

DRAFT

Honorable Franklin D. Raines
Director
Office of Management and Budget
Washington, DC 20503

Dear Frank:

I am writing to share my serious concerns about your initial decisions on my 1998 budget request for the Department of Education.

I understand the difficult challenge you face in crafting an overall President's budget that reaches balance by 2002 while responding to the competing demands of dozens of Federal agencies and maintaining investment in priority areas. We have worked hard over the past four years to implement the President's education agenda in a prudent and responsible manner.

I believe our record of savings is substantial. We have offset the costs of new programs by terminating 64 programs totaling \$717 million since 1994. We have achieved substantial savings through improved management of the student loan programs, reducing the default rate from 22 percent to 12 percent and increasing collections on defaulted loans from \$1 billion in 1992 to approximately \$2.4 billion in 1996. Since 1992, annual savings from reduced defaults and improved collections have grown to about \$800 million. In addition, our staffing levels has declined from 4,859 FTE's in 1992 to 4,655 in 1996 even though we taken on substantial new activities including Goals 2000, School-to-Work Opportunities, and Direct Student Loans.

I remain committed to savings and prudent management. I am also convinced, however, that we must fulfill the President's commitment that education is a national priority. In defending his FY1997 education budget against unprecedented Congressional attacks, and in defining education as the "linchpin" of his efforts to move America into the 21st century, the President has clearly seized the initiative and gained the nation's attention. Millions of parents who listened with keen attention to the President's call to make education a national priority now expect real help in dealing with over-crowded classrooms and better teacher quality.

The President's budget must also respond to the many new dynamics of the "baby boom echo." 51.7 million children entered our nation's classrooms this September setting a new national record. We will set new enrollment records every year for the next ten years until 2006 when enrollment peaks at 54.6 million. Thirty-three states expect rising enrollment and our student population will become much more diverse. California, alone, will have to educate an additional one million children. We estimate the need for 190,000 additional teachers and over 6000 new schools, and the nation as a whole will need approximately \$15 billion in additional funding to maintain current K-12 service levels in 2006.

The President's school construction initiative is one part of our response to the baby boom echo. But what happens inside the classroom is equally important and urgent as the construction taking place outside. This is the context that drives our proposed increases for Title 1, Special Education, Safe and Drug Free Schools and Communities, Bi-lingual and Immigrant education.

Here, it is also important to reflect that a decade of effort to raise our national educational standards is at long last taking hold. The recent news that the New York City school system is adopting national standards is a clear sign that we are making our mark. We are turning the corner and we should remain unstinting in our efforts now to fulfill the President's long term commitment to raising standards and upgrading teacher quality. This explains my strong belief that Goals 2000 must be fully funded, and why I believe the OMB passback for Eisenhower Professional Development is insufficient.

All these factors define my overall thinking in responding to OMB's passback. While I am pleased at your strong support for funding the President's new initiatives, I am concerned that you have not provided sufficient funding for other important priorities — including many of the Administration's own reform programs — that provide the very foundation for the President's education agenda.

The OMB passback provides minimal increases for these longstanding programs of proven value, reflected in the fact, that excluding the President's new initiatives, overall discretionary funding would decline by one percent from the 1997 level. The result would be a status quo budget that would in my opinion critically undermine the support of the education community for the President's new initiatives. I believe that our ultimate success depends on establishing a strong "linkage" between proven programs that have broad based support and the President's new initiatives.

This linkage makes good sense in gaining strong public support for the President's new efforts and it makes good sense in the context of teaching and learning. For example, the President's new reading initiative, with its focus on after-school and summer help, can support efforts in Title 1 and Special Education to serve student populations that are likely to have the greatest difficulty of reaching the President's goal of reading well by the end of the third grade. The same type of linkage applies to increasing support for TRIO which in turn will help young people take full advantage of opportunities provided through Hope Scholarships.

For all of these reasons, I am appealing for an additional \$1.9 billion in discretionary budget authority over the passback level, for a total of \$28.9 billion in 1998 discretionary spending for Department of Education programs, an increase of \$2.7 billion or 10 percent over the 1997 level but \$847 million below my original request. The details of my appeal are provided in two attachments to this letter: a budget table showing the line-by-line allocation of the amounts included in the appeal, and a narrative explanation of individual programmatic increases.

My appeal would continue the momentum for successful education reform that has taken root in the Nation over the past four years. The appeal is focused on four broad themes emphasized by President Clinton: (1) preparing American education for the 21st century, (2) helping children to read well by the third grade, (3) protecting America's children and (4) making college education accessible for all students.

PREPARING OUR SCHOOLS FOR THE 21ST CENTURY

States and school districts have begun, with Federal assistance, making the changes needed to educate all children to meet the challenges of the next century. High academic standards are at the core of these changes, with 48 States developing standards in core subject areas and 42 States developing or implementing assessments linked to their standards. The President's Goals 2000 program is currently helping some 12,000 schools implement reforms based on high standards for all students. I believe it is essential to build on this momentum by providing an additional \$243 million over the passback level to expand standards-based reform assistance to an estimated 18,000 schools.

The President also has made a commitment to provide States and districts with \$2 billion over five years for computers, connections, training, and software so that they can fully integrate technology into schools. I am asking for a \$75 million increase for the Technology Literacy Challenge Fund to maintain an appropriate funding path for implementing that commitment. The appeal also includes \$18 million to support new awards under the Technology Innovation Challenge Grant program, which complements the Technology Literacy Fund by supporting carefully designed demonstration projects that test the impact of new technologies on education.

In addition, my appeal also provides new funds responding to President Clinton's directive on improving the preparation and in-service training of teachers, including a \$100 million increase for Eisenhower Professional Development State Grants to expand the number of teachers receiving training in the core academic subjects and a \$16 million increase to fast-forward efforts by the National Board for Professional Teaching Standards to develop and implement certification programs covering 95 percent of all teachers. The goal would be to certify 105,000 master teachers by the year 2006.

HELPING ALL CHILDREN TO READ WELL

The passback includes substantial new resources for Department activities in support of the America's Reading Challenge, but essentially ignores the contribution to this initiative that can and must be made by other existing Federal programs. The Reading Challenge will greatly expand the availability of tutoring and other assistance designed to improve reading skills, but most reading instruction will continue to be provided in regular classrooms during regular school hours. My appeal provides the dollars needed to reinforce this instruction.

For example, a \$254 million increase for Title I grants to local educational agencies would permit an additional 270,000 disadvantaged children to participate in programs that help them read better. A \$188 million increase for Special Education Grants to States would help States and school districts make the investments needed to help improve the reading ability of millions of students with learning disabilities. And an additional \$34 million for Bilingual Education would help school districts teach the growing numbers of limited English proficient children to read English well.

PROTECTING AMERICA'S CHILDREN

The challenges confronting our education system never loom so large as in our urban areas, where the lack of a safe learning environment too often stands in the way of improved educational achievement. My appeal includes funding for several proposals aimed at helping urban districts, families, and students. A \$100 million Urban Initiative would support competitive grants allowing school districts to plan and begin to implement serious reform strategies focusing on improved management, better accountability for results and enhanced school choice.

I am also asking for \$50 million to establish 200 to 300 Community Learning Centers in rural and inner-city public schools that would provide educational and violence prevention services to members of the community. The Centers would offer such services as after-school tutoring, adult education, technology education, parenting skills, drug and alcohol prevention, violence prevention, and conflict resolution/peer mediation training.

An additional \$76 million for Safe and Drug-Free Schools would permit fuller implementation of the National Drug Control Strategy, which calls for expansion of drug prevention programs and efforts to create safe and healthy environments for children and adolescents. The appeal level also would provide a \$5 million increase for the Javits Gifted and Talented Program to support new awards in empowerment zones to reach gifted children in poor families and communities, as well as a \$5 million increase to enhance State and local efforts to meet the educational needs of homeless children.

MAKING COLLEGE EDUCATION ACCESSIBLE TO ALL STUDENTS

President Clinton already has achieved considerable success in improving access to postsecondary education by winning substantial increases in the maximum Pell Grant award, increasing Work-Study opportunities, and by successfully implementing the new Direct Student Loan program. The new Hope Scholarships tax credit and the Education Tax Deduction will build on this record. Nevertheless, it is important to encourage students, particularly those from disadvantaged backgrounds, to pursue postsecondary education through a range of alternative routes, and to maintain a broad range of options for financing a college education.

My appeal would accomplish this goal, for example, by providing a \$58 million increase (along with savings from a newly estimated surplus) for Pell Grants to support a \$2,900 maximum award (\$120 higher than passback) as well as an additional 62,000 recipients. I am also asking for the restoration of \$89 million for Perkins Loans Federal Capital Contributions to support an increase of \$114 million in loan volume and 85,000 recipients over the passback level. The appeal also includes a \$42 million increase to provide TRIO postsecondary outreach and support services to 80,000 more students than the passback level, and an additional \$100 million in Vocational Education funding to help States improve their career preparation systems which in turn is creating new pathways to post-secondary education for many young people.

DEPARTMENTAL MANAGEMENT

Just as the funds included in this appeal provide essential programmatic support at the State and local levels for achieving the goals set forth in the President's education initiatives, the Department's Program Administration funds are critical to the successful implementation of these same initiatives. That is why I am asking for the restoration of the full \$344 million original request for Program Administration, an increase of \$12 million over the passback level.

In addition to administrative support for the Technology Literacy Challenge Fund, America's Reading Challenge, the Hope Scholarships tax credit, and School Construction, these funds are needed to continue making technology enhancements aimed at improving customer service and to develop a "one-stop shopping" clearinghouse for all Department publications and information products.

CONCLUSION

President Clinton's unwavering commitment to effective education reform and investment was a key to the success of his first term in office. He begins his second term with, if anything, an even greater emphasis on education, as defined by the new initiatives proposed over the past year. However, successful implementation of these initiatives rests not just on the funding available for them, as suggested by the OMB passback, but on the complementary support that may be generated by investing in the full range of existing education programs. My appeal is based on the latter approach. I hope you will give it your fullest consideration.

Sincerely,

Richard W. Riley

Enclosures

Preparing American Education for the 21st Century +\$476,208,000

	FY 1997 Final Agreement with the President	OMB Passback	Request over OMB	FY 1998 ED Recommendation
Technology Technology Challenge Fund	\$200,000,000	\$350,000,000	+\$75,000,000	\$425,000,000
Innovation Challenge Grants	\$56,965,000	\$56,965,000	+\$18,035,000	\$75,000,000
GOALS 2000 Setting high education standards	\$491,000,000	\$507,000,000	+\$243,000,000	\$750,000,000
Access to Advanced Placement	Not Funded	Not Funded	+\$6,000,000	\$6,000,000
Eisenhower Strengthening skills of teachers	\$310,000,000	\$310,000,000	+\$100,000,000	\$410,000,000
Eisenhower National Activities Rewarding master teacher/ National Board Certification	\$13,342,000	\$13,342,000	+\$11,658,000	\$25,000,000
TIMSS Fund for the Improvement of Education	\$40,000,000	\$40,000,000	+\$5,000,000	\$45,000,000
Statistics	\$50,000,000	\$65,000,000	+\$2,500,000	\$67,500,000
Educational Research	\$123,567,000	\$123,785,000	\$13,500,000	\$137,285,000
School Construction Initiative Addressing the Baby Boom Echo	New Initiative	\$1,250,000,000	----	\$1,250,000,000
Charter Schools Expanding parent choices in public schools	\$50,987,000	\$60,000,000	At OMB Passback	\$60,000,000
Subtotal over OMB	----	----	+\$474,693,000	----

Helping Children to Read Well by the Third Grade +\$524,060,000

	FY 1997 Final Agreement with the President	OMB Passback	ED Request over OMB	FY 1998 ED Recommendation
Title I Helping disadvantaged children read in school	\$7,698,440,000	\$7,944,309,000	+\$249,112,000	\$8,193,421,000
Even Start Helping parents read well with their children	\$101,992,000	\$104,649,000	+\$3,351,000	\$108,000,000
Special Education Helping children with disabilities read well	\$4,035,979,000	\$4,036,000,000	+\$231,489,000	\$4,267,489,000
Bilingual/Immigrant Education Helping children read English well	\$261,700,000	\$270,000,000	+\$34,000,000	\$304,000,000
Indian Education	\$58,050,000	\$58,050,000	\$1,858,000	\$59,908,000
America's Reading Challenge Afterschool/summer tutoring	New Initiative	\$260,000,000	----	\$260,000,000
National Writing Project	\$3,100,000	Not Funded	+\$4,250,000	\$4,250,000
Subtotal over OMB	----	----	+\$524,060,000	----

Preparing Students for College, Making at Least 2 Years of College Universally Accessible and Supporting Life-Long Learning +\$602,000,000

	FY 1997 Final Agreement with the President	OMB Passback	Request over OMB	FY 1998 ED Recommendation
PELL Grants Basic grant of disadvantaged students	\$6,413,000,000	\$6,703,000,000	+\$361,000,000	\$7,064,000,000
Voc Ed/Tech Prep Transition from school to careers/work	\$1,131,966,000	\$1,131,966,000	+\$100,000,000	\$1,231,966,000
TRIO Preparing students for college	\$499,994,000	\$508,000,000	+\$42,000,000	\$550,000,000
Perkins Maintaining low-interest loan program	\$178,000,000	\$89,000,000	+\$99,000,000	\$188,000,000
CWS Work study opportunities including Reading Tutors	\$830,000,000	\$857,000,000	At OMB Passback	\$857,000,000
Student Loan Direct Lending Administration	\$491,000,000	\$532,836,000	At OMB Passback	\$532,836,000
HOPE and Tax Deduction	New Initiative	----	At OMB Passback	----
Subtotal over OMB			+\$602,000,000	

Protecting America's Children and Providing a Drug-Free and Safe Environment +\$243,334,000

	FY 1997 Final Agreement with the President	OMB Passback	ED Request over OMB	FY 1998 ED Recommendation
Family and Community Endeavor Schools Afterschool learning opportunities	New Initiative	Not Applicable	+\$50,000,000	\$50,000,000
Urban Initiative Rebuilding urban schools	New Initiative	Not funded	+\$100,000,000	\$100,000,000
Safe and Drug-Free Schools Making schools safer	\$555,978,000	\$574,000,000	+\$76,000,000	\$650,000,000
Gifted & Talented Reaching gifted children in empowerment zones	\$5,000,000	\$5,000,000	+\$5,000,000	\$10,000,000
Ed of Homeless Children Educating those most in need	\$25,000,000	\$25,000,000	+\$5,000,000	\$30,000,000
Civil Rights Training & Advisory	\$7,334,000	Not funded	\$7,334,000	\$7,334,000
Subtotal over OMB	----	----	+\$243,334,000	----

PASSBACK PROPOSED INCREASE: \$0.84 Billion (*Our proposed increase was \$3.6 billion*)
TOTAL ADDED TO PASSBACK: \$1.844 Billion
TOTAL OVER FY 1997: \$2.684 Billion

OTHER POINTS OF REFERENCE: President's FY 1997 Request: \$2.8 billion
FY 1997 Appropriations Increase \$3.5 billion

URBAN INITIATIVE

Question 1. Please provide the most current written information about this initiative. Include an identification of the problem to be addressed, a discussion of why the problem requires a new Federal approach, the substantive components of that approach, and anticipated funding levels both for FY 1998 and the outyears.

See attached.

Question 2. ED outlined a set of 5 areas that urban initiative grantees would have to develop in order to receive funding: 1) management systems with outside partners; 2) comprehensive plans to enhance instructional outcomes; 3) system-wide public school choice models; 4) recruiting and professional development activities; and 5) an accountability system. Each of these components has an existing analogue in terms of current programs, for which much funding presumably goes to urban areas already: Title I, Goals 2000, Eisenhower Professional Development, Charter Schools, and Magnet Schools. ED indicated in the hearing that it would provide data on how much money goes to Urban areas for these purposes now. ED has sent certain information based on programs from prior years. Please provide a break-out of both current (FY 1997) urban funding and that proposed in FY 1998, both for these four programs as well as Title I (if actual data are not available, please provide the Department's best estimate). Discuss how the urban initiative would fill a need not met by these programs, and how the proposed urban initiative monies would be coordinated with these existing activities.

Charter Schools

We have no data, although the law requires that States award subgrants throughout different areas of the State, including urban and rural areas.

Eisenhower

Approximately 35 percent of Eisenhower funds go to Urban LEAs. For FY 1996, that would translate into approximately \$72.2 million. For FY 1997, the amount would be \$81.5 million and for our FY 1998 request, the amount would be \$171.9 million.

Goals 2000:

No overall estimate is available, but some examples can illustrate the problem. In Texas, for example, Houston received only 450,000 from FY 94 (over three years), and nothing out of the FY 95 funds (\$29.8 million for the state overall).

Magnet Schools

Close to 98% of the \$95 million for the Magnet School Program and Innovative Programs goes to urban areas.

Title I

With respect to how the urban initiative would work with existing programs, as well as proposed programs, and meet needs not met by them, first, the President's initiative will help participating urban districts review their management and instructional strategies, strengthening their capacity to make effective use of local, state, and federal resources. Second, the initiative will reinforce the importance of raising academic standards and strongly focus on reform strategies designed to address challenges common to urban areas. Third, the initiative will create models of effective reform that other urban districts can use. Key areas are as follows:

- Better Management -- The initiative will help ensure that federal, state, and local funds (including Safe-and-Drug Free Schools, Title I, and School-to-Work Opportunities) are thoughtfully and efficiently spent, translating into maximum effective instruction and services for kids in urban districts. Likewise, the initiative will help to insure that urban districts can act quickly and get the maximum benefit from the President's proposed School Construction program, from a major new influx of volunteers and college work-study students expected under the President's Reading Initiative, and from free access to the information superhighway under the e-Rate proposal pending before the FCC. No district will be allowed to continue receiving funds under the urban schools initiative unless it demonstrates needed progress in improving its management practices.
- Higher Standards; More Accountability -- The President's initiative will ensure that state and local standards-setting efforts supported under Goals 2000 lead to more challenging standards, curricula and assessments for students in urban schools. Moreover, the initiative will move urban districts toward providing better information for parents and the community on whether schools are improving student achievement and reducing dropouts, and toward aggressive implementation of Title I provisions that authorize intervention when schools fail.
- Excellent Teachers and Principals -- The initiative will support the efforts of urban districts to recruit, train, and hold accountable high quality teachers, as called for in the President's directive to the Secretary on promoting excellence and accountability in teaching. Likewise, the initiative will press urban districts to select and prepare only high quality school leaders. Moreover, through the instructional performance review, the initiative should spur urban districts to make more effective use of their Eisenhower funds.
- Expanding Public School Choice -- The President's initiative will catalyze wider public school choice to provide meaningful, attractive school options for all parents. The initiative will help districts take full advantage of the existing federal Public Charter Schools Program and Magnet Schools Program funds, and foster comprehensive public school choice strategies benefiting all families.

Question 3. As we discussed at the hearing, this initiative would target Federal funds on Urban areas in a way that differs from relying on States to allocate funds consistent with their systemic reform activities. What has led ED to believe that States are not targeting funds sufficiently on urban areas to require a new initiative composed of new programs? How is the initiative consistent with the Administration's existing strategy of relying on State systemic reform efforts through Goals 2000 and other programs?

Goals 2000, Title I and other Department programs that support systemic education reform are very important to improving urban schools in that they have helped begin to create a framework within which reform of urban schools can take place. However, it has become evident that the problems in many of our urban school systems are both more pronounced and more stubborn than they are in schools generally. Aside from anecdotal evidence that urban areas are getting

less than their share of Goals 2000 funds, the resources provided by Goals 2000 are insufficient in volume and in the degree to which they are targeted to the unique problems of urban school systems to catalyze the important changes that are needed.

Beyond addressing the actual *problems* of urban public schools, a targeted urban initiative is also necessary to address public *perceptions* about urban public schools, which are so severely negative in many areas as to pose a threat to the vitality of public schools generally. A highly visible initiative which directly takes on some of the most important public concerns about urban public schools will help restore confidence as it restores quality.

Question 4. What vehicle would ED use to implement this initiative? Would ED propose new legislation? Does ED envision that regulations would have to follow, or would the Goals/STW model be used?

[Tanya]

Question 5. Alternatively, could ED have proposed an “urban initiative” through increased funding of existing programs that achieve the proposed objectives, with targeting of all or a portion of the increase on urban areas? For example, could ED establish funding priorities in the existing programs (as proposed for OPE’s Urban Community Service program, which ED’s submission identified as in support of the Urban Initiative)? Could ED arrange for dissemination of successful practices by or about States that have done well in targeting urban areas, through conferences, materials, etc.? If there are legislative barriers to such an approach, what are they and what would ED’s view be of proposing legislative amendments in the context of the budget process?

After considering other possibilities, the Department has determined that the most effective strategy would be to establish a single new grant program that would provide powerful incentives for participating districts to address each of the key areas covered in the initiative. In order to address the real challenges that districts face, and to regain public confidence in urban public schools, districts need to seriously confront each of these key areas in a coherent fashion, although precisely how and to what degree they do so will vary from district to district. Simply putting priorities into existing programs would be unlikely to result in districts each of the covered areas in a concerted, coherent fashion.

Given the controversial past of Goals 2000, it strikes us as unwise to seek to amend or otherwise complicate the delicate situation surrounding that legislation. None of the other existing programs would be broad enough to address all of the priorities envisioned for this initiative.

Nothing in the initiative, as proposed, would be inconsistent with other activities that ED may conduct in terms of disseminating successful practices. In fact, some such activities are already underway in a joint venture on urban education between OERI and OESE, and through the New American High Schools Initiative of OVAE and OESE.

Question 6. Why does this initiative not include an explicit component that targets the achievement of challenging academic standards by students in urban areas, consistent with other key Departmental priorities?

Tanya

Question 7. How would the Urban Initiative relate to the Improving America's High Schools initiative, both in substantive goals and what districts/schools would be served?

Tanya

Question 8. ED expects to fund 20-30 districts through this initiative. How would the districts be selected? Would each district have to participate in all components?

Criteria for selection of districts is still under consideration. However, selection of districts would likely focus on urban districts with a high incidence of poverty. Proposals would be selected on a peer review basis. Each district would be required to seriously address each of the principal components in its proposal, but it would not necessarily be required to use grant funds to address a given component if it was already doing so.

Question 9. Would Federal funding end at some future date? If so, how would the program ensure permanent, systemic change is made and retained after Federal funding ceases? Has ED given any thought to requiring matching funds to ensure that cities have a stake, or State matches to build a tie between the Urban Initiative activities and State systemic reform activities?

Funding for the program would end after 10 years, and for individual sites within 5-7 years, or earlier if sufficient progress toward initiative objectives is not being made. Much of the activity funded by the initiative would be long-term capacity-building kinds of activities, such as the development of a strong accountability system, the development of a choice plan, and the creation of a long-term management strategy. Because of the relatively specific nature of the activities called for in the initiative, and the likelihood that implementing the plans would likely entail substantial local expenditures anyway, this initiative does not seem like a good candidate for a match. Successful applications would certainly be expected to draw coherent connections between any ongoing systemic reform activities.

Question 10. How does a grant to 20-30 cities address problems that are comprehensive throughout urban areas? What would this program or other programs do for cities that do not receive grants?

Tanya

Question 11. Would ED build incentives into the urban initiative funds to establish or strengthen ties to other social service programs? Isn't a comprehensive approach critical to achieving positive outcomes in an urban setting?

Tanya

Question 12. Existing literature points to the need for a dynamic school leader as a positive correlate to success. How would this initiative promote strong school leadership?

Jon

Question 13. ED proposed certifying "paraprofessionals" in the professional development component "as fully qualified teachers." Is this feasible given existing

State law, LEA policy and/or collective bargaining agreements in urban areas?

Tanya

Question 14. How would ED manage this initiative? Would new FTE be required? If yes, how many? If no FTE are requested, how would existing staff resources be utilized?

The initiative would be managed out of the Office of Elementary and Secondary Education, most likely housed in the Goals 2000 office. We are considering whether additional FTE would be required or whether the program could be accommodated under existing FTE.

Question 15. How would ED measure the results of this initiative?

ED would fund an evaluation, or series of evaluations, that would look at, among other things, improving achievement and reduced dropout rates among students in participating urban districts, increased numbers of families who can choose the school their child attends, increased proportion of funds going for instruction-related activities, and other measures.

OCT 24 1996

MEMORANDUM FOR SALLY CHRISTENSEN

THROUGH: Patricia Smith *PS*FROM: Dan Chenok *DL*

SUBJECT: Questions on FY 1998 draft budget submission and related materials

This memorandum follows up on issues raised at the OESF hearing held Monday, October 14, and asks questions on areas not covered during the hearing. Questions are grouped by initiative/account. Please provide written responses, with questions restated prior to each response, as soon as they are ready but no later than C.O.B. Monday, October 28 for the Urban Initiative and Friday, November 1 for all other questions. I stress the importance of receiving timely responses on the Urban Initiative, since it represents a major priority for the Department and as OMB moves forward in the budget process we would like to do so with as complete information as possible.

Please contact me at 395-5881 with any questions. Thank you.

Attachment

c: Tom Corwin

Urban Initiative

1. Please provide the most current written information about this initiative. Include an identification of the problem to be addressed, a discussion of why the problem requires a new Federal approach, the substantive components of that approach, and anticipated funding levels both for FY 1998 and the outyears.
2. ED outlined a set of 5 areas that urban initiative grantees would have to develop in order to receive funding: 1) management systems with outside partners; 2) comprehensive plans to enhance instructional outcomes; 3) system-wide public school choice models; 4) recruiting and professional development activities; and 5) an accountability system. Each of these components has an existing analogue in terms of current programs, for which much funding presumably goes to urban areas already: Title I, Goals 2000, Eisenhower Professional Development, Charter Schools, and Magnet Schools. ED indicated in the hearing that it would provide data on how much money goes to Urban areas for these purposes now. ED has sent certain information based on programs from prior years. Please provide a break-out of both current (FY 1997) urban funding and that proposed in FY 1998, both for these four programs as well as Title I (if actual data are not available, please provide the Department's best estimate). Discuss how the urban initiative would fill a need not met by these programs, and how the proposed urban initiative monies would be coordinated with these existing activities.
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Bill
4. What vehicle would ED use to implement this initiative? Would ED propose new legislation? Does ED envision that regulations would have to follow, or would the Goals/STW model be used?
Bill TO
5. Alternatively, could ED have proposed an "urban initiative" through increased funding of existing programs that achieve the proposed objectives, with targeting of all or a portion of the increase on urban areas? For example, could ED establish funding priorities in the existing programs (as proposed for OPE's Urban Community Service program, which ED's submission identified as in support of the Urban Initiative)? Could ED arrange for dissemination of successful practices by or about States that have done well in targeting urban areas, through conferences, materials, etc.? If there are legislative barriers to such an approach, what are they and what would ED's view be of proposing legislative amendments in the context of the budget process?
Bill

6. Why does this initiative not include an explicit component that targets the achievement of challenging academic standards by students in urban areas, consistent with other key Departmental priorities?
7. How would the Urban Initiative relate to the Improving America's High Schools initiative, both in substantive goals and what districts/schools would be served?
8. ED expects to fund 20-30 districts through this initiative. How would the districts be selected? Would each district have to participate in all components?
9. Would Federal funding end at some future date? If so, how would the program ensure permanent, systemic change is made and retained after Federal funding ceases? Has ED given any thought to requiring matching funds to ensure that cities have a stake, or State matches to build a tie between the Urban Initiative activities and State systemic reform activities?
10. How does a grant to 20-30 cities address problems that are comprehensive throughout urban areas? What would this program or other programs do for the cities that do not receive grants?
11. Would ED build incentives into the urban initiative funds to establish or strengthen ties to other social service programs? Isn't a comprehensive approach critical to achieving positive outcomes in an urban setting?
12. Existing literature points to the need for a dynamic school leader as a positive correlate to success. How would this initiative promote strong school leadership?
13. ED proposes certifying "paraprofessionals" in the professional development component "as fully qualified, effective teachers." Is this feasible given existing State law, LEA policy and/or collective bargaining agreements in urban areas?
14. How would ED manage this initiative? Would new FTE be required? If yes, how many? If no new FTE are requested, how would existing staff resources be utilized?
15. How would ED measure the results of this initiative?

GOALS 2000 FY95 FUNDS GRANTED TO LARGE URBAN AREAS

STATE	SCHOOL DISTRICT	GOALS 2000 FY 95 LEA GRANT	GOALS 2000 FY 96 SEA GRANT	% OF GOALS 2000 FY95 SEA GRANT
* California Los Angeles San Diego	Los Angeles Unified School District	\$4,449,750	\$42,909,245	13%
	San Diego Unified School District	\$1,286,160		
* Florida Miami	Dade County School District	\$950,726	\$16,161,475	6%
* Illinois Chicago	City of Chicago School District	\$324,850	\$16,295,422	2%
* Massachusetts Boston	Boston Public Schools	\$395,000	\$ 7,123,273	6%
* Michigan Detroit Flint	City of Detroit Schools	\$118,161	\$14,643,573	1%
	Flint Community Schools	\$ 49,420		
* New Jersey Newark Jersey City	Newark City School District	\$200,000	\$ 8,959,127	4%
	Jersey City School District	\$125,000		
* New York New York City	New York City Public Schools	\$1,500,000	\$27,625,424	5%
* Pennsylvania Philadelphia Pittsburgh	Philadelphia School District	\$500,000	\$15,823,266	6%
	Pittsburgh School District	\$424,902		
* Texas Austin Dallas Houston San Antonio	Austin Independent School District	\$691,754	\$29,781,653	5%
	Dallas Independent School District	\$300,000		
	* Houston Independent School District	0		
	South San Antonio Independent School District	\$354,372		

Note: These are not all of the grants to urban areas in these states.

* Houston Independent School District received a three year grant in FY94; for each school year from 1994-97 the District received \$150,000.

Budget Questions

10. How does a grant to 20-30 cities address problems that are comprehensive throughout urban areas? What would this program or other programs do for the cities that do not receive grants?

This program is intended to be a demonstration model. These grants will give 20-30 urban school districts the ability to improve their management systems in order to more effectively implement federal and state education initiatives. In turn, information about successful implementation and management strategies will be shared with other urban areas through peer technical assistance, and other forms of formal and informal information sharing. Moreover, this program will help create a national climate supportive of the kinds of changes that participating districts will be undertaking, thereby creating both increased understanding of, and demand for, the types of improvements being undertaken by participating districts.

11. Would ED build incentives into the urban initiative funds to establish or strengthen ties to other social service programs? Isn't a comprehensive approach critical to achieving positive outcomes in urban settings?

The management improvements undertaken with the grant assistance of the urban initiative will provide opportunities for districts to take better advantage of existing programs, for example Title 11, which provides flexibility to school districts fund comprehensive services. Enhanced management structures will also allow districts to improve their ties to existing programs, by having more accurate information about the and improved ability to coordinate with social service programs.

Author: Thomas Corwin at WDCT02

Date: 10/25/96 12:04 PM

Priority: Normal

TO: William Kincaid at WDCT01

Subject: Data on urban areas

----- Message Contents -----

MSAP -- Only about \$2 million of the \$95 million for MSAP & Innovative Programs goes to non-urban areas.

Charters -- We don't have any data, but the law requires that States award subgrants throughout different areas of the State, including urban and rural areas.

Author: Thomas Corwin at WDCT02
Date: 10/25/96 1:29 PM
Priority: Normal
TO: William Kincaid at WDCT01
Subject: Eisenhower Urban share

----- Message Contents -----

Tom,

Found the latest GEPA and found that approximately 35 percent of Eisenhower funds go to Urban LEAs. For FY 1996, that would translate into approximately \$72.2 million. For FY 1997, the amount would be \$81.5 million and for our FY 1998 request, the amount would be \$171.9 million. Hope this is what you're looking for.

Jen

**OESE Hearing Questions
FY 1998 Budget**

1. Urban Initiative

- What are the particular problems facing urban schools that you believe require a new and different Federal response?
- How would the proposed Urban Initiative address these problems, and why would this approach be more effective than providing assistance through existing Federal programs? (The three primary areas proposed for focus under the Urban Initiative -- systemwide choice models, professional development, and administration -- all have similarities to existing programs and priorities in Charter Schools, Eisenhower, and Goals 2000. And Title I targeting offers yet another way to serve the same basic population.)
- How would the proposed Urban Initiative funds be allocated to the three areas?
- For Title I targeted grants and the Urban Initiative alone, ED has proposed almost \$1 billion in new funding for city schools. If the President were to propose a smaller increment (say \$500 million) targeted on urban areas, what combination of program strategies and funding allocations would be most effective in helping urban schools?

2. The success of many IASA programs depends on State and local implementation of systemic reform in a manner that results in better teaching and learning. What do we know now about how these programs are actually working? Will we have reliable evaluation and performance data to support the reauthorization process?
3. The Administration's education strategy has emphasized State systemic reform and results-oriented accountability that gives States and localities considerable flexibility in how they carry out programs. The Department's FY '98 budget request seems to veer back toward a more prescriptive approach (e.g., an urban initiative that prescribes how funds can be spent; funding increases for small categorical programs, some of which had been previously proposed for termination). What is the basis for the apparent shift in emphasis?
4. What linkages is the Department planning to establish between the President's literacy initiative and existing ED programs such as Title I, bilingual education, and special education?
5. ED proposes an increase in Goals 2000 funding of \$259 million, over 50 percent from

this year's appropriation. What is the basis for a \$750 million total request? What activities would this increase fund? Are States implementing systemic reforms with sufficient speed and success to justify this increase? Would they be able to ramp up their spending quickly and responsibly once the funds are obligated?

6. The proposed \$9 million increase for Charter Schools does not appear large relative to other key programs. What is the pace of development of Charter Schools around the country? Is this increase appropriate in light of the growth and import of Charter Schools?
7. How would the requested increase of \$94 million for Safe and Drug-free Schools fit into the Administration's overall drug control strategy? Also, in light of recent data indicating a rise in teen drug use, what evidence exists to demonstrate that the current SDFS approaches are working? Has ED given thought to a shift in approach?
8. ED proposes again to eliminate funding for Title VI and increase spending for Eisenhower to \$650 million. This has been proposed for several years, but Congress has continued to fund Title VI. Has any thought been given to developing new strategies for Title VI or for a new termination strategy (e.g., longer term phase-out decreasing by half over two years)? Also, what results are being achieved through current Eisenhower activities?
9. What issues and problems have you encountered in the development and implementation of program performance measures, and how have you addressed them?
10. Identify the major management issues that affect OESE, and discuss what they mean for the operation of your organization.