte-Mecklenburg's** Benchmark Goals program gives cash awards of \$750 to \$1,000 to teachers in schools when their students meet a range of goals based on their previous performance. The goals are structured so that schools have an incentive to raise the achievement of their lowest performing students. It also focuses on goals for African American students, who historically have been under-achievers in the Charlotte school system, ensuring that schools work to close the achievement gap with white students.
- In **Cincinnati**, school district administrators' pay raises are now linked to job performance, with automatic cost-of-living adjustments and salary rates being replaced

with new criteria, including performance on several measures such as student test scores and graduation rates. The district is also preparing a system for providing financial rewards to schools based on student achievement, to take effect in 1998-99.

- In **St. Paul**, the school district is collaborating with the teachers' union and the University of Minnesota on Project 20/20 to support teachers through the National Board for Professional Teaching Standards (NBPTS) certification process. The district pays the application fees and the university and other partners develop and conduct professional support programs for the candidates.
- States like **North Carolina** and **Kentucky**, and school districts like **Los Angeles**, are providing significant salary increases to reward National Board Certified Master Teachers.
- Peer review and assistance programs help beginning teachers learn to teach and help veterans who are having difficulty improve their teaching or leave the classroom without union grievances or delays. In **Cincinnati**, for example, low-performing teachers can be assigned to an intervention program where they gain assistance from colleagues and administrators, and if unable to improve, are counseled out of the profession or removed. In **Cincinnati**, as well as **Toledo**, while most teachers improve their performance, roughly one-third of the teachers referred to intervention have left teaching by the end of the year, through resignation, retirement or dismissal.

In **Rochester**, expert, experienced teachers can be selected through a rigorous evaluation process as "lead teachers" and given significant salary stipends to become involved with peer counseling, or to take on other reform-related priorities such as consulting with new teachers, accepting positions in "intervention" schools, and developing curricula.

Columbus and **Seattle** also have aggressive peer review programs.

- **New York City's** Community District 2 places an unusually strong emphasis on providing ongoing opportunities for teachers to build skills and learn from one another. For example, the district enables visiting teachers to observe and practice with a highly accomplished teacher for three weeks while their classrooms are taught by another experienced teacher. District 2 registered the second highest standardized test scores in math and reading in the city.
- In 1996, **Memphis** opened its new Teaching and Learning Academy, which coordinates professional development opportunities for all teachers in the district. The Academy offers workshops in all major areas of school reform including leadership, core content, performance assessment, and uses of technology.

School Improvement and Accountability:

- **The San Francisco** Unified School District places low-performing schools on a one-year probationary period, during which they are expected to improve student performance. If there is no improvement, the school is reconstituted. All staff must reapply for jobs at

their school, and the Board hires a new principal, who in turn hires a new teaching staff and support staff. The new team must then put together an improvement plan to raise student achievement. Since the 1993-94 school year, ten schools have been reconstituted.

- The **Charlotte-Mecklenburg** school system distributes to parents easy-to-read student learning goals at the beginning of the school year. The district then follows up with school report cards on student attendance and performance that are distributed to parents and every household in the district, and are published in the newspaper, in part to help inform parents' decisions about the district's magnet schools.
- In **Chicago**, schools can be placed on probation due to low student achievement. These schools will be targeted for aggressive intervention strategies by the district, such as providing intensive help and training from expert teams of educators, or, where necessary, replacing ineffective principals and teachers. In the event of persistent failure, the district may shut down and reorganize the schools. Seven high schools were reconstituted between the 1996-97 and 1997-98 school years.

Chicago also recognizes a number of exemplary schools, providing financial rewards of \$5,000 and \$10,000 to the winners to become professional development centers for other schools. Seventeen schools were awarded exemplary status in the first year.

- As part of **Kentucky's** school accountability program under the Kentucky Education Reform Act, schools that do not reach academic and non-academic (attendance, retention, dropout, transition to the next level of schools or the job market) accountability targets must develop their own school improvement plan. If a school fails to improve over the next two years, the state assigns a distinguished educator to provide support and advice to the school. If the school's performance continues to decline, the state can assume control. Although the state has yet to take over a school, 88 schools were recently identified as being in decline and nine have been placed in the "crisis" category. The state also rewards schools that have demonstrated substantial progress by distributing \$27 million to 502 schools in 1997.
- Late last summer, **Cleveland** reconstituted two elementary schools that had failed to meet district-mandated school performance indicators and where there had been significant internal strife among staff members. The district reassigned the schools' principals and asked all teaching staff to reapply for their positions. As a result, about two-thirds of teachers at the reconstituted schools are new to the buildings this year. And earlier this year **Denver**, working closely with the teacher's union there, reconstituted two elementary schools, replacing nearly the entire staff at each.
- **New York City** also has a union-district negotiated process for "redesigning" schools identified by the state as failing. Such schools can replace approximately half the incumbent teaching faculty.
- In **Memphis**, since 1995, about half of all schools have adopted a "break-the-mold"

reform model, including several of the models developed by the New American Schools Development Corporation.

Public School Choice:

- In **Boston**, all parents choose their child's public school, and have a wide array of options ranging from neighborhood schools, magnet schools, and pilot and public charter schools which operate under performance contracts that provide them with greater autonomy and accountability for results.
- The **Houston** Independent School District recently instituted an open choice program. Parents may send their children to any of the district's 258 schools provided the school is enrolled at 95 percent of capacity or below. The district is currently analyzing available space and plans to publish the information in the near future; parents will apply to the district transfer office to change schools. HISD will not transport students to schools outside their attendance area. In addition to this choice program, the district has launched an aggressive effort to support in-district charter schools.
- **Cambridge** allows every family to choose a public school for their child. The school district provides information on every school and has created parent centers to help parents learn about and choose a public school for their child. More than 90% of parents get their first choice of kindergarten for their child, and most get one of their top picks at all grade levels.
- The **San Diego** school district has helped parents, teachers, and principals create more than a dozen public charter schools that stay open only as long as they do a good job. These are all schools of choice, publicly accountable and open to students from around the school district.
- In August 1997, **Denver** opened its first charter school as the Pioneer Charter School (PCS). PCS is a joint effort of the school district and the University of Denver (DU), enrolling 320 students from throughout Denver in grades Pre-K-5, with priority given to students residing in specific economically depressed communities. The school is to serve as an incubator for practices to support high achievement for urban students. The school features a personalized instruction plan for each student; a year-round calendar (an additional 20 days each year and 45-day instructional periods with 15-day intersession breaks); an extended day that begins at 7:30 AM and ends at 6 PM; and access to basic health care, community and social and education services for students and their families.

UNITED STATES DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education
600 Independence Avenue, S.W. - Portals
Washington, D.C. 20202-6100

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FAX TRANSMITTAL

Date: 11/26

Number of Pages, Including Cover Sheet: 8

Telephone Number of Receiving Fax Machine: 456-7431

ADDRESSEE: Bill Kincaid

Organization: _____

Telephone #: _____

FROM: Catherine Jovicich

Organization: OESE

Telephone #: 202-260-2082

MESSAGE: OMB Passback proposal for an urban
grant program

Urban/Rural High Poverty Area Educational Achievement Awards

Premise: High poverty school districts, in which minorities are disproportionately represented, urban or rural, may have the greatest difficulty raising educational achievement, despite the significant sums of Federal monies for this purpose which they receive. There are examples of high-poverty districts that have high-performing, high-achieving schools. Reinforcing the importance of raising educational achievement through small near term awards building toward a substantial money award for proven success could provide the impetus needed in more high poverty districts to use resources more effectively and reach the goal.

Proposal Summary:

- A. School District Achievement Awards. The FY 1999 Budget would propose an advance appropriation in FY 1999 for use in FY 2000 of \$500 million, with equal amounts in each outyear, to provide awards to high achieving eligible districts.
- B. Funds to meet needs now. To give eligible districts new resources now so that they can better compete successfully for awards in FY 2000, in FY 1998 the Education Department would use the funds appropriated for "Obey" comprehensive school reform projects to make grants covering a two year period to competitively-chosen applications from high poverty, high need districts, so that those districts can implement research-based models of proven effectiveness in helping poor and minority children reach high standards and raise their achievement levels. Winners would get a "running start" toward competing successfully for Achievement Awards.
- C. Partnering Awards for Districts that are already high-poverty and high-achieving. \$25 million, would be sought each year beginning in FY 1999 for high-poverty, high-performance districts if they will serve as technical assistance partners to districts that hope to compete for the achievement awards. (An FY 1998 round might be available from re-directed school reform or other ED funds.) This aspect would also keep these "success story" places from feeling that they were left out.

Design elements:

- Eligible districts for school reform grants and for Achievement Awards would be those in each State that are in the highest quintile in terms of percentage of poverty, and, of those districts, ones that are in the lowest quintile in terms of scores on State assessments. [this needs refinement with real data to see who is captured]
- Achievement Awards. Awards would be competitive grants to 50-100 eligible districts (or more), ranging from about \$3-15 million each, scaled to the size of the district. Awards would be made based on the most substantial or most significant demonstrated progress made since 1995 (the year of implementation of Title I reforms and Goals 2000) in raising student achievement. There would be rigorous non-Federal peer review panels to recommend the Award winners.
- Allowable uses of Achievement Awards. Subject only to the requirement to use the funds to further school improvement and continue progress in raising student achievement, districts would have complete flexibility in how they use the Achievement Awards they win.
- Achievement Award duration: succeeding cycles. Award winners would be eligible to receive payments for three years, with years 2 and 3 in declining amounts. (A match is possible but isn't necessary). There would be a new round of Achievement Awards each year with each year's new \$500 million covering both the declining amounts for years 2 and 3 continuation Awards, and the first year of new Awards.
- The uses of FY 1998 school reform funds could range across the known spectrum of successful techniques, including hiring better qualified teachers and administrators, expedited removal of low performing teachers and administrators, implementing curriculum based on high standards, involving parents in accountability and assessment systems, and the like. The focus will be on things known to raise student achievement.
- Ensure integration with existing Federal school improvement funds. School reform applicants would have to make clear how the new resources will complement and build upon Title I and IDEA resources in the district, and where applicable, Eisenhower, Goals, technology challenge grant, Even Start, and perhaps other Federal resources in the district.
- States would concur with school reform grant applications, and would have to attest to how grant application further progress toward the State's Goals 2000 plan. States should also concur with Achievement Award applications. States could have to commit to not reducing their level of effort for school reform grant or Achievement Award winners.

• Future school reform funds. No FY 1999 funds would sought for school reform grants, but funds would be sought in FY 2000 and each succeeding year for successive rounds of two year grants to continue the process of helping districts compete for the succeeding rounds of Achievement Awards.

NOTE: The statutory structure of school reform funds in the appropriation language paragraphs clearly allows the above approach, but it is very different from the detailed report language. Negotiations with Obey and others would be necessary. Since it assures continued support for the program and makes it a key to larger successful programs, the approach should be saleable.

• Social promotion. The President is interested in moving against social promotion. A condition of consideration for both school reform grants and Achievement Awards could be demonstrated progress toward eliminating social promotions on a schedule consistent with achieving success in meeting high standards.

BA Comparison to Guidance and Initiatives

	<u>99 request</u>	<u>Passback</u>
PROGRAM BASE		
FY 99 proposed BA	33,685	29,586
FY 99 Guidance	28,981	28,981
Request Base over Guidance	3,670	---
Passback Base over Guidance	---	605
Base Programs, candidates for increases above Passback	---	1,448
INITIATIVES		
Initiatives In Passback Base:	---	94
Teacher Recruitment/Preparation	---	87
Drug Coordinator Initiative	---	27
Initiatives, disapproved:	300	---
Institutional Retention Grants	150	---
Super Pell Grants	150	---
Urban/Rural	320	---
Initiatives, pending:	320	420
Urban/Rural/ Poor School Achievement Awards	---	[500] *
Mentoring	300	300
Early Information	20	20
Education Research	---	50 **
Financial Aid Field Studies	---	50

* OMB proposes a \$500 million advanced appropriation for FY 2000 as an add candidate

** This item will compete for a separate pot of funding for research

FY 1999 ALL PURPOSE TABLE

 Department of Education
 discretionary BA

	1997	98 enacted	99 request	Passback	Add Candidates
Education Reform	996	1,275	1,390	1,285	84
Title I, Education for the Disadvantaged	7,800	8,022	8,564	7,965	496
Impact Aid	730	808	716	696	0
School Improvement	1,426	1,541	1,854	1,438	72
Drug Coordinator Initiative			27	27	—
Urban Initiative			320	0	—
Indian Education	58	60	75	60	3
Bilingual and Immigrant Education	262	354	389	354	18
Special Education	4,036	4,811	5,052	4,811	242
Rehabilitation Services and Disability Research	0	0	280	0	0
Special Institutions	129	133	137	133	4
Vocational and Adult Education	1,487	1,508	1,701	1,463	78
Student Financial Assistance	7,560	8,979	10,081	9,277	361
Super Pell Grants			150	0	—
Early Information Campaign			20	—	20
Financial Aid Field Studies			—	—	50
Higher Education	879	944	1,034	934	13
Mentoring Initiative			300	—	300
Institutional Retention Grants			150	0	—
Teacher Preparation/Recruitment			67	67	—
Howard University	196	210	215	201	0
Education Research, Statistics, Improvement	293	431	591	381	59
Education Research Initiative			—	—	50
Federal Administration	461	483	570	497	17
Base Programs:	26,312	29,559	32,651	29,492	1,446
Initiatives:	—	—	1,034	94	420
Total, ED discretionary:	26,312	29,559	33,685	29,586	1,866

* OMB proposes a \$500 million advanced appropriation for FY 2000 as an add candidate

Education Reform Account

(BA, millions)

	1997	1998 enacted	1999 request	Passback	Add Candidates
Goals 2000:					
State and local education systemic improvement	476.000	466.000	560.000	476.000	
Parental assistance	15.000	25.000	25.000	25.000	
Subtotal, Goals 2000	491.000	491.000	585.000	501.000	84.000
School-To-Work	200.000	200.000	125.000	125.000	
Technology Literacy Challenge Fund	200.000	425.000	500.000	500.000	
Technology Innovation Challenge Grants	58.985	106.000	125.000	106.000	
Regional technology in education consortia (national activities)	10.000	10.000	10.000	10.000	
Technology leadership activities	0.000	0.000	2.000	0.000	
Star Schools	30.000	34.000	34.000	34.000	
Ready to learn television	7.000	7.000	7.000	7.000	
Telecommunications demonstration project for mathematics	1.035	2.035	2.035	2.000	
Subtotal, Technology	305.000	584.035	680.035	659.000	0.000
Total, Education Reform	BA 996.000	1,275.035	1,390.035	1,285.000	84.000

Education for the Disadvantaged Account, Title I
--

(BA, millions)

	1997	1998 enacted	1999 request	Passback	Add Candidates
Grants to local education agencies:					
Basic Grants	6,273.212	6,273.212	6,274.000	6,118.000	
Concentration Grants	1,022.020	1,102.020	1,020.000	999.000	
Targeted Grants	0.000	0.000	626.000	350.000	
Subtotal, grants to LEAs	7,295.232	7,375.232	7,920.000	7,467.000	445.000
Obey Damos	0.000	120.000	120.000	0.000	
Capital expenses for private school children	41.119	41.119	0.000	0.000	
Even Start	101.992	124.000	124.000	101.992	11.000
State agency programs:					
Migrant	305.473	305.473	330.000	305.000	25.000
Neglected and delinquent	39.311	39.311	42.000	39.000	3.000
Subtotal, State agency programs	344.784	344.784	372.000	344.000	28.000
State School Improvement	0.000	0.000	8.000	0.000	8.000
Evaluation	6.977	6.977	10.000	6.900	3.100
Migrant Education:					
High School Equivalency program	7.441	7.634	7.900	7.600	0.300
College assistance migrant program	2.028	2.081	2.200	2.100	0.100
Subtotal, Migrant Education	9.469	9.715	10.100	9.700	0.400
Total, Education for the Disadvantaged (current) BA	6,501.187	6,723.441	7,115.714	6,481.206	495.500
(permanent) BA	1,298.386	1,298.386	1,448.386	1,448.386	
Transillon To School (HHS)				35.000	
TOTAL BA	7,799.573	8,021.827	8,564.100	7,964.592	495.500

DRAFT -- December 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$320 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

Each participating district would receive a declining share of federal support in years 2 and 3 to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$320 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 2 (FY 00). FY 99 request: \$205 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

DRAFT December 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: ~~URBAN AND RURAL~~ EDUCATION OPPORTUNITY ZONES

(indent all paragraphs) → This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. [As proposed, the zones would cost between \$221 million and \$320 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).] Education Opportunity Zones would have a strong focus on standards and accountability, and would be eligible for rewards based on improved performance.

Put the bracketed sentence at the end of this new combined paragraph.

under this proposal → The initiative would fund high-profile demonstrations of effective approaches to expanding opportunities for students, coupled with increased responsibility for results for schools, educators and students themselves. High-poverty urban and rural school districts would be eligible for additional Federal funding if (1) they adopt tough reform measures -- like those in place in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

(in new paragraph)

Backface → Conditions and Purposes of Funding have to → To receive funds, local school districts would demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students ^{who} need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

new •

Funding Levels

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial ~~incentives~~ ^{bounties} when they do; and implement programs to identify low performing teachers, ~~providing them help to improve, and removing them fairly and quickly if they don't fail to do so.~~ ^{assist}

~~To receive~~

~~In order to successfully compete for the challenge grants, districts would be required to show how they will use all available funds, including other federal, state and local funds, in a comprehensive, coordinated manner to raise student achievement. Education Opportunity Zones would be allowed to use challenge grant funds for start-up and initial operating expenses connected with reforms, but would be required to meet an increasing share of ongoing costs with state, local, and other federal funds over the life of the grant.~~

~~Budgetary Options~~

~~the Dept of Ed would award~~

~~Budget. As proposed, 3-year competitive grants would be awarded by the Department of Education to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).~~

Each participating district would receive a declining share of federal support in years 2 and 3 to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness ^{A total of} to work with similar districts to help them replicate successful reforms. ~~\$16 million would be available each year for national leadership activities, such as supporting technical assistance,~~ ^{providing} documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

~~The Dept of Ed would select~~

- ~~Option 1: Only one group of zones would be selected, approximately 15 urban and 15 rural. FY 99 request: \$320 million, with a five year cost (including national activities) of 1.07 billion.~~

~~The Dept of Ed would select~~

- ~~Option 2: Two groups of zones would be selected, with approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and then an additional 10 urban and 10 rural zones beginning in year 2 (FY 00). This would give some promising districts a greater opportunity to participate. FY 99 request: \$205 million, with a five year cost of \$1.31 billion (including national activities).~~

Outstanding Issues [We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would ~~create performance partnerships to enable~~ Education Opportunity Zones to have greater flexibility in the use of other federal education funds as long as ~~participating districts~~ ^{they} continue to meet agreed-upon performance goals. In addition, ~~we are working to determine the best way to provide rewards to districts that show significant gains in achievement. (As described above, one possible approach is to have receipt of 4th- and 5th-year challenge grant funds entirely depend on-~~

~~we are currently considering two options for funding the initiative -- the first with a greater FY 99 cost, but the other with a greater five-year cost.~~

showing significant gains in student achievement). Finally, we are exploring whether ^{we could fund this initiative} this initiative could be accomplished under some combination of existing authority under Title I and appropriations language, without requiring new legislative authority ^{rather than seek ~~legis~~ authorization.}

- ① create x-y zones
 ② Cost - \$A-2
 ③ Standards, Acc't, Reward/Incentive for Mtd. performance

URBAN AND RURAL EDUCATION OPPORTUNITY ZONES

DRAFT for Comment

December 4, 1997

OPPORTUNITY AND RESPONSIBILITY FOR REACHING CHALLENGING ACADEMIC STANDARDS.

While some urban and rural school districts are making significant strides, many more have yet to make the serious improvements needed to restore public confidence and provide a quality education to all students. DPC and the Department of Education, working with OMB and NEC, are developing an Education Opportunity Zones initiative to encourage urban and rural public school systems to tackle some of their most pressing problems. This competitive challenge grants program would accelerate the boldest education reforms, supply fresh support and energy to districts prepared to turn around troubled public schools, and spur other communities to take up the challenge.

The initiative would fund high profile demonstrations of effective approaches to expanding opportunities for students, coupled with increased responsibility for results for schools, educators and students themselves. High-poverty urban and rural school districts will be eligible for additional Federal funding *if* (1) they now adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

To receive funds, local school districts will demonstrate how they will:

- provide students and parents with expanded choice within the public ^{education} school system;
- hold schools accountable for helping students reach academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts can use Education Opportunity Zone funds to:

- provide extra help to students in need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school.
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses and community-based organizations, or closing down failing schools and reopening them as charter schools.

ovf

delete?

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they do; and implement programs to identify low performing teachers, providing them help to improve, and removing them fairly and quickly if they don't.

In order to successfully compete for the challenge grants, districts would be required to show how they will use all available funds, including other federal, state and local funds, in a comprehensive, coordinated manner to raise student achievement. Education Opportunity Zones will be allowed to use challenge grant funds for start-up and initial operating expenses connected with reforms, but would be required to meet an increasing share of ongoing costs with state, local, and other federal funds over the life of the grant.

OK
Sp
Spreading Practices Nationwide. Education Opportunity Zones challenge grants will help replicate effective approaches and spread them to cities and rural communities across the country. They will help ensure sure that our most disadvantaged students are held to high academic standards and assisted to reach them. They will help make sure that disadvantaged students can choose among good public schools, and are not trapped in failing schools. They will help reach the President's goal of having at least one Master Teacher in every school, which is particularly important for students in high poverty schools, because these schools often have the least well prepared teachers.

per year
Budget. In the first year of the initiative, 3-year competitive grants will be awarded by the Department of Education to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million, and each rural zone would receive from \$500,000 to \$5 million (for consortia). \$16 million would be available for national leadership activities, such as supporting technical assistance, documenting successes, and disseminating lessons learned across the U.S.

- **Option 1:** Education Opportunity Zones would receive a declining share of federal support in years 2 and 3. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement. Support would also be contingent upon a commitment for successful, "model" districts to partner with 2 to 4 similar districts that would be given smaller grants, beginning in years 4 and 5, to help them replicate successful reforms. FY 99 request is \$320 million (including national activities), with a peak grant cost of \$422 million in years 4 and 5. Six year grant cost: \$1.8 billion.
- **Option 2:** Same as Option 1, except that fewer challenge grants would be made in year 1 and a second cohort of full-fledged Education Opportunity Zones would be added in year 2. FY 99 request is \$221 million, with peak grant cost of \$565 in year 5. Seven year grant cost: \$ 2.4 billion.

Outstanding Issues. We are still working on some remaining issues with this initiative. First, we are working on a component that would create performance partnerships to enable Education Opportunity Zones to have greater flexibility in the use of other federal education funds as long as participating districts continue to meet agreed-upon performance goals. In addition, we are working to determine a way to provide rewards to districts that show significant gains in achievement. One possible approach is to have receipt of 4th- and 5th-year challenge grant funds entirely depend on showing significant gains in student achievement. Finally, we are exploring whether this initiative could be accomplished under some combination of existing authority under Title I and appropriations language, without requiring new legislative authority.

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, *if* (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$176 million and \$250 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

The purpose of this initiative is ~~for the Education Opportunity Zones~~ to demonstrate that a serious approach to high standards can work. Therefore, funds would be targeted to school systems that have already begun to make progress in raising student achievement, at least in some low-income portions of the district, or that can show that they have begun to put into place effective reform policies, so that local efforts can be expanded or accelerated.

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive

teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

The stream of federal support under these grants would be structured so as to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$250 million, with a five year cost (including national activities) of \$1.07 billion.
- **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 3 (FY 2000). FY 99 request: \$176 million, with a five year cost (including national activities) of \$1.31 billion.

22.1

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

① intent is for districts to demonstrate that a serious approach to high standards will work
② A hope to plan that in show that have already made
DRAFT -- December 5, 1997 program at least in some school
MEMORANDUM FOR THE PRESIDENT or already have policies in place so fast to make it happen / speed up

FROM: BRUCE REED

SUBJECT: EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. Education Opportunity Zones would have a strong focus on standards, accountability, and performance. High-poverty urban and rural school districts would be eligible for additional Federal funding, under this proposal, if (1) they adopt tough reform measures -- like those in Chicago -- that make administrators, principals, teachers, and students accountable for success or failure, and (2) in time, show real improvements in student achievement. As proposed, the initiative would cost between \$221 million and \$320 million in FY 99 (\$1.1 billion to \$1.3 billion over five years).

Conditions and Purposes of Funding

To receive funds, local school districts would have to demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and fairly and quickly removing ineffective teachers;
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students who need it to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school;
- provide bonuses to schools that make significant gains in student achievement;
- turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses, and community-based organizations, or closing down failing schools and reopening them as charter schools.

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- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial bonuses when they do; and implement programs to identify low performing teachers, assist them to improve, and remove them if they fail to do so.

Funding Levels

As proposed, the Department of Education would award 3-year competitive grants to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

Each participating district would receive a declining share of federal support in years 2 and 3 to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. A total of \$16 million would be available each year for national activities, such as providing technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

We are currently considering two options for funding the initiative -- one with a greater FY 99 cost, the other with a greater 5-year cost.

- 250
- **Option 1:** The Department of Education would select only one group of zones -- approximately 15 urban and 15 rural. FY 99 request: \$320 million, with a five year cost (including national activities) of \$1.07 billion.
 - **Option 2:** The Department of Education would select two groups of zones -- approximately 10 urban and 10 rural zones beginning in year 1 (FY 99) and an additional 10 urban and 10 rural zones beginning in year 2 (FY 00). FY 99 request: \$205 million, with a five year cost (including national activities) of \$1.31 billion.

Outstanding Issues

We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would give Education Opportunity Zones greater flexibility in the use of other federal education funds as long as they continue to meet agreed-upon performance goals. In addition, we are exploring whether we could fund this initiative under existing authority, rather than seek new legislative authorization.

2 We were exploring how to mesh this initiative with Parker-Oby Reform. Comprehensive

DRAFT December 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: URBAN AND RURAL EDUCATION OPPORTUNITY ZONES

This initiative, which you discussed in your Town Hall meeting earlier this week, would designate from 20 to 40 urban and rural school districts as Education Opportunity Zones. As proposed, the zones would cost between \$221 million and \$320 million in FY 99 (\$1.1 billion to \$1.3 billion over five years). Education Opportunity Zones would have a strong focus on standards and accountability, and would be eligible for rewards based on improved performance.

The initiative would fund high profile demonstrations of effective approaches to expanding opportunities for students, coupled with increased responsibility for results for schools, educators and students themselves. High-poverty urban and rural school districts would be eligible for additional Federal funding *if* (1) they adopt tough reform measures -- like those in place in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure, and (2) in time, show real improvements in student achievement.

To receive funds, local school districts would demonstrate how they will:

- provide students and parents with expanded choice within public education;
- hold schools accountable for helping students reach high academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
- hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
- require students to meet academic standards at key transition points in their academic careers.

School districts could use Education Opportunity Zone funds to:

- provide extra help to students that need it in order to meet challenging standards, through after-school or Saturday tutoring programs and/or summer school.
- provide bonuses to schools that make significant gains in student achievement, and turn around failing schools by implementing proven reform models, providing intensive teacher training, building stronger partnerships between schools and parents, businesses and community-based organizations, or closing down failing schools and reopening them as charter schools.

- provide needed training to teachers and principals; reward outstanding teachers by helping them earn certification as master teachers from the National Board for Professional Teaching standards and providing them with financial incentives when they do; and implement programs to identify low performing teachers, providing them help to improve, and removing them fairly and quickly if they don't.

In order to successfully compete for the challenge grants, districts would be required to show how they will use all available funds, including other federal, state and local funds, in a comprehensive, coordinated manner to raise student achievement. Education Opportunity Zones would be allowed to use challenge grant funds for start-up and initial operating expenses connected with reforms, but would be required to meet an increasing share of ongoing costs with state, local, and other federal funds over the life of the grant.

Budget. As proposed, 3-year competitive grants would be awarded by the Department of Education to 10-20 urban school districts and 10-20 rural school districts or consortia (including districts serving Native American students) selected as Education Opportunity Zones. Each urban Education Opportunity Zone would receive approximately \$10-25 million in its first year, and each rural zone would receive from \$500,000 to \$5 million (for consortia).

Each participating district would receive a declining share of federal support in years 2 and 3 to ensure that reforms can be sustained over the long term. Continued support in years 4 and 5 would be contingent upon demonstrated success in raising student achievement and willingness to work with similar districts to help them replicate successful reforms. \$16 million would be available each year for national leadership activities, such as supporting technical assistance, documenting successes, and disseminating lessons learned to urban and rural communities across the U.S.

- **Option 1:** Only one group of zones would be selected, approximately 15 urban and 15 rural. FY 99 request: \$320 million, with a five year cost (including national activities) of 1.07 billion.
- **Option 2:** Two groups of zones would be selected, with approximately 10 urban and 10 rural zones beginning in year 1 (FY 99), and then an additional 10 urban and 10 rural zones beginning in year 2 (FY 00). This would give some promising districts a greater opportunity to participate. FY 99 request: \$205 million, with a five year cost of \$1.31 billion (including national activities).

Outstanding Issues. We are still working with other offices and the Department of Education on some remaining issues with this initiative. First, we are developing a component that would create performance partnerships to enable Education Opportunity Zones to have greater flexibility in the use of other federal education funds as long as participating districts continue to meet agreed-upon performance goals. In addition, we are working to determine the best way to provide rewards to districts that show significant gains in achievement. (As described above, one possible approach is to have receipt of 4th- and 5th-year challenge grant funds entirely depend on showing significant gains in student achievement). Finally, we are exploring whether this initiative

could be accomplished under some combination of existing authority under Title I and appropriations language, without requiring new legislative authority.

CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION OPPORTUNITY ZONES

Proposed FY 99 Budget Initiative

DRAFT -- November 20, 1997

This paper describes a **new initiative** to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as extra help to students to master the basics, strengthening teaching and school leadership, no social promotion, removal of poorly performing teachers, fixing failing schools, and public school choice. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help students reach high standards:

- **Student Accountability:** To be selected as Education Opportunity Zones, participating districts must implement policies requiring students to meet challenging academic standards at key transition points before being promoted or graduating from high school. Districts would have to show how their regular instructional program, together with extra help for students identified as needing such assistance, would combine to ensure the academic success of every child. Critical to these efforts would be how schools will identify kids at risk of failure and how they will use Title I funds and other federal, state and local resources to provide extra help to these students, such as extended day enrichment/tutoring programs, Saturday academies, and summer school.
 - Districts would use challenge grant funds, and other funds, to support expanded learning opportunities for students that need it.
- **Staff Accountability:** Educational Opportunity Zones must clearly spell out how they will reward outstanding teaching, and also how they will identify poorly performing teachers and provide them with extra help or counsel them out of the classroom. Rewards and incentives should be offered to individuals or teams of teachers who meet high standards. For example, individual teachers should be assisted to attain certification by the National Board for Professional Teaching Standards and should be rewarded when they do, and districts should develop strategies for using these teachers in schools where they are needed the most. At the same time, participating districts must develop aggressive approaches for identifying failing teachers, and getting extra help to those who can improve their performance, and counseling those who can't out of the profession quickly and fairly.

Educational Improvement Zones must also show how they will recruit and build leadership capacity among the district's principals, and how they will develop rewards and sanctions for principals based on performance.

- Districts would use challenge grant funds for such activities as rewarding effective teams of teachers, paying fees and bonuses for those seeking national certification or other rigorous advanced study, and designing and implementing effective

approaches for identifying, counseling or removing chronically failing teachers. Districts could also use funds to design and implement principal leadership institutes, with a focus on effective curriculum and instruction.

- **School Accountability:** Finally, Educational Opportunity Zones must show how they will develop clear criteria and hold individual schools accountable for high standards of discipline and achievement. Schools showing significant gains should be rewarded through such incentives as financial bonuses or recognition programs. Conversely, failing schools must be given high quality technical assistance and overhauled using proven reform models, or, if schools still don't improve, they should be shut down and reconstituted, perhaps as smaller schools-within-schools or independent public charter schools. Educational Opportunity Zones must also demonstrate how they will ensure that families have the opportunity to choose which public school their children will attend, or that families have a choice of designs for their neighborhood school, especially if the neighborhood school doesn't provide a safe and academically challenging environment.
- Districts would use challenge grant funds to reward effective schools and to intervene in and, where necessary, close down and replace schools that are failing. This would include assisting with professional development and other expenses of implementing proven reform models. Funds could also be used to design and launch programs to improve information on public school choices for parents.

Eligibility: Districts eligible for the competition would be a subset of those districts that qualify as underserved areas in the Administration's Teacher Recruitment and Preparation Initiative: those with at least 20% poor students, or with at least 20,000 poor students, or that are the three school districts in the state with the largest number of poor children, provided that the districts are located either in a central city or a non-metropolitan area.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$2 million, with a total FY 99 request of \$320 million.

Grantee Selection and Accountability for Results: Grantees would be selected through a rigorous peer review process. Distinguished peer reviewers would work with finalists to identify rigorous annual benchmarks of progress in implementing the district reform plan, as well as indicators of student achievement to be reached by the end of the third year. A consistent group of peer reviewers would reconvene each year to consider progress made by grantees and recommend to the Secretary whether funding should continue. At the end of three years, peer reviewers would carefully review measurable progress in student achievement to recommend whether the grant should be extended for an additional two years.

Effective, Flexible Use of Other Resources: There would be no explicit matching requirement for the first three years of a grant, although applicants would be challenged to show (and given priority for showing) how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- in order to carry out its reform strategy, and how it intends to maintain the reform effort once federal funds are no longer available. Applicants would also be invited to identify any barriers to carrying out the reform plan posed by existing federal education requirements. Successful applicants will be given expedited consideration for waivers under existing authorities. If grants are extended beyond three years, applicants would be required to meet a matching requirement phased in to 50%, encouraging institutionalization and stability of the initiative.

Resources to Disseminate Lessons Learned. A small proportion of funds (no more than [5%]) would be set aside for national leadership activities, which would include: brokering technical assistance to meet the needs of successful grantees; using technology to establish a “virtual urban and rural office” at Education and help districts consult with each other on overcoming obstacles; and documenting success and lessons learned and disseminating that information nationwide.

Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

**URBAN/RURAL EDUCATION ZONES:
OPTIONS FOR PUBLIC SCHOOL CHOICE COMPONENT
Revised Draft -- November 21, 1997**

The current proposal for urban/rural educational opportunity zones stresses student, teacher, and school accountability. Although the proposal already addresses public school choice as an aspect of school accountability, public school choice could be made a more prominent feature of the proposal. There are at least two major options:

Option 1: District-Wide Focus on Public School Choice

- **Whole-District Plans.** In order to be selected as educational opportunity zones, school districts would be challenged to show how they will ensure that *all parents*, at least at selected grade levels, can choose the public school that their child will attend.
- **Variety of Strategies.** Districts could pursue either system-wide or smaller scale (e.g., school cluster) public school choice strategies. These strategies could include open enrollment plans or charter schools, as well as schools-within-schools, magnet schools, or opportunities for postsecondary coursetaking/enrollment.
- **Use of Grant Funds:**
 - **Parental Information and Transportation.** Educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers. They could also use funds to design and start-up transportation plans to enable all students to take advantage of choice opportunities.
 - **Opening More Slots in First-Rate Public Schools.** Funds could be used to expand the best existing schools in a district, or to plan and start-up new public schools that would broaden the range of attractive choices for students and parents, such as charter schools and schools-within-schools.

Option 2: Choice to Escape Persistently Failing Schools

- **First, Work to Fix Failing Schools.** In order to be selected as educational opportunity zones, all participating districts would be challenged to intervene in and fix failing schools. Grant funds could be used to reconstitute schools with new staff, including the possibility of reopening as schools-within-schools or as charter schools.
- **But For the Worst Schools, Kids Should Have the Choice to Leave.** Kids who attend the district's most ineffective, or unsafe schools would be guaranteed an opportunity to transfer to a different school altogether. If a student attends a school that consistently ranks at the bottom of the district in terms of student achievement, that student would be given the option to enroll in either an existing public school with a successful performance record or a promising, newly-formed school, such as a charter school.

- Students attending schools in the lowest 5% - 20% of the district's schools would be eligible, with the percentage varying according to the size of the district.
- For existing schools to receive choice students, they must be in the top 25% of a district's performers. Otherwise, districts would have to provide charters or other new school options.
- Students would have this option even though school they attend is being totally reconstituted -- students should stay at these schools because they can get a good education there, not because they're forced to.
- **Basic Funds Follow the Student.** All federal, state and local formula funds would follow the student.
- **Use of Grant Funds:**
 - **Public School Choice Premium.** A student interested in transferring would also carry with him or her a "public school choice premium," worth \$500 to \$1,500, that the receiving school could use to provide transitional/supplemental services or upgrade the academic program to help choice students succeed.
 - **Parental Information and Transportation.** As in Option 1, educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers, or transportation plans, to enable students and their families to take maximum advantage of choice opportunities.
 - **Opening More Slots in First-Rate Public Schools.** For a choice option to be meaningful, space must be available in good public schools. Districts applying to be educational opportunity zones would be challenged to address, in detail, how they will ensure that openings in successful public schools are actually available for students who wish to transfer. To this end, grant funds could be used to plan and start-up new public schools, or expand the capacity of good existing schools, using approaches that could include:
 - Start **new charter schools** in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Start multiple **new schools-within-schools** in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Invite leaders from the most effective, existing charter schools or other public schools in the district to expand, or create "**franchise**" or "**satellite**" schools.

- Arrange with **postsecondary institutions** to offer classes on campus or at secondary schools -- or take an extra step and start new charter schools.
- **Rewarding Parental Involvement.** Applicants would be required to address how they would support and reward innovative, grass-roots efforts by parents in shaping the choice options open to students. For example, if parents can reach a consensus on an approach such as bringing in New American Schools design teams to develop new schools-within-schools in a reconstituted school, or to develop a new independent charter school, the district could provide grant funds to support that vision..

**CHALLENGE GRANTS FOR URBAN AND RURAL
EDUCATION OPPORTUNITY ZONES**

Proposed FY 99 Budget Initiative

STATUS -- November 24, 1997

People

WH: Mike Cohen, Bill Kincaid, Jon Schnur, Tanya Martin (Bob Shireman, Andy Blocker)

ED: Mike Smith, Gerry Tirozzi, Judith Johnson, Catherine Jovicich, Tom Corwin (Terry Peterson, Susan Frost, Scott Fleming, Val Plisko, Jackie Jackson)

OMB: Barry White (Mary Cassell?)

Resolved Issues:

- Competitive grants
- Targeted on inner city and poor rural districts areas (*Title V proposal plus must be in central city or non-metro area*)
- Focus on holding students, staff, and schools accountable and using all available resources to help students to reach high standards:
- Rigorous peer review with repeat players

Unresolved Issues:

- How to reward districts for effective use of funds (existing, Obey, and new challenge grant)?
 - How prominent should this be as an aspect of the proposal (OMB proposal)?
 - How could OMB's approach be squared with DPC/ED focus on promoting approaches to accountability?
 - Give grants as reward for success vs. Extend grants as a reward for success (*peer reviewers consider annual progress; at 3 years whether should extend*)
 - Use of matching (*beyond three years, phased in to 50%*)
- More detail on allowable use of challenge grant funds.
 - Addressing concern about use of funds for operating budget (*math phase-in for*

4th and 5th years).

- After school and other extra help for kids?
- Rewards/incentives for teachers/schools; professional development.
- Other possible uses.
- More detail on components of budget estimates.
- Methods for providing greater flexibility (*expedited consideration for waivers under existing authorities*).
- Include separate **school choice** component?
 - District-wide model?
 - Addressing failing schools model?
 - How to resolve tension between fixing failing schools and giving kids a road out?
 - Dangers involved in paying per student “premium”.
 - Pay for transport costs?
 - Better answer on supply issue.
- National activities/dissemination funds (*up to 5%*)
- Existing authority (*ESEA §1502(a)*).

**CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION
OPPORTUNITY ZONES -- *USE OF FUNDS/COST COMPONENTS***

Proposed FY 99 Budget Initiative

DRAFT -- November 25, 1997

Challenge grant funds could be spent on the following types of activities, in conjunction with Title I, Goals 2000, and other federal, state, and local funds. Estimates of costs are provided, where possible:

Student Accountability:

- Start-up/expand extra learning opportunities, such as extended day enrichment/tutoring programs, Saturday academies, and summer school.

- Chicago estimates

Summer bridge: \$4500/teacher, 20 students per teacher, \$50 per kid in materials

- Establish individual student accountability systems, including useful information for parents and teachers (some districts may need to upgrade/rework existing school report card systems or the like)

Staff Accountability:

- Reward effective teams of teachers.
- Pay fees and bonuses for those seeking/attaining national certification/other rigorous advanced study.
- Leverage/fill gaps in teacher professional development.
- Design/implement/upgrade/expand systems to identify chronically failing teachers, get them intensive counseling/assistance to improve, and, if they don't counsel them out or remove them expeditiously and fairly.
- Design and implement principal leadership institutes and recruitment strategies.
- Develop and implement system of rewards and sanctions for principals based on performance.

School Accountability:

- Design and start-up/upgrade school accountability system.

- Performance awards for effective schools.
- Support turnaround efforts at near-failing schools.
- Support reconstitution of failing schools.

See estimates from this summer.

- Adoption/tailoring of proven reform models.
- Staff professional development.
- Design and start-up programs to improve information on public school choices for parents.
- Design and start-up of public school choice programs.

See estimates from yesterday.

- Grants to start/expand new/effective schools.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$2 million, with a total FY 99 request of \$320 million.

Matching: If grants are extended beyond three years, applicants would be required to meet a matching requirement phased in to 50%, encouraging institutionalization and stability of the initiative.

National Activities (up to 5% of total).

- Broker technical assistance to successful grantees.
- Use technology to establish a “virtual urban and rural office” and help districts consult with each other on overcoming obstacles.
- Document and disseminate successes.



Barry White
11/22/97 05:57:24 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Michael Cohen/OPD/EOP, Jacob J. Lew/OMB/EOP, William R. Kincaid/OPD/EOP
cc: Wayne Upshaw/OMB/EOP, Mary I. Cassell/OMB/EOP, Janet Himler/OMB/EOP, Robert M. Shireman/OPD/EOP
Subject: Alternative to the Urban Initiative

I mentioned in Gene's office the other day an alternative approach to addressing the struggle to raise educational achievement in high poverty areas (urban or rural in my formulation); this came out of the Education Branch's consideration of the Education Department FY 1999 Budget submission. I had discussed this some with Mike Cohen earlier, and I had the benefit of attending one meeting with Mike and ED's Tirozzi and Johnson. Attached is a two-page draft summary of the OMB staff proposal. It would:

reinforce and support current programs, like Title I, by mainly providing sizable money awards for demonstrated progress in raising student achievement, not just providing more money for more plans for the same things schools are supposed to be doing with Goals and title I and IDEA, etc.;

reach 50-100 districts or more, depending on award size;

for current needs money, incorporate the now free-standing Obey grants in a way that supports base program goals, without generating a separate program unconnected to the Administration's flagship efforts.

pick up some ideas from the DPC/Education discussions.

We propose to discuss this approach with Education next week as part of Passback as an item for the Presidential Priorities Reserve. We would appreciate the chance to go over it with you first to see how it looks to you compared to what you have been working on with Education.

I am also sharing this draft with Mike Smith, since we seem to be chatting collectively about the education initiatives these days.



ACHIEVE2.WPC

Urban/Rural High Poverty Area Educational Achievement Awards

Premise: High poverty school districts, in which minorities are disproportionately represented, urban or rural, may have the greatest difficulty raising educational achievement, despite the significant sums of Federal monies for this purpose which they receive. There are examples of high-poverty districts that have high-performing, high-achieving schools. Reinforcing the importance of raising educational achievement through small near term awards building toward a substantial money award for proven success could provide the impetus needed in more high poverty districts to use resources more effectively and reach the goal.

Proposal Summary:

- A. School District Achievement Awards. The FY 1999 Budget would propose an advance appropriation in FY 1999 for use in FY 2000 of \$500 million, with equal amounts in each outyear, to provide awards to high achieving eligible districts.
- B. Funds to meet needs now. To give eligible districts new resources now so that they can better compete successfully for awards in FY 2000, in FY 1998 the Education Department would use the \$145 million appropriated for "Obey" school reform projects to make grants covering a two year period to competitively-chosen applications from high poverty, high need districts, so that those districts can implement research-based models of proven effectiveness in helping poor and minority children reach high standards and raise their achievement levels. Winners would get a "running start" toward competing successfully for Achievement Awards.
- C. Partnering Awards for Districts that are already high-poverty and high-achieving. \$25 million, would be sought each year beginning in FY 1999 for high-poverty, high-performance districts if they will serve as technical assistance partners to districts that hope to compete for the achievement awards. (An FY 1998 round might be available from re-directed school reform or other ED funds.) This aspect would also keep these "success story" places from feeling that they were left out.

Design elements:

- Eligible districts for school reform grants and for Achievement Awards would be those in each State that are in the highest quintile in terms of percentage of poverty, and, of those districts, ones that are in the lowest quintile in terms of scores on State assessments. [this needs refinement with real data to see who is captured]
- Achievement Awards. Awards would be competitive grants to 50-100 eligible districts (or more), ranging from about \$3-15 million each, scaled to the size of the district. Awards would be made based on the most substantial or most significant demonstrated progress made since 1995 (the year of implementation of Title I reforms and Goals 2000) in raising

student achievement. There would be rigorous non-Federal peer review panels to recommend the Award winners.

- Allowable uses of Achievement Awards. Subject only to the requirement to use the funds to further school improvement and continue progress in raising student achievement, districts would have complete flexibility in how they use the Achievement Awards they win.
- Achievement Award duration; succeeding cycles. Award winners would be eligible to receive payments for three years, with years 2 and 3 in declining amounts. (A match is possible but isn't necessary). There would be a new round of Achievement Awards each year with each year's new \$500 million covering both the declining amounts for years 2 and 3 continuation Awards, and the first year of new Awards.
- The uses of FY 1998 school reform funds could range across the known spectrum of successful techniques, including hiring better qualified teachers and administrators, expedited removal of low performing teachers and administrators, implementing curriculum based on high standards, involving parents in accountability and assessment systems, and the like. The focus will be on things known to raise student achievement.
- Ensure integration with existing Federal school improvement funds. School reform applicants would have to make clear how the new resources will complement and build upon Title I and IDEA resources in the district, and where applicable, Eisenhower, Goals, technology challenge grant, Even Start, and perhaps other Federal resources in the district.
- States would concur with school reform grant applications, and would have to attest to how grant application further progress toward the State's Goals 2000 plan. States should also concur with Achievement Award applications. States could have to commit to not reducing their level of effort for school reform grant or Achievement Award winners.
- Future school reform funds. No FY 1999 funds would sought for school reform grants, but funds would be sought in FY 2000 and each succeeding year for successive rounds of two year grants to continue the process of helping districts compete for the succeeding rounds of Achievement Awards.

NOTE: The statutory structure of school reform funds in the appropriation language paragraphs clearly allows the above approach, but it is very different from the detailed report language. Negotiations with Obey and others would be necessary. Since it assures continued support for the program and makes it a key to larger successful programs, the approach should be saleable.

- Social promotion. The President is interested in moving against social promotion. A condition of consideration for both school reform grants and Achievement Awards could be demonstrated progress toward eliminating social promotions on a schedule consistent with achieving success in meeting high standards.



Mike_Smith @ ed.gov
11/23/97 11:16:00 AM

Record Type: Record

To: William R. Kincaid

cc:

Subject: Re: Urban-Rural initiative: school choice

These are good questions -- these and other issues like them need to be fully thought through before they reach the Secretary or higher. This means some careful analysis of the issues that Tom has raised and of the various incentives/disincentives that are implied. Moreover, the politics of providing core operating funds for reforms for a few years and then pulling out are very difficult -- this smacks of an "unfunded" mandate and will surely be nailed by the opposition. Finally, in the choice context the critical factor is real and usable information for parents and students. This is tricky but needs to be carefully addressed. Mike

Reply Separator

Subject: Urban-Rural initiative: school choice

Author: Thomas Corwin at wdct02

Date: 11/22/97 03:43 PM

This is in response to Bill's request for a "costing out" of the school choice options, but I'll also take this opportunity to comment on the choice proposals in general.

First of all, I don't think I have enough idea, yet, of the overall scale of what we're getting into, or enough data on some of the key elements, to provide confident cost estimates. For example, I know that transportation can be an extremely costly item for school systems, but this varies considerably from district to district depending on the geographical compactness (or lack of compactness) of the district, the availability of public transportation, and other factors. Both of Bill's choice options seem to envision district-wide choice at least at certain grade levels. Presumably the district would pay for students' transportation costs in such a system, or the choices won't be very meaningful. Whether the Federal grant would be used to pay those costs isn't real clear in the writeup. (It talks about districts using the funds for "design and start-up of transportation plans." Presumably "start-up" means actually transporting kids.) A question: the value of a program under which we pay for district-wide transportation for a few years and then pull out. Note that recipients of our Magnet Schools funds are prohibited from using those funds for transportation (because of fears that transportation would drain away all the money from the program), and that transportation is not an

explicitly allowable activity under Charter Schools, either (although I think the statutory language for that program is probably broad enough to allow some funds to be used for transportation).

Because transportation is likely to be the costliest item in the educational choice component of the initiative, it might be worthwhile to have someone undertake a 2-3 day research project to determine what data are available and whether we can use those data to project costs under the initiative. NCES data, from either the Schools and Staffing Survey or the Common Core of Data, may provide information on the typical per-student transportation costs in different types of districts. Individual districts that have implemented district-wide choice may also have data (although the only one I know of is CSD #4 in New York, and I understand that New York doesn't pay transportation costs).

The second major cost item that I see in the writeup is the "public school choice premium" that students who change schools would bring to their new schools. Here the cost depends on the assumptions we make about the number of students who would be eligible to change schools and then the number who would do so. Take an urban district with 100,000 students (pretty good size, but not in the NY/LA/Chicago range). Say 5 percent of their schools are declared "bankrupt" and that those schools enroll 5 percent of the district's students. Now assume that one-quarter of those students elect to change schools and that we give their new schools \$500 choice premiums. Then the premiums will eat up \$625,000 of the district's grant -- a significant share, but maybe not too much. But 5 percent and \$500 are Bill's low-end options. If we take his high-end options (20 percent of the schools and \$1,500 per student), the number jumps to \$7.5 million, which could be most of their grant, and the number would be higher if we want to assume that more than 25 percent of the kids will move.

As an aside, I kind of question authorizing payments of up to \$1500 per student (which could be as much as 24 percent of the per-student expenditures in the district) for something as vague as "transitional/supplemental services" connected with receiving additional students.

Finally, I agree with the people in OESE that Option 2 seems inconsistent with the thrust of the rest of the initiative. We want to provide districts with funds to make a serious effort to turn around their failing schools. We recognize that this will be difficult, so we'll give them quite large grants to do it, and that it will take several years, so we'll let the grants go for five years so long as they make good progress each year. But with Option 2 we would allow the districts to give up on the failing schools immediately and let everyone bail out of them, which would seem to undermine the emphasis on fixing them. I also question, as Catherine did, whether the supply of places in successful schools and new charter schools will be sufficient to absorb the demand from students leaving failing ones. Limitations in physical space will make this difficult, and I

don't know if there are any models to indicate that successful schools can "franchise out" their services and maintain quality.

Tom

⊕ Paris/expr lead-in

FOSTERING A NEW ETHIC OF EDUCATION: CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION ZONES

Proposed FY 99 Budget Initiative

DRAFT -- November 19, 1997

An important complement to this Administration's campaign to raise standards is a program of school reform that fosters a new ethic of education involving high expectations, accountability and public school choice. The school reform effort should incorporate sustained advocacy for publicly accountable charter schools nationwide, and includes the President's proposals for recruiting and training good teachers. Another important feature of this effort should be a new initiative to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as no social promotion, public school choice, reconstitution of failing schools, and removal of bad teachers. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help kids reach high standards:

- **Student Accountability:** To be selected as Educational Opportunity Zones, participating districts must ^{implement policies requiring} show how they will ensure that students meet challenging academic standards before moving from school level to school level. In effect, districts would have to create conditions under which the whole school feels accountable for the academic success of every child. Critical to these efforts would be how schools will identify kids at risk of failure and how they will use Title I funds and other federal, state and local resources to provide extra help to these students, such as extended day enrichment/tutoring programs, Saturday academies, and summer school.

Districts would use challenge grant funds, and other funds, to support expanded learning opportunities for students that need it.

Staff Accountability: Educational Opportunity Zones must clearly spell out how they will reward outstanding teaching, and also how they will identify and address incompetent or poorly performing teachers. Rewards and incentives should be offered to individuals or teams of teachers who meet high standards. For example, individual teachers should be assisted to attain certification by the National Board for Professional Teaching Standards and should be rewarded when they do, and districts should develop strategies for using these teachers in schools where they are needed the most. At the same time, participating districts must develop aggressive approaches for identifying failing teachers, and getting extra help to those who can improve, and counseling those who can't out of the profession quickly and fairly. Educational Improvement Zones must also show how they will build leadership capacity among the district's principals, and how they will develop rewards and sanctions for principals based on performance.

- Districts would use challenge grant funds for such activities as rewarding effective teams of teachers, paying fees and bonuses for those seeking national certification, and designing and implementing effective approaches for counseling or removing chronically failing teachers. Districts could also use funds to design and implement

at key transition points, help kids to the next grade or at school or graduation time.

ent. provide them with help to improve or counsel them out.

Show how reg. schools can help to the need it will be money

identifying

principal leadership institutes.

- **School Accountability:** Finally, Educational Opportunity Zones must show how they will develop clear criteria and hold individual schools accountable for high standards of discipline and achievement. Schools showing significant gains should be rewarded. Conversely, failing schools must be given high quality technical assistance and overhauled using proven reform models, or, if schools still don't improve, they should be shut down and reconstituted, perhaps as smaller schools-within-schools or independent public charter schools. Educational Opportunity Zones must also demonstrate how they will ensure that families have the opportunity to choose which public school their children will attend, especially if the neighborhood school doesn't provide a safe and academically challenging environment.
- Districts would use challenge grant funds to reward effective schools and to intervene in and, where necessary, close down and replace schools that are failing. This would include assisting with professional development and other expenses of implementing proven reform models. Funds could also be used to design and launch programs to improve information on public school choices for parents.

elaborate
Eligibility: Districts eligible for the competition would be those districts that qualify as underserved areas in the Administration's Teacher Recruitment and Preparation Initiative: those with at least 20% poor students, or with at least 20,000 poor students, or that are the three school districts in the state with the largest number of poor children.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$4 million, with a total FY 99 request of \$320 million.

Grantee Selection and Accountability for Results: Grantees would be selected through a rigorous peer review process. Distinguished peer reviewers would work with finalists to identify rigorous annual benchmarks of progress in implementing the district reform plan, as well as indicators of student achievement to be reached by the end of the third year. A consistent group of peer reviewers would reconvene each year to consider progress made by grantees and recommend to the Secretary whether funding should continue. At the end of three years, peer reviewers would carefully review measurable progress in student achievement to recommend whether the grant should be extended for an additional two years.

Effective, Flexible Use of Other Resources: There would be no explicit matching requirement for the program, although applicants would be challenged to show how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- in order to carry out its reform strategy, and how it intends to maintain the reform effort once

federal fund are no longer available. Applicants would also be invited to identify any barriers to carrying out the reform plan posed by existing federal education requirements. Successful applicants will be given expedited consideration for waivers under existing authorities.

Resources to Disseminate Lessons Learned. A small proportion of funds (no more than [5%]) would be set aside for national leadership activities, which would include: brokering technical assistance to meet the needs of successful grantees; using technology to establish a "virtual urban and rural office" at Education and help districts consult with each other on overcoming obstacles; and documenting success and lessons learned and disseminating that information nationwide.

Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

UNITED STATES DEPARTMENT OF EDUCATION

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600 Independence Avenue, S.W. - Portals
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FAX TRANSMITTAL

Date: 11/20

Number of Pages, Including Cover Sheet: 4

Telephone Number of Receiving Fax Machine: Phon

ADDRESSEE: Bill Kincaid

Organization: _____

Telephone #: _____

FROM: Catherine Jovicich

Organization: OESE

Telephone #: 202-260-2002

MESSAGE:

Bill - Following are our joint edits
(Gerry, Judith, Catherine & Jackie). Please
call if you have questions. Judith made a
recommendation for new language re: social
promotion. Good luck today!

FOSTERING A NEW ETHIC OF EDUCATION: CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION ZONES

Proposed FY 99 Budget Initiative
DRAFT -- November 19, 1997

opportunity

[An important complement to this Administration's campaign to raise standards is a program of school reform that fosters a new ethic of education involving high expectations, accountability and public school choice. The school reform effort should incorporate sustained advocacy for publicly accountable charter schools nationwide, and includes the President's proposals for recruiting and training good teachers. Another important feature of this effort should be a new initiative to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as no social promotion, public school choice, reconstitution of failing schools, and removal of bad teachers. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help kids reach high standards:

Doesn't this limit the President's initiatives? What about ESEA, Year 2000, School-to-work?

Student Accountability: To be selected as Educational Opportunity Zones, participating districts must show how they will ensure that students meet challenging academic standards before moving from school level to school level. In effect, districts would have to create conditions under which the ~~whole school~~ ^{all students} is accountable for the academic success of every child. Critical to these efforts would be how schools will identify ^{poorly performing} kids at risk of failure and how they will use Title I funds and other federal, state and local resources to provide extra help to these students, such as extended day enrichment/tutoring programs, Saturday academies, and summer school. ^{Delayed Promotion would standardize students}

- Districts would use challenge grant funds, and other funds, to support expanded learning opportunities for students that need it. ^{the entire school staff is held}

Staff Accountability: Educational Opportunity Zones must clearly spell out how they will reward outstanding teaching, and also how they will identify and address incompetent or poorly performing teachers. Rewards and incentives should be offered to individuals or teams of teachers who meet high standards. For example, individual teachers should be assisted to attain certification by the National Board for Professional Teaching Standards and should be rewarded when they do, and districts should develop strategies for using these teachers in schools where they are needed the most. At the same time, participating districts must develop aggressive approaches for identifying failing teachers, and getting extra help to those who can improve, and counseling those who can't out of the profession quickly and fairly. Educational Improvement Zones must also show how they will build leadership capacity among the district's principals, and how they will develop rewards and sanctions for principals based on performance.

- Districts would use challenge grant funds for such activities as rewarding effective teams of teachers, paying fees and bonuses for those seeking national certification, and designing and implementing effective approaches for counseling or removing chronically failing teachers. Districts could also use funds to design and implement

or other opportunities for advanced study

at present policy is to give most poor kids extra help for 1st, 2nd, and 3rd grade

principal leadership institutes. — with a focus on curriculum and instruction.

2

- **School Accountability:** Finally, Educational Opportunity Zones must show how they will develop clear criteria and hold individual schools accountable for high standards of discipline and achievement. Schools showing significant gains should be rewarded, through such incentives as financial rewards, bonuses or recognition programs. Conversely, failing schools must be given high quality technical assistance and overhauled using proven reform models, or, if schools still don't improve, they should be shut down and reconstituted, perhaps as smaller schools-within-schools or independent public charter schools. Educational Opportunity Zones must also demonstrate how they will ensure that families have the opportunity to choose which public school their children will attend, especially if the neighborhood school doesn't provide a safe and academically challenging environment.
- Districts would use challenge grant funds to reward effective schools and to intervene in and, where necessary, close down and replace schools that are failing. This would include assisting with professional development and other expenses of implementing proven reform models. Funds could also be used to design and launch programs to improve information on public school choices for parents.

Eligibility: Districts eligible for the competition would be those districts that qualify as underserved areas in the Administration's Teacher Recruitment and Preparation Initiative: those with at least 20% poor students, or with at least 20,000 poor students, or that are the three school districts in the state with the largest number of poor children.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$4 million, with a total FY 99 request of \$320 million.

2 ← on further thought, \$4 mil sounds too high

Grantee Selection and Accountability for Results: Grantees would be selected through a rigorous peer review process. Distinguished peer reviewers would work with finalists to identify rigorous annual benchmarks of progress in implementing the district reform plan, as well as indicators of student achievement to be reached by the end of the third year. A consistent group of peer reviewers would reconvene each year to consider progress made by grantees and recommend to the Secretary whether funding should continue. At the end of three years, peer reviewers would carefully review measurable progress in student achievement to recommend whether the grant should be extended for an additional two years.

→ we recommend that in years 4+5 a match requirement be phased in up to 50%

Effective, Flexible Use of Other Resources: There would be no explicit matching requirement for the program, although applicants would be challenged to show how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- in order to carry out its reform strategy, and how it intends to maintain the reform effort once

and given priority for showing

This will start to institutionally build capacity.

federal fund are no longer available. Applicants would also be invited to identify any barriers to carrying out the reform plan posed by existing federal education requirements. Successful applicants will be given expedited consideration for waivers under existing authorities.

Resources to Disseminate Lessons Learned. A small proportion of funds (no more than [5%]) would be set aside for national leadership activities, which would include: brokering technical assistance to meet the needs of successful grantees; using technology to establish a "virtual urban and rural office" at Education and help districts consult with each other on overcoming obstacles; and documenting success and lessons learned and disseminating that information nationwide.

Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

We really need to find a way to describe the significance of having strong leadership at the district level. How are we ever going to turn around the short tenure of superintendents - a real problem - if we want to sustain the effort.

**URBAN/RURAL EDUCATION ZONES:
OPTIONS FOR PUBLIC SCHOOL CHOICE COMPONENT
Draft -- November 19, 1997**

Option 1: District-Wide Focus on Public School Choice

- Beyond student, teacher, and school accountability, in order to be selected as educational opportunity zones, urban [and rural] school districts would be challenged to show how they will ensure that all parents [, at least at selected grade levels,] can choose the public school that their child will attend.
- Districts could pursue either system-wide or smaller scale (e.g., school cluster-wide) public school choice strategies. These strategies could include open enrollment plans or charter schools, as well as schools-within-schools, magnet schools, or opportunities for postsecondary coursetaking/enrollment for high school students.
- Educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers. They could also use funds to design and start-up transportation plans to enable all students to take advantage of choice opportunities.
- Finally, funds could be used to plan and start-up new public schools that would expand the range of attractive choices for students and parents, such as charter schools and schools-within-schools.

Option 2: Choice to Escape Persistently Failing Schools

- This option would focus on guaranteeing an opportunity to transfer to a good school for students who attend the district's most ineffective [, or unsafe] schools.
- In order to be selected as educational opportunity zones, urban [and rural] school districts would already be challenged to intervene in and fix failing schools, and grant funds could be used to reconstitute the school with new staff, including the possibility of reopening the school as multiple schools-within-a school or as a charter school.
- In addition, all students who attend a school that consistently performs in the lowest 5% to 20% of a district's schools (in terms of the proportion of students meeting state/district standards) would be given the option to enroll in an existing public school in the district with a successful performance record [in the highest 25% of schools], or alternately, in a newly-formed school, such as a charter school.
- All federal, state and local formula funds would follow the student.
- The student would also carry with him or her a "public school choice premium" or "public school choice bonus," worth \$500 to \$1,500, that the receiving school could use to help provide transitional/supplemental services to choice students or upgrade the academic

program generally in ways that would benefit these students.

- Applicants would be challenged to address how they will ensure that attractive alternatives are available for students and families who want to try a different school. To this end, grant funds could be used to plan and start-up new public schools, or expand the reach/capacity of good existing schools, using approaches that could include:
 - Starting new charter schools in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Starting multiple new, smaller schools-within-schools in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Inviting leaders from the most effective, existing charter schools or other public schools in the district to create “franchise” or “satellite” schools that would have a relationship with and seek to emulate the existing school.
 - Making arrangements with community postsecondary institutions to offer classes to high school students either on the postsecondary campus or on secondary school campuses, or to develop on-campus charters.
- As in option 1, educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers. They could also use funds to design and start-up transportation plans to enable participating students to take advantage of choice opportunities.
- Applicants would be required to address how they would support and reward innovative, grass-roots efforts by parents in shaping the choice options open to students, such as through working with the district to bring in New American Schools design teams to develop new schools-within-schools in a reconstituted school.

PUBLIC SCHOOL CHOICE OPTIONS

Option 1: All-District Public School Choice

- Educational enterprise zone districts could use funds to design and implement strategies to ensure that all parents at any selected grade levels can choose the public school that their child will attend.
- Districts might pursue either system-wide or neighborhood-/school cluster-wide public school choice strategies, involving open enrollment, charter schools, magnet schools, schools-within-schools, and postsecondary options for high school students.
- Educational enterprise zone districts could use funds to plan or start up parent information and outreach centers, transportation, and other systems needed to effectuate public school choice. They could also use funds to plan and start-up new public schools, like charter schools and schools-within-schools.

General principles:

- Provide more family choice of schools within broader efforts to raise academic standards and improve a district's entire public educational system.
- Let all parents choose what public school their child attends.
- Provide parents with the information and assistance needed to make informed choices about what school and after-school program their child will attend.
- Ensure adequate transportation for students.
- Provide opportunities for teachers and others to start new public schools, such as charter schools or schools-within-schools with accountability for results.
- Maintain open and fair admissions policies, and full compliance with civil rights requirements and other guarantees of equal educational opportunity.

Additional considerations:

- Full district-wide choice less realistic in very large urban districts (Houston, New York) or rural districts.
- School choice less likely to be used in lower grades.
- How to make this more powerful than existing plans in some districts like Boston?
- How many places realistically will want to do away altogether with presumption of

neighborhood schools, especially at elementary grades?

- Somewhat easier to imagine this option being proposed separately from opportunity zones initiative because has less of a direct focus on dealing with failing schools.

Option 2: Escape persistently failing schools

- Give all students who attend a school that consistently performs below a certain cut-off (i.e. lowest 5%-20% of schools in terms of meeting state/district standards) the option to enroll in any public school in the district above the cut-off.
- All federal, state and local funds would follow the student.
- Grant funds would provide an additional \$500 - \$1,000 to receiving school, making it more attractive and easier to serve the newcomers.
- As in option 1, establish in-depth mechanism for getting information to parents.

Additional considerations:

- How does this fit with rest of accountability package, either in our urban initiative, or under Title I accountability generally? Is the objective to fix failing schools or to get kids out of those schools altogether? Do we want to say fix the school, and if that doesn't work, move the kids out? Is this to be offered in the alternative, so some kids might keep going to a reconstituted school while other kids transfer?
- What if best-performing schools are already oversubscribed? Could require that every school -- or top 5% to 10% of schools -- leave 5% - 10% of seats open for these students.
- Would you keep pulling kids out of/closing the lowest X% of schools? Could you actually close down that many each year? If not, this seems to suggest a situation in which the worst schools stay open, despite student departures.
- If get critical masses of students transferring to specific schools, use school transport system. Otherwise, use public transport.
- Use additional funds to make sure students adapt well to situation -- transitional programs/Saturday academies, etc.
- Hard to imagine doing this separately from opportunity zones initiative, given focus of the zone initiative on accountability.
- How to avoid incentive problems (incentives for students to fail so they can get a ticket

out)?

- What if very few schools in the district are performing at an acceptable level, so there aren't many attractive options for transferring?

**FOSTERING A NEW ETHIC OF EDUCATION:
CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION ZONES**

Proposed FY 99 Budget Initiative

DRAFT -- November 19, 1997

An important complement to this Administration's campaign to raise standards is a program of school reform that fosters a new ethic of education involving high expectations, accountability and public school choice. The school reform effort should incorporate sustained advocacy for publicly accountable charter schools nationwide, and includes the President's proposals for recruiting and training good teachers. Another important feature of this effort should be a **new initiative** to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as no social promotion, public school choice, reconstitution of failing schools, and removal of bad teachers. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help kids reach high standards:

- **Student Accountability:** To be selected as Educational Opportunity Zones, participating districts must show how they will ensure that students meet challenging academic standards before moving from school level to school level. In effect, districts would have to create conditions under which the whole school feels accountable for the academic success of every child. Critical to these efforts would be how schools will identify kids at risk of failure and how they will use Title I funds and other federal, state and local resources to provide extra help to these students, such as extended day enrichment/tutoring programs, Saturday academies, and summer school.
 - Districts would use challenge grant funds, and other funds, to support expanded learning opportunities for students that need it.
- **Staff Accountability:** Educational Opportunity Zones must clearly spell out how they will reward outstanding teaching, and also how they will identify and address incompetent or poorly performing teachers. Rewards and incentives should be offered to individuals or teams of teachers who meet high standards. For example, individual teachers should be assisted to attain certification by the National Board for Professional Teaching Standards and should be rewarded when they do, and districts should develop strategies for using these teachers in schools where they are needed the most. At the same time, participating districts must develop aggressive approaches for identifying failing teachers, and getting extra help to those who can improve, and counseling those who can't out of the profession quickly and fairly. Educational Improvement Zones must also show how they will build leadership capacity among the district's principals, and how they will develop rewards and sanctions for principals based on performance.
 - Districts would use challenge grant funds for such activities as rewarding effective teams of teachers, paying fees and bonuses for those seeking national certification, and designing and implementing effective approaches for counseling or removing chronically failing teachers. Districts could also use funds to design and implement

Forward out
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principal leadership institutes.

- **School Accountability:** Finally, Educational Opportunity Zones must show how they will develop clear criteria and hold individual schools accountable for high standards of discipline and achievement. Schools showing significant gains should be rewarded. Conversely, failing schools must be given high quality technical assistance and overhauled using proven reform models, or, if schools still don't improve, they should be shut down and reconstituted, perhaps as smaller schools-within-schools or independent public charter schools. Educational Opportunity Zones must also demonstrate how they will ensure that families have the opportunity to choose which public school their children will attend, especially if the neighborhood school doesn't provide a safe and academically challenging environment.
- Districts would use challenge grant funds to reward effective schools and to intervene in and, where necessary, close down and replace schools that are failing. This would include assisting with professional development and other expenses of implementing proven reform models. Funds could also be used to design and launch programs to improve information on public school choices for parents.

Eligibility: Districts eligible for the competition would be those districts that qualify as underserved areas in the Administration's Teacher Recruitment and Preparation Initiative: those with at least 20% poor students, or with at least 20,000 poor students, or that are the three school districts in the state with the largest number of poor children.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$4 million, with a total FY 99 request of \$320 million.

Grantee Selection and Accountability for Results: Grantees would be selected through a rigorous peer review process. Distinguished peer reviewers would work with finalists to identify rigorous annual benchmarks of progress in implementing the district reform plan, as well as indicators of student achievement to be reached by the end of the third year. A consistent group of peer reviewers would reconvene each year to consider progress made by grantees and recommend to the Secretary whether funding should continue. At the end of three years, peer reviewers would carefully review measurable progress in student achievement to recommend whether the grant should be extended for an additional two years.

Effective, Flexible Use of Other Resources: There would be no explicit matching requirement for the program, although applicants would be challenged to show how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- in order to carry out its reform strategy, and how it intends to maintain the reform effort once

federal fund are no longer available. Applicants would also be invited to identify any barriers to carrying out the reform plan posed by existing federal education requirements. Successful applicants will be given expedited consideration for waivers under existing authorities.

Resources to Disseminate Lessons Learned. A small proportion of funds (no more than [5%]) would be set aside for national leadership activities, which would include: brokering technical assistance to meet the needs of successful grantees; using technology to establish a “virtual urban and rural office” at Education and help districts consult with each other on overcoming obstacles; and documenting success and lessons learned and disseminating that information nationwide.

Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

**URBAN/RURAL EDUCATION ZONES:
OPTIONS FOR PUBLIC SCHOOL CHOICE COMPONENT
Revised Draft -- November 19, 1997**

The current proposal for urban/rural educational opportunity zones stresses student, teacher, and school accountability. Although the proposal already addresses public school choice as an aspect of school accountability, public school choice could be made a more prominent feature of the proposal. There are at least two major options:

Option 1: District-Wide Focus on Public School Choice

- **Whole-District Plans.** In order to be selected as educational opportunity zones, school districts would be challenged to show how they will ensure that *all parents*, at least at selected grade levels, can choose the public school that their child will attend.
- **Variety of Strategies.** Districts could pursue either system-wide or smaller scale (e.g., school cluster) public school choice strategies. These strategies could include open enrollment plans or charter schools, as well as schools-within-schools, magnet schools, or opportunities for postsecondary coursetaking/enrollment.
- **Use of Grant Funds:**
 - **Parental Information and Transportation.** Educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers. They could also use funds to design and start-up transportation plans to enable all students to take advantage of choice opportunities.
 - **Opening More Slots in First-Rate Public Schools.** Funds could be used to expand the best existing schools in a district, or to plan and start-up new public schools that would broaden the range of attractive choices for students and parents, such as charter schools and schools-within-schools.

Option 2: Choice to Escape Persistently Failing Schools

- **First, Work to Fix Failing Schools.** In order to be selected as educational opportunity zones, all participating districts would be challenged to intervene in and fix failing schools. Grant funds could be used to reconstitute schools with new staff, including the possibility of reopening as schools-within-schools or as charter schools.
- **But For the Worst Schools, Kids Should Have the Choice to Leave.** Kids who attend the district's most ineffective, or unsafe schools would be guaranteed an opportunity to transfer to a different school altogether. If a student attends a school that consistently ranks at the bottom of the district in terms of student achievement, that student would be given the option to enroll in either an existing public school with a successful performance record or a promising, newly-formed school, such as a charter school.

- Students attending schools in the lowest 5% - 20% of the district's schools would be eligible, with the percentage varying according to the size of the district.
- For existing schools to receive choice students, they must be in the top 25% of a district's performers. Otherwise, districts would have to provide charters or other new school options.
- Students would have this option even though school they attend is being totally reconstituted -- students should stay at these schools because they can get a good education there, not because they're forced to.
- **Basic Funds Follow the Student.** All federal, state and local formula funds would follow the student.
- **Use of Grant Funds:**
 - **Public School Choice Premium.** A student interested in transferring would also carry with him or her a "public school choice premium," worth \$500 to \$1,500, that the receiving school could use to provide transitional/supplemental services or upgrade the academic program to help choice students succeed.
 - **Parental Information and Transportation.** As in Option 1, educational opportunity zone districts could use funds to plan or start-up parent information and outreach centers, or transportation plans, to enable students and their families to take maximum advantage of choice opportunities.
 - **Opening More Slots in First-Rate Public Schools.** For a choice option to be meaningful, space must be available in good public schools. Districts applying to be educational opportunity zones would be challenged to address, in detail, how they will ensure that openings in successful public schools are actually available for students who wish to transfer. To this end, grant funds could be used to plan and start-up new public schools, or expand the capacity of good existing schools, using approaches that could include:
 - Start **new charter schools** in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Start multiple **new schools-within-schools** in place of reconstituted schools, or in unused building space elsewhere in the district.
 - Invite leaders from the most effective, existing charter schools or other public schools in the district to expand, or create "**franchise**" or "**satellite**" schools.

- Arrange with **postsecondary institutions** to offer classes on campus or at secondary schools -- or take an extra step and start new charter schools.
- **Rewarding Parental Involvement.** Applicants would be required to address how they would support and reward innovative, grass-roots efforts by parents in shaping the choice options open to students. For example, if parents can reach a consensus on an approach such as bringing in New American Schools design teams to develop new schools-within-schools in a reconstituted school, or to develop a new independent charter school, the district could provide grant funds to support that vision..



Catherine_Jovicich @ ed.gov

11/21/97 01:11:00 PM

Record Type: Record

To: William R. Kincaid

cc:

Subject: Urban-Rural Choice Option

Bill,

Those of us at OESE (Gerry Tirozzi, Judith Johnson, Jim Kohlmoos, Jackie Jackson, Catherine Jovicich) have reviewed the options you outlined for adding a public school choice component to the urban-rural grant program.

Overall, we want to be sure that adding this option does not water down the focus on fixing failing schools. Strengthening public school choice is a good idea that we support. Our principle is that public school choice can be pursued with a variety of strategies that should be selected at the local level.

We recommend option 1 with a few modifications.

- "Whole district plans: In order to be selected as educational opportunity zones, school districts would be challenged to demonstrate strategies for promoting fair and equitable public school choice options that give all parents an opportunity to choose the public school that their child will attend."

you may not want to use the above language, but our main points are:

- * we want to emphasize an equity component in this
- * replace the qualifier that parents *can Choose* to "have an opportunity to choose* because some parents simply may not be accommodated in a school choice program.

- Variety of Strategies: add "controlled parent choice programs" to the list of possible strategies.

We do not agree with the second option. We feel that it opens up a dangerous door to vouchers for private schools. It also detracts from efforts to turn around failing schools.

Thanks for the opportunity to comment. Please call if you have questions.

Catherine

Title I Demo -- § 1502(a)

- Already used for Obey/Porter Comprehensive Reform -- but with appropriations report language.
- How likely that we can squeeze in another initiative under this?
- Regulations/notice to further define scope?
- Going to get report language on Obey/Porter from Budget Service.

ESEA Title X-I -- § 10951 et seq -- Urban and Rural Education Demonstration Grants

- Two separate subsections -- urban and rural each get 50% of funds. No separate set-aside for Native American schools.
- Would have to issue priority notices for both first-round and second-round grants, substantially narrowing and defining the range of allowable activities. Would entail opportunity to comment from the field. Could use new exception for first year competition -- but this could draw flak.
- Eligibility provisions, sec. 10952(5) would exclude some smaller urban LEAs; e.g., a district like New Haven would probably be excluded, because it is under 25,000 in enrollment and is not the largest central city in the state; same could be true of Kansas City, Kansas. Could not address through regulation, nor (probably) through waivers -- maybe approps.
- Appears that authorization for approps would expire after FY 99; appears would need extension language in approps bill (or through some other avenue) for 00 and beyond. Not clear that GEPA would cover this kind of thing. Should check with OGC.

FIE

- Would be unusual to fund something this large in FIE, but if could get general approp, could issue priority notices defining the program.
- Unlike with ESEA program, could have to define class of eligible applicants through regulation.
- A such sums authorization.

Goals 2000 Urban/Rural -- §314(b)(1)

- General sense that this could be done (if we get approps into Goals 2000 national activities).
- Getting proper focus for the program would likely require first ■regulations■ under Goals 2000 -- although could still retain our record of not regulating under the main Goals 2000 state grant program.
- Overall, Goals authorization is for such sums, but with a maximum reservation for national activities of 5%. If cap held, would only provide tens of millions of dollars for this effort -- far too little. Also, existing language prohibits awards to urban and rural districts already getting Goals money through their state, but could override with approps language.

**FOSTERING A NEW ETHIC OF EDUCATION:
CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION ZONES**

Proposed FY 99 Budget Initiative

DRAFT -- November 19, 1997

An important complement to this Administration's campaign to raise standards is a program of school reform that fosters a new ethic of education involving high expectations, accountability and public school choice. The school reform effort should incorporate sustained advocacy for publicly accountable charter schools nationwide, and includes the President's proposals for recruiting and training good teachers. Another important feature of this effort should be a **new initiative** to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as no social promotion, public school choice, reconstitution of failing schools, and removal of bad teachers. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help kids reach high standards:

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Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

Comments on the 11/14 OESE and DPC draft:

Here are some points that we should discuss in deciding how to move forward on this tonight:

1. Neither one of our papers addresses an excellent point that Barry White made last week, which is that this initiative should be framed as the leading edge of the ESEA reauthorization -- testing out ideas for the next round of strengthening this legislation, rather than an indication that Goals/IASA aren't working.

Acknowledge ESEA framework. Leading edge -- concepts. Need to test, if it works well, put something in.

Have proposed.

2. Whatever paper we use should be presented in a fairly direct manner -- the first page of the OESE paper does a good job of "painting a picture" of the kind of district we would like to encourage, but for discussion purposes in the budget process something more compact will probably work better.

3. We need to say something about targeting -- probably should use basically the same formula as Title V, except for something more explicit on Native American kids.

- Title V Proposal -- Recruiting teacher for underserved areas -- LEAs that have at least 20%, or 10,000 poor kids, or any of the 3 LEAs in the state with the highest number.
- High numbers or percentages of poor kids.

4. Mike C. has asked that we present two options with respect to district accountability for effective use of grant funds:

- Get 3 year grant, but have to show progress each year to keep getting the money.
- Get 3 year grant, but if you show good progress eligible for extension of 2 (or 3) years.

Likes option 2, but contingent on showing progress in meeting benchmarks each year, look for student outcomes at 3 years.

Pierce Hammond -- hired to be head of ORAD.

5. Connected issue, especially for first option: having a real, consistent set of peer reviewers.

6. What are assumptions about match levels over time?

Significant in-kind.

NOT> Maybe 10-15%, and ask them how they will institutionalize. Need to show district commitment and community support and strategies for how it will reach out to community for support, and how will existing resource generally.

7. Both papers need to do a better job of addressing how will use existing funds, and neither holds open the possibility of greater flexibility in the use of such funds.

Promise could handle expeditiously, but would need new legislation to do more district Ed-Flex. And could work with existing EF states.

8. Some issues are probably presented in slightly more detail in the OESE paper than needed for purposes (and tastes) of the budget process over here. For example, detail on multiple types, purposes of assessments.

9. We have gotten signals that while "strengthened management" infuses the strong accountability approach we are advocating, it should not be held out as one of the "headlines" as it is in the OESE paper (and as it had been in our FY 98 proposal). It comes across as too bureaucratic.

10. Use of funds for turning around failing schools.

Deal with lowest-performing schools -- say 20% or 20 schools.

11. How do the numbers add up?

10 to 15 of each, urban and rural

Urban 10 - 25 million

Rural up to 4 million

Importance of national activities

Clear co. w. n. for holding schools accountable
& interim TA avail to schools trying
and a change / stuff.



Thomas_Corwin @ ed.gov
11/20/97 10:37:00 AM

Record Type: Record

To: Mary I. Cassell, William R. Kincaid

cc:

Subject: Urban-Rural initiative

Quick comments--

I think the new draft discussion piece (11/19 -- faxed here at 11:25pm!) summarizes the proposal quite effectively. It does an excellent job of blending the philosophical points and the more tangible information on how the program would work and how the recipient districts would use the money.

I've been thinking a little more about LEA eligibility. The Title V rules (20% poor/10,000 poor kids/top 3 LEAs) would make eligible about 28 percent of all LEAs. I think that may be too many, and a lot of them won't be either major urban LEAs or poor rural ones. They'll be suburban, or big county districts, which have their own problems but don't need to be pulled into an urban-rural initiative.

As a first cut -- I think this needs some more work -- I suggest limiting eligibility to LEAs that (1) meet the Title V criteria and (2) serve all or part of a "central city" (as defined by Census) or are located outside an metropolitan area (again according to the Census definition). This would make our urban-rural initiative pretty much truly urban-rural. If people are interested in this idea, I may be able to get NCES to do a run showing who would be eligible.

Also have thought a little more about the Indian issue. I think the language (of regs, or however we promulgate this thing) should say something like, "The Secretary will ensure that there is equitable distribution of grants to urban and rural districts, including rural districts that serve high concentrations of Indian students." That would give us to authority to make 1,2 or 3 grants to Indian districts, so long as we receive quality applications from those districts, even if they are not among the top rated. The general language in ESEA treats BIA schools as LEAs in programs where the BIA does not receive its own set-aside, so the BIA schools, in addition to "Indian LEAs," would be eligible to apply.

Tom

This grant proposal targets urban and rural communities committed to making substantial investments and fundamental changes in their systems in order to greatly improve student achievement. At the core of this proposal is the notion that a fundamental shift is necessary in the incentives that motivate the work ethic of all members in the school system, a shift that holds people accountable for outcomes with rewards for success and consequences for failure. [Nothing in this proposal is useful unless it results in changed behavior -- in students, and their parents, teachers, and administrators.] Applicants will be asked to describe:

- 1) ***How the district will hold schools accountable for student performance and how it will intervene in failing schools.*** A successful applicant will describe plans to design and implement an effective school accountability system, including district and school report cards, in order to hold teachers, principals, and schools accountable for student achievement. Systems should be anchored on challenging academic standards and aligned assessments and easily accessed and understood by all participants in the system. [Such a system should be data-driven and used to show evidence of progress for the whole school, disaggregated by student population, including students with special needs.] The accountability system should include clear interventions or sanctions for low performing schools, such as targeted supports, personnel changes, technical assistance, and reconstitution.

The bulk of these grant funds should be used to intervene in failing schools. We expect districts to concentrate these grant funds in the lowest performing schools (our estimate is that funds will serve the lowest 20% of schools or the 20 lowest performing schools in the district). Districts could use grant support to provide technical assistance to failing schools or to newly reconstituted schools ~~on issues such as conducting their needs assessment~~, selecting research-based instructional programs for their schools, and providing intensive professional development and curriculum improvements. Grant funds could go to schools that are implementing comprehensive school reform programs for the start-up costs of these efforts (current estimates are approximately \$50,000 per school for the first year). Grant funds could also be used for the start-up of charter schools that can provide alternatives for students who currently attend failing schools. Applicants must demonstrate how this grant will work in conjunction with other funds to improve student academic performance in the most troubled schools.

- 2) ***How the district will implement an incentive system -- using rewards and consequences -- that will ensure teachers and principals working in failing schools are equipped with the knowledge and skills to reach all students and are held accountable for their work.*** A system of incentives and consequences should be developed that ~~includes input from~~ teachers, principals, community, business, and parent groups. This includes providing ongoing professional development opportunities to improve the knowledge and skills of teachers, and strengthening instructional leadership through such activities as the

development of academies for principals. It also means developing an accountability system for principals and teachers that can accurately monitor the quality of their work, provide rewards, and counsel out those who are not performing. ✓

- 3) ***How the district will implement an incentive system – using rewards and consequences – that will motivate students to be accountable for their achievement.*** Students need to know the academic standards that they are expected to reach. They also need effective instructional programs to ensure that they have an opportunity to reach challenging standards. But students also have a responsibility for learning and must be motivated to perform. ✓

We know that classroom life is complex and dynamic and that successful instructional practices build upon the cultural resources children bring to their classrooms. In culturally diverse classrooms the task of evaluating students is especially complex. The district must show how [multiple measures for evaluation and assessment] will be used periodically to identify both achievement and the need for additional or different instructional resources. The student assessment system must be aligned to academic standards, allow students to demonstrate progress using a variety of measurable assessment methods (all aligned to standards), and distinguish between two kinds of uses: 1) high stakes data to determine promotion; and 2) informative diagnostic methods that trigger additional support. } may be too technical for proposal at this stage

- 4) ***How the district will create a high performance management system.*** The grant proposal should include information about the district's strategic plan for school improvement across the district and include research-based strategies for school improvement. The plan should be based on challenging academic standards and aligned assessments that produce current, reliable data on students' academic performance and that provide accurate and timely school-based indicators in such areas as attendance, discipline, and drop-out rates. Districts will be required to track school progress, and their applications should include detailed goals and timelines for intervening in their failing schools. Proposals must also demonstrate widespread commitment to education reform and include commitments from the mayor, parent associations, community groups, business, and the local teachers' union. } All this is basically true. Some P.K. isn't needed for the budget proposal - doesn't convey how districts.

Applicants should be able to demonstrate concrete actions taken as a result of this grant, and justify where they are in implementation based upon their timelines and mileposts of progress.

✓ We expect grants to last three years, but grant renewal after the first year will be contingent upon demonstrating progress toward meeting the goals and timelines outlined in the proposal. ✓
Successful applicants will show measurable student achievement for the baseline year used to launch this work. *

Our grant proposal outlines several options for making grant awards under this program:

1. create a model of a challenge grant (modeled after the technology challenge grant): provide 50% of funding in year one to school districts that can match the allocation with local funds and who can show after year one demonstrable progress in order to be eligible for future funding. Rewards and sanctions would look something like the Urban Systemic Initiative model. Districts that set annual milestones for achievement and meet or exceed them will receive bonus incentives to encourage expansion of their work.
2. provide a maximum of 10 urban districts 25 million dollars each and 10 rural and tribal communities with 5 million dollars each to become lighthouse districts;

Finally, this grant proposal includes ideas for national leadership activities. If districts can succeed in their most difficult schools, then they will offer lessons and inspiration to schools everywhere in the country. Our proposal includes setting aside funds for providing substantial technical assistance tailored to meet the unique needs of each grantee. Also, we propose using technology to create a "virtual office" to help districts consult with each other and with experts about overcoming obstacles. A final component of national leadership is documenting progress and lessons learned from these grantees and disseminating that information nationwide.

A STANDARDS-BASED REFORM INITIATIVE

Italy
 Envision with us if you will, a school district with high concentrations of poor kids who may be living in urban centers, rural areas, or in tribal communities. ~~The schools they attend share remarkably similar missions and goals.~~ All students are encouraged and expected to achieve to high standards. Challenging academic performance standards inform and guide curriculum decisions. There exists a set of rewards for everyone in this enterprise able to demonstrate success against pre-established milestones. In these schools there are consequences for failure to achieve measurable progress. ✓

↙ This school district set standards, measures progress ~~using a variety of assessment measures,~~ and uses data from these measures to both inform instructional decisions and establish high stakes for students that include decisions about when they move on to the next level and what additional support they may need to be successful. Its work is framed by a clear vision, explicit understanding about what students should know and be able to do, ~~and an accountability system with incentives and sanctions that establish clear performance expectations for everyone.~~ ✓ *repetition*

[This district has a set of performance standards that provide clear guidance about what is to be taught and how progress is to be assessed.] These standards have been disseminated widely to parents, staff, students and the community at large. ✓

Standards^m for the foundation for accountability in this district. There is a set of procedures for identifying, supporting, and intervening in schools in decline and fixing failing schools. There is a reward system for school faculties who are able to demonstrate progress against a set of milestones they set based on disaggregated student achievement data. There are consequences for schools that do not meet their milestones, ranging from academic probation to reconstitution. There is also a set of explicit criteria for student achievement that includes rewards for achieving and excelling and consequences for failure to demonstrate progress. The consequences may range from extended schooling to delayed promotion. These incentives are intended to motivate students to achieve and motivate staff to provide instructional programs characterized by high expectations for all students. ✓

While direct accountability for a student in these systems resides at the building level, individual schools are monitored, guided, and assisted at the district level.

The notion of explicit meaningful accountability measures coupled with a system of rewards, incentives, and consequences is not new. What we are learning since the reauthorization of the ESEA is that systems more likely to transform themselves into high performance management systems offer the best promise for influencing and re-directing the nature and character of teaching and learning in every school in the district. ? *Teachers*

DRAFT

**CHALLENGE GRANTS FOR URBAN AND RURAL
EDUCATION OPPORTUNITY ZONES**

Proposed FY 99 Budget Initiative

DRAFT -- November 20, 1997

This paper describes a **new initiative** to select a number of inner cities and poor rural areas as Educational Opportunity Zones, in which schools would receive special assistance in exchange for adopting policies such as no social promotion, public school choice, reconstitution of failing schools, and removal of poorly performing teachers. Specifically, school districts competing for grants would be challenged to show how they will hold students, staff, and schools accountable and use all available resources to help students reach high standards:

- **Student Accountability:** To be selected as Education Opportunity Zones, participating districts must implement policies requiring students to meet challenging academic standards at key transition points before being promoted or graduating from high school. Districts would have to show how their regular instructional program, together with extra help for students identified as needing such assistance, would combine to ensure the academic success of every child. Critical to these efforts would be how schools will identify kids at risk of failure and how they will use Title I funds and other federal, state and local resources to provide extra help to these students, such as extended day enrichment/tutoring programs, Saturday academies, and summer school.
 - Districts would use challenge grant funds, and other funds, to support expanded learning opportunities for students that need it.
- **Staff Accountability:** Educational Opportunity Zones must clearly spell out how they will reward outstanding teaching, and also how they will identify poorly performing teachers and provide them with extra help or counsel them out of the classroom. Rewards and incentives should be offered to individuals or teams of teachers who meet high standards. For example, individual teachers should be assisted to attain certification by the National Board for Professional Teaching Standards and should be rewarded when they do, and districts should develop strategies for using these teachers in schools where they are needed the most. At the same time, participating districts must develop aggressive approaches for identifying failing teachers, and getting extra help to those who can improve their performance, and counseling those who can't out of the profession quickly and fairly. Educational Improvement Zones must also show how they will build leadership capacity among the district's principals, and how they will develop rewards and sanctions for principals based on performance.
 - Districts would use challenge grant funds for such activities as rewarding effective teams of teachers, paying fees and bonuses for those seeking national certification or other rigorous advanced study, and designing and implementing effective approaches for identifying, counseling or removing chronically failing teachers. Districts could also use funds to design and implement principal leadership institutes, with a focus on effective curriculum and instruction.

- **School Accountability:** Finally, Educational Opportunity Zones must show how they will develop clear criteria and hold individual schools accountable for high standards of discipline and achievement. Schools showing significant gains should be rewarded through such incentives as financial bonuses or recognition programs. Conversely, failing schools must be given high quality technical assistance and overhauled using proven reform models, or, if schools still don't improve, they should be shut down and reconstituted, perhaps as smaller schools-within-schools or independent public charter schools. Educational Opportunity Zones must also demonstrate how they will ensure that families have the opportunity to choose which public school their children will attend, especially if the neighborhood school doesn't provide a safe and academically challenging environment.
- Districts would use challenge grant funds to reward effective schools and to intervene in and, where necessary, close down and replace schools that are failing. This would include assisting with professional development and other expenses of implementing proven reform models. Funds could also be used to design and launch programs to improve information on public school choices for parents.

Eligibility: Districts eligible for the competition would be a subset of those districts that qualify as underserved areas in the Administration's Teacher Recruitment and Preparation Initiative: those with at least 20% poor students, or with at least 20,000 poor students, or that are the three school districts in the state with the largest number of poor children, provided that the districts are located either in a central city or a non-metropolitan area.

Grant Awards and Funding: In the first year of the initiative, 3-year competitive grants would be awarded by the Department of Education to 10-15 urban and 10-15 rural school districts (including districts serving Native American students) selected as Educational Opportunity Zones. Each urban grant would be worth approximately \$10-25 million, and each rural grant would be worth up to \$2 million, with a total FY 99 request of \$320 million.

Grantee Selection and Accountability for Results: Grantees would be selected through a rigorous peer review process. Distinguished peer reviewers would work with finalists to identify rigorous annual benchmarks of progress in implementing the district reform plan, as well as indicators of student achievement to be reached by the end of the third year. A consistent group of peer reviewers would reconvene each year to consider progress made by grantees and recommend to the Secretary whether funding should continue. At the end of three years, peer reviewers would carefully review measurable progress in student achievement to recommend whether the grant should be extended for an additional two years.

Effective, Flexible Use of Other Resources: There would be no explicit matching requirement for the first three years of a grant, although applicants would be challenged to show (and given priority for showing) how the district will use all available resources -- federal, state, and local, as well as any business or foundation funds -- in order to carry out its reform strategy, and how it

intends to maintain the reform effort once federal funds are no longer available. Applicants would also be invited to identify any barriers to carrying out the reform plan posed by existing federal education requirements. Successful applicants will be given expedited consideration for waivers under existing authorities. If grants are extended beyond three years, applicants would be required to meet a matching requirement phased in to 50%, encouraging institutionalization and stability of the initiative.

Resources to Disseminate Lessons Learned. A small proportion of funds (no more than [5%]) would be set aside for national leadership activities, which would include: brokering technical assistance to meet the needs of successful grantees; using technology to establish a “virtual urban and rural office” at Education and help districts consult with each other on overcoming obstacles; and documenting success and lessons learned and disseminating that information nationwide.

Legislative Authority: This initiative would likely utilize existing legislative authority, such as the Title I demonstration authority in ESEA §1502(a).

Looking Ahead: This initiative should be viewed as testing out ideas for possible wider inclusion in the next ESEA reauthorization.

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CHALLENGE GRANTS FOR URBAN AND RURAL EDUCATION OPPORTUNITY ZONES

Proposed FY 99 Budget Initiative

DRAFT -- November 20, 1997

extra help for students to master the basics, involving parents strongly teaching and leadership

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