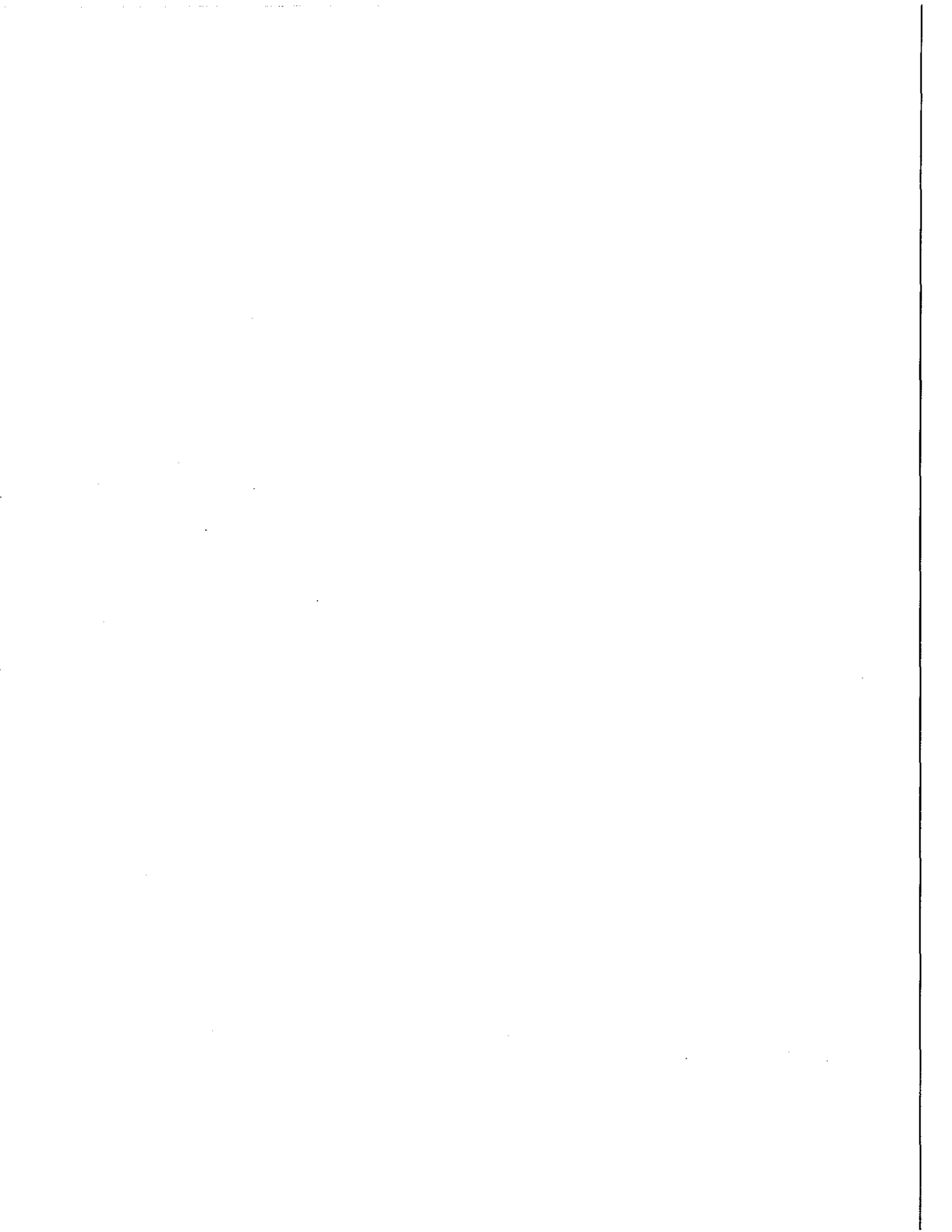


IMPLEMENTING NEW FEDERAL EDUCATION LEGISLATION



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Executive Summary

IMPLEMENTING NEW FEDERAL EDUCATION LEGISLATION

Within the past year, the federal government enacted three federal education programs:

- *The Goals 2000: Educate America Act* encourages states to implement "systemic" reform of the K-12 education system.
- *The School-to-Work Opportunities Act* promotes reform of high schools in order to increase student achievement and better prepare students for working.
- *The Elementary and Secondary Education: Improving America's Schools Act*, which reauthorizes the federal act that provides significant funding for services to low-achieving students and a variety of other programs.

These new acts reflect a new federal strategy for improving K-12 education, a strategy that is evident in four common themes contained in the acts. First, the new acts require states to set goals for what all students should learn. By creating statewide goals for all students, the federal acts seek to raise the standards for compensatory programs and reduce the fragmentation of services provided to students. Second, instead of a process-oriented oversight role, the acts seek to judge local programs by how well students are educated. This new approach to accountability provides more state and local flexibility over how to achieve improved outcomes. Third, a set of state improvement activities are defined that are common to each act. These activities revolve around technical assistance and staff

development activities, plan approval and fund allocation, and setting specific performance standards. Finally, the acts encourage increased coordination among federal education programs. Coordination is designed to reduce fragmentation of federal programs at the state and local level.

RECOMMENDATIONS

We believe the new federal legislation offers California several important opportunities for improving the state's K-12 system. First, the acts themselves provide a new regulatory structure and some new funding for improving the effectiveness of the federal education programs. Second, the federal acts encourage consolidation of the various federal programs into a unified improvement effort. Third, the federal acts offer a structure for consolidation and restructuring of the state's K-12 programs, including categorical education programs.

To help the Legislature take advantage of these opportunities, we have developed an approach to implementing the new federal acts (see box). Our recommendations are designed to build on the new federal school improvement framework, not because it is emphasized by federal law, but because the state can use the framework as a springboard for creating a policy and program structure that meets the state's needs, provides clear policy directions to schools and supplies more flexibility to schools to accomplish the state's educational goals.

Executive Summary

An Approach to Implementing the New Federal Acts

- Develop clear goals and standards.
- Resolve state assessment issues.
- Require a consolidated state plan for the three federal acts.
- Require consolidated local plans for the federal acts and certain state categorical programs.
- Improve SDE's organizational ability to implement the federal strategy.
- Use Goals 2000 funds for improving data collection and evaluation.
- Take advantage of the federal waiver authority.

Introduction

The federal government has long sought to influence state and local education agencies to achieve specific policy goals. Federal programs for special education, compensatory education, vocational education, and child nutrition are among the targeted programs designed to remedy specific problems with state and local programs.

This report discusses issues involved in the implementation and coordination in California of three recently enacted federal education programs. This new federal legislation represents a mix of new programs and revised existing programs. The three acts are:

- *Goals 2000: Educate America Act* (Goals 2000) seeks “systemic” reform of the K-12 education system by (1) requiring states to establish specific goals for student learning and ways to measure whether that learning is taking place and (2) providing funds to local educational agencies (LEAs) to develop plans for meeting the state student achievement goals.
- *The School-to-Work Opportunities Act (STWOA)*, which encourages reform primarily of high schools in order to increase student achievement at the high school level and help prepare students for high-skill, high-wage jobs upon graduation. The act provides five-year grants to states and LEAs to implement programs statewide. Ongoing support would be funded from existing state and federal resources.
- *The Elementary and Secondary Education: Improving America's Schools Act (ESEA)*, which reauthorizes the ESEA. The ESEA contains funds for a variety of services for students with special needs, with the bulk of funding targeted for compensatory services to low-

achieving students. Changes in the act reduce the federal role in prescribing the use of program funds, increase local accountability for improving student achievement, and emphasize the coordinated use of funding by LEAs.

NEW DIRECTIONS IN FEDERAL CATEGORICAL PROGRAMS

The three new federal acts move in a number of new directions compared to previous federal programs. These new directions include:

- Improving the overall performance of public education rather than focusing on a narrowly targeted group of students.
- A new regulatory strategy based on performance instead of process.
- A common set of improvement strategies.
- A new emphasis on coordinating federal education programs at the state and local level.

The state can take advantage of this new policy framework as a way to review and restructure the state's education system. The federal programs appear to be based on principles that are more likely than the current system to lead to long-term success in educating students. We believe the federal acts provide California an opportunity to rethink the state's role in education and its strategy for influencing LEA behavior through its regulation of local programs and through categorical programs, both state and federal.

Introduction

Taking advantage of the federal framework is not risk-free, however. Concerns about federal intrusions into state and local education policy issues have been raised. For instance, while these federal education programs currently call for *state*-developed standards, some fear that this could change in the future.

Despite these types of concerns, we think the state could maintain adequate autonomy. For example, participation in Goals 2000, which requires states to set education standards, is voluntary. The state would always be able to opt out of Goals 2000 if it appeared federal policy making was interfering with state or local authority. (Of course, California would also have to relinquish the federal funds provided under Goals 2000, which would not be easy.)

On balance, we think the value of participating in these programs outweighs the potential risks. For this reason, we have explored the issues involved in the implementation and coordination of the three new federal education acts.

- First, we briefly describe each act and the amount of funding California can expect.
- Second, we discuss the policy framework created by the federal acts, the strengths of this federal policy framework, and some of the areas where additional work is needed.
- Third, we outline an approach to implementing these federal programs in California.

This report was written by Paul Warren. Sandra Russi prepared the report for publication.

Chapter 1

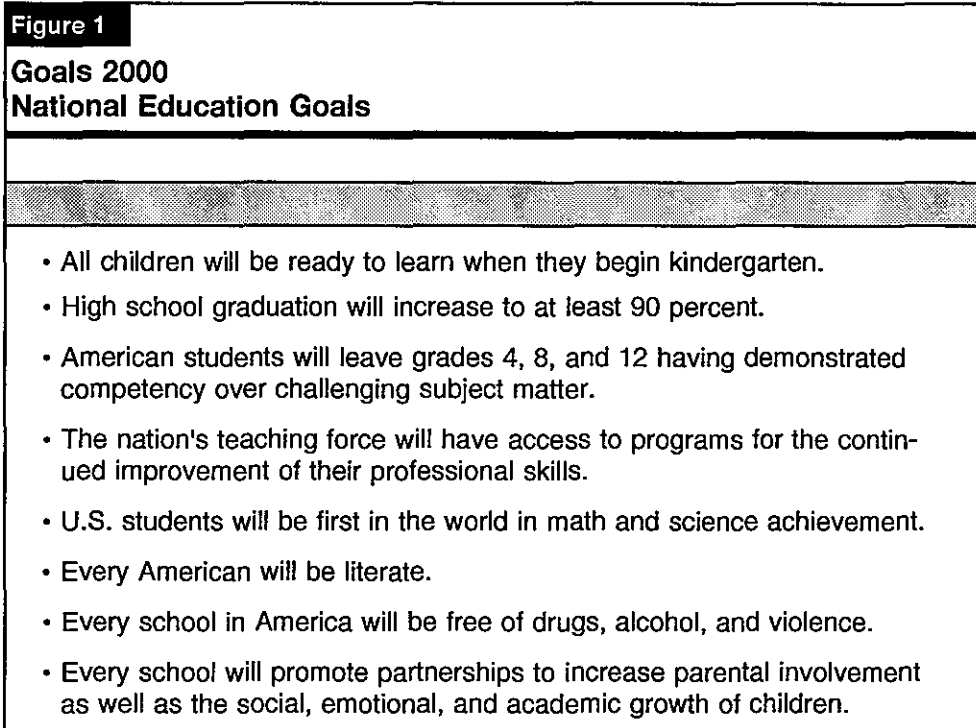
Goals 2000—State Standards, Local Improvement Activities

Goals 2000 is the centerpiece of the new federal legislation. The act contains three major provisions. First, the act sets out eight national education goals. Second, Goals 2000 requires states to develop a five-year improvement plan for achieving the national goals. Third, Goals 2000 creates local improvement grants to school districts to support planning and staff development activities needed to improve school performance.

NATIONAL EDUCATION GOALS

Goals 2000 establishes eight national education goals that states choosing to participate in the program are to pursue. To assist states in meeting these goals, the act provides funding and flexibility to waive federal rules that apply to a variety of federal education programs. The eight education goals are listed in Figure 1 (next page).

New Waiver Authority. An important new feature of Goals 2000 is broad new authority for the federal Secretary of Education to waive federal program rules and regulations that prevent effective delivery of services at the state and local level. All states may request specific, narrow waivers of six major federal education programs. In addition, under an “education flexibility” initiative in Goals 2000, up to six states may seek broad waivers that permit the state to design a program offering great flexibility to LEAs while creating accountability by monitoring student performance.



STATE RESPONSIBILITIES

Under Goals 2000, states play a central role in interpreting the national goals to meet the state's educational needs, setting specific education goals, and in creating an environment in which local improvement efforts can succeed. Most of the state requirements must be addressed in a five-year state improvement plan. Figure 2 describes the major state responsibilities contained in Goals 2000. The mandated activities center around the state's responsibility to set student achievement goals in specific subject areas, create curriculum frameworks and assessments that are consistent with those achievement goals, and set student performance goals that define what level of student achievement is considered sufficient.

Figure 2

**Goals 2000
State Responsibilities**

Improving Teaching and Learning

- Develop state curriculum standards and student performance standards.
- Develop a valid, reliable state assessment for measuring student performance.
- Provide staff development needed to help teachers and administrators use the state assessments, use available technology, and improve instruction.
- Create a state technology plan to help LEAs meet the national education goals.

Improved Governance, Accountability, and Management

- Align responsibility and accountability throughout the education system.
- Create a flexible state regulatory environment to encourage comprehensive reform of schools and districts throughout the state.
- Create an integrated approach to the recruitment and professional development of teachers.

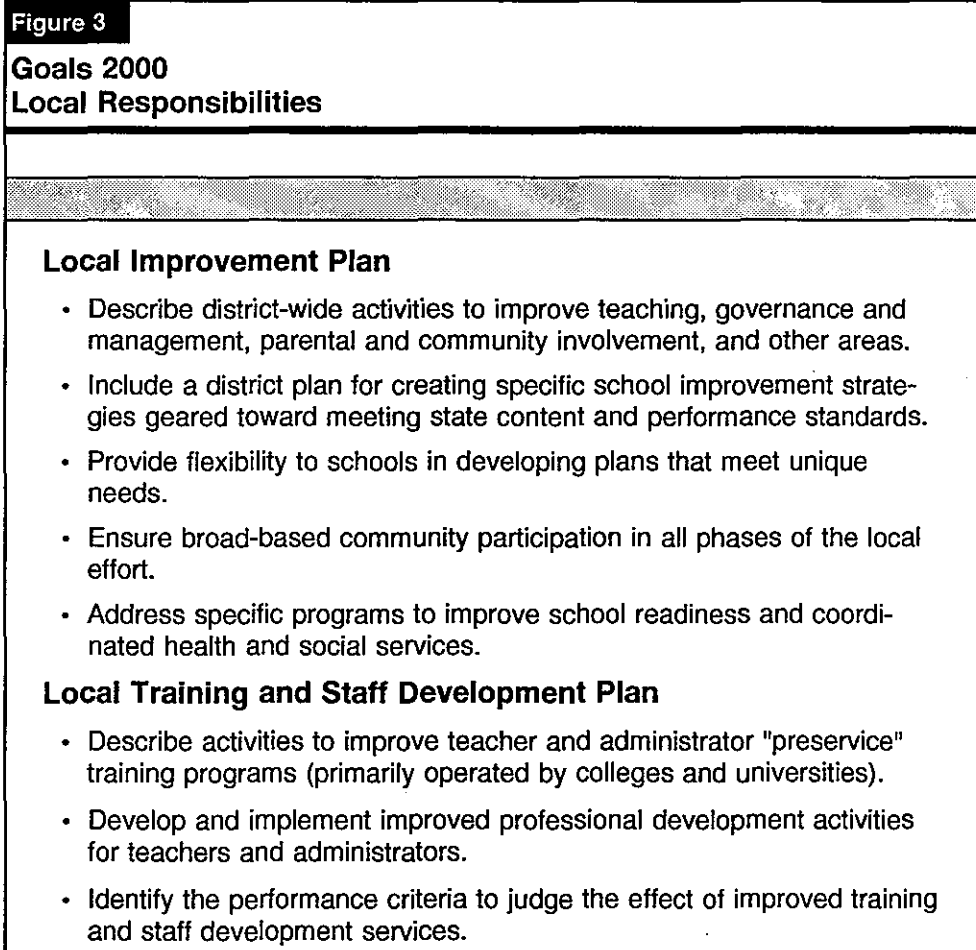
Coordinate School Reform With Other Essential Programs

- Focus resources on prevention and early intervention by coordinating with existing social, health, and child care services needed by parents and students.
- Coordinate reform efforts with programs and strategies funded by the federal STWOA and the Carl D. Perkins Vocational and Applied Technology Education Act.

Goals 2000 gives states great latitude over the way the national goals will be pursued. There are no specific planning requirements for achieving the adult literacy goal, for instance. In addition, many of the state planning requirements do not mandate specific activities, calling instead for a state "strategy" for accomplishing the goals.

LOCAL RESPONSIBILITIES

While states are required to design the state improvement framework under Goals 2000, LEAs are charged with building on that state framework to improve the quality of education provided locally. Through a competitive grant process, states will distribute grants to LEAs for (1) local planning and (2) training and staff development. Figure 3 displays the activities eligible for funding under the two grant programs.



**Goals 2000—
State Standards,
Local Improvement
Activities**

There are few specific local requirements in the federal law. As a result, Goals 2000 provides substantial local flexibility in the way LEAs seek to meet the education goals. This local discretion also means that, if the state's goals are not clearly defined or if its technical assistance support is not adequate, LEAs might pursue activities that do not improve school performance.

FUNDING

Modest new federal funding is available to California for the implementation of Goals 2000. In 1994-95, \$9.9 million was allocated to California. Of that amount, 40 percent, or \$4 million, may be used for state implementation activities. If the state uses the full 40 percent for administration, \$5.9 million would be available to support local grants. An additional \$400,000 was awarded to California for development of the state technology plan.

California has been allocated \$36.3 million for 1995-96—a 250 percent increase above the 1994-95 amount. Of that amount, only 10 percent, or \$3.6 million, may be used for state administration. The remaining \$32.7 million would be available for local grants. In a state the size of California, however, even this amount remains quite modest. By comparison, for instance, the state's School Improvement Program allocates over \$300 million annually in support of school-based improvement activities.

IMPLEMENTATION

California has considerable experience with at least three of the program elements contained in Goals 2000.

- Curriculum frameworks developed by SDE may qualify as the state's curriculum standards in many subject areas.

**Goals 2000—
State Standards,
Local Improvement
Activities**

- The state's testing program has focused for the past five years on performance assessments of the type called for in Goals 2000.
- The state also has recognized the importance of staff development by funding the Subject Matter Projects, Bilingual Teacher Training Program and other programs.

The state's experience in these areas will address many implementation questions.

Federal law calls for the creation of a state task panel to develop the state improvement plan. Under federal law, the Governor and the state Superintendent of Public Instruction each appoint half of the panel members. At the time this report was prepared, the panel had not been appointed.

The Goals 2000 Act permits states to begin implementation of the act before appointment of the panel. Based on this feature of federal law, SDE has submitted to the federal government, and received approval for, a Year 1 state plan for the first year of Goals 2000. The Year 1 plan contains little else beyond a commitment to develop a comprehensive plan as required by the act.

The Department of Finance has notified the Legislature that it intends to approve a request by SDE to spend \$1.2 million of the Goals 2000 funds. These funds would allow SDE to develop a local grant application, provide technical assistance to LEAs, and support state panel members when they are appointed. No proposal has been made regarding the remaining Goals 2000 funds.

Chapter 2

School-to-Work Opportunities Act (STWOA)—High School Reform

The STWOA focuses primarily on high school reform. Unlike Goals 2000, which contains few detailed mandates for state or local programs, STWOA seeks very specific changes in the high schools. The goal of the program is to involve all high school students in a performance-based education and training program that (1) increases student achievement and, as a result, college attendance, and (2) helps students get better jobs, especially in high-skill, high-wage occupations. Yet, despite the STWOA mandates, the act provides considerable flexibility to states and LEAs in the specific program design.

PROGRAM COMPONENTS

The act permits states to apply to the federal government for five-year grants to create statewide school-to-work transition “systems.” States receiving grants must ensure that local programs contain three program components, displayed in Figure 4. These components are school-based components, work-based components, and connecting activities. The STWOA also creates new authority for the federal Secretaries of Education and Labor to waive program rules in six education programs and in the federal Job Training Partnership Act.

Figure 4

School-to-Work Opportunities Act Mandatory Program Components

School-Based Learning

- Career counseling and career exploration beginning in seventh grade.
- Selection by students of a career "major" by 11th grade that leads to a high school diploma and the potential for further education and training.
- Integrated academic and vocational instruction.
- A program of study that permits students to meet state Goals 2000 standards and earn a skill certificate in a specific occupational area.

Work-Based Learning

- Instruction in all aspects of an industry, including finance, technology, labor, and environmental issues.
- Work experience and job training needed to earn an occupational skill certificate and coordinated with a school-based learning component.
- Workplace mentors.

Connecting Activities

- Matching students with (1) work-based learning opportunities or (2) appropriate jobs or additional education or training opportunities.
- Linking students with community services needed to help them complete high school and find work.
- Providing school mentors.
- Supplying technical assistance to employers and schools in integrating the school-based and work-based components of the program.

STATE RESPONSIBILITIES

To receive planning or implementation grants, states must apply to the federal government. The application for implementation funding takes the form of a five-year state plan. The requirements of the state

plan—and state responsibilities under the act—are described in Figure 5. The plan must be developed by a task force composed of the Governor, the Superintendent of Public Instruction (SPI), state agency officials responsible for economic development, job training, secondary education, and representatives of the private sector.

State duties fall into three general categories. The state is responsible for developing instructional and curricular models for local programs. The federal act also describes a number of state implementation duties, such as identifying local program regions and developing performance standards. States are responsible for coordinating STWOA with other federal education programs and postsecondary programs.

Figure 5

**School-to-Work Opportunities Act
State Responsibilities**

Instructional and Curriculum Reform

- Develop or adopt curriculum and instruction models that integrate academic and vocational learning and that are consistent with Goals 2000 standards.
- Provide training and staff development to teachers, counselors, and employers.

Development and Implementation

- Identify the geographical areas to be served by local partnerships. The act requires partnerships to cover local labor market areas, if possible.
- Set an implementation schedule so that all geographic areas in the state participate at the end of the five-year grant.
- Develop performance standards for measuring the success of STWOA programs.

Continued

**School-to-Work
Opportunities Act (STWOA)
—High School Reform**

Coordination

- Coordinate state STWOA activities with at least 12 federal programs, including Goals 2000, ESEA, the Job Training Partnership Act, and the federal special education act.
- Align high school school-to-work programs with postsecondary education and training opportunities.
- Describe how local school-to-work programs will be supported after federal funds are no longer available.

LOCAL RESPONSIBILITIES

Most of the federal STWOA funds must be used to support grants to local partnerships, which will plan and administer local programs. Partnerships are composed of employers, representatives of LEAs and postsecondary educational institutions, teachers, counselors, representatives of workers, and students. Representatives of other groups also may be included in the partnership. Figure 6 displays the planning requirements that local partnerships will be required to meet in order to qualify for a local grant.

Figure 6

**School-to-Work Opportunities Act
Local Planning Requirements**

- Create a program containing school-based and work-based learning and the connecting activities needed.
- Develop program goals and outcomes.
- Involve employers in the development and planning of the local program.
- Set an implementation schedule so that all students will have the opportunity to participate in a school-to-work program.

FUNDING

Funding for California's school-to-work effort remains uncertain for two reasons. First, because states must apply to the federal government for a state grant, California is not assured funding. Second, if California's proposal is approved for funding, the amount awarded will depend on the federal appropriation for the STWOA. According to the Employment Development Department (EDD), California will be eligible for about \$15 million annually for a five-year period.

In addition to state grants, the federal act permits local partnerships to apply directly to the federal government for funding. The federal government has approved four direct local grants to partnerships in California. San Diego and Tulare County partnerships were approved in August. Partnerships in Compton (Los Angeles) and Riverlake (San Joaquin County) were awarded grants in late November.

IMPLEMENTATION

A number of programs operated by school districts in California meet most of the STWOA requirements. (Please see our report *School-to-Work Transition: Improving High School Career Programs* for more detail.) These programs serve very few students, however, and are relatively expensive. Cost is an important consideration as no permanent funding is anticipated through the STWOA. The federal act envisions that local programs will be supported primarily by redirecting existing resources.

California did not apply for an implementation grant for 1994-95. Three state agencies—the EDD, the SDE, and the Chancellor's Office of the Community Colleges—received a federal planning grant to develop the state's STWOA plan. These agencies intend to apply for an implementation grant for 1995-96. A task force was appointed by the Governor to guide the planning efforts of the three agencies. In

**School-to-Work
Opportunities Act (STWOA)
—High School Reform**

addition, input from a wide array of education, training, and employer groups was sought during the planning process.

The Governor released the task force's plan on November 18, 1994. With its release, the plan was available for public review and comment for about 60 days. The task force hopes to submit the plan to the federal government by early May.

Chapter 3

Elementary and Secondary Education Act (ESEA)

The Elementary and Secondary Education: Improving America's Schools Act is not "new" legislation in the same way as Goals 2000 and STWOA. The ESEA has been in effect for almost 30 years. Congress periodically reauthorizes the act, making changes to improve its effectiveness. Below, we discuss the act as reauthorized by Congress in October of 1994.

ESEA PROGRAM COMPONENTS

In contrast to Goals 2000 and STWOA, the ESEA addresses a wide variety of problems and needs. The act contains 14 "titles," or program areas (previous ESEA terminology called these titles "chapters") and authorizes 32 separate funding programs. Figure 7 (next page) displays seven titles that are of particular importance to California.

In reauthorizing the ESEA, Congress made many changes. The new act emphasizes professional development—a separate title for professional development was created (Title 6) and the issue is highlighted within many of the act's other titles. The Title 1 funding formula was amended to increase funding for high poverty schools. Because the funding formula is used to distribute funds in other federal education programs (such as vocational education funds), the change in the formula has major financial consequences for LEAs.

Figure 7	
ESEA (Selected Titles) Program Structure	
Program and Purpose	
Title 1: Services for disadvantaged children	Compensatory education—Additional resources for low-performing students attending schools in high-poverty areas. Even Start family literacy—Adult literacy and basic skills for low-income families. Migrant education—Additional services to children of migratory families.
Title 2: Professional development	Support for staff training needed to foster school reform efforts.
Title 3: Education technology	Improving the delivery of services through the use of technology.
Title 4: Safe and drug-free schools	Prevent violence and the use of drugs.
Title 5: Magnet schools	Assist in the desegregation of schools by encouraging magnet schools.
Title 6: Innovative education strategies	Promote school reform.
Title 7: Bilingual education	Increase services to limited English proficient students.

Many of the ESEA changes are similar to policies established in Goals 2000 and STWOA. The Title 1 compensatory education program adopted a performance-based accountability system using content and performance standards similar to the one contained in Goals 2000. Increased emphasis on preschool services, adult literacy, and coordination with health and social services also ties in with

Goals 2000. ESEA funds also may be used to support school-to-work programs.

Like Goals 2000 and STWOA, a number of changes afford states and LEAs additional flexibility over the use of funds. States and LEAs are given greater latitude to integrate funding from the many titles and programs within the ESEA. Coordination requirements that parallel those found in Goals 2000 and STWOA encourage states and LEAs to blend ESEA funds with funding provided under a variety of federal programs. Federal waivers are available for many of the ESEA titles.

In addition to the waiver authority, Congress authorized states and LEAs to submit a consolidated plan for most ESEA programs, Goals 2000, STWOA, and the federal vocational education program. This consolidated plan would substitute for separate state plans for each program. States may require LEAs to submit consolidated applications if the state submits to the federal government a consolidated plan. Consolidation of these plans is intended to improve coordination of state and LEA programs.

STATE RESPONSIBILITIES

A description of the state responsibilities for every ESEA program is beyond the scope of this report. For this reason, this section will discuss in detail three of ESEA's programs: the Title 1 compensatory education program, Title 2 professional development, and Title 6 innovative education strategies. A review of these three programs provides a picture of the complexity and variety of ESEA programs.

Figure 8 (next page) displays some of the major state requirements for these three programs. As the figure suggests, the state role in ESEA programs varies considerably. Under Title 1, states will set performance standards, monitor LEA performance based on those

Figure 8

**ESEA (Selected Titles)
State Responsibilities**

Title 1—Compensatory Education

- Develop content and performance standards and assessments to evaluate school performance in mathematics and reading. States are required to use the standards and assessments developed under Goals 2000 if they are participating in that act.
- Define adequate progress toward improving the achievement of disadvantaged and limited-English proficient children. States must ensure that schools that do not show adequate progress for two consecutive years take corrective actions to improve student achievement.
- Coordinate state Title 1 plans and activities with school-to-work and vocational education programs.
- Establish a system of "school support teams" to provide technical assistance to schools with a high percentage of disadvantaged students in attendance. The teams are intended to provide help in developing a school's Title 1 improvement plan.

Title 2—Professional Development

- Assess state and local needs for staff development.
- Develop a plan to provide teachers and administrators the skills to help students meet Goals 2000 performance standards. Specific attention must be focused on helping teachers at Title 1 schools. The plan also must be coordinated with STWOA and the federal vocational education act.
- Set specific performance indicators for professional development.
- Align teacher training and licensing with Goals 2000 curriculum and performance standards.

Title 6—Innovative Education Strategies

- Allocate at least 85 percent of funds to local educational agencies. Local allocations must be based on the number of children attending the district and the concentration of poor families in the district.
- Evaluate the effectiveness of local programs by 1998.
- Commit not to influence local uses of funds.

standards, and provide support to schools and districts for improving performance. Under Title 2, the state is charged with coordinating programs that provide staff development services. These services are intended to assist teachers in developing the skills needed to help students meet state performance goals. Under Title 6, the state's role is limited to evaluation and resource allocation.

LOCAL RESPONSIBILITIES

While states have significant responsibilities, LEAs make many important decisions over the allocation and use of funds. Figure 9 describes major local planning responsibilities under the three ESEA programs. Like state responsibilities, federal requirements governing local planning and use of funds varies considerably by program. Title 1 has a number of specific rules governing local program responsibilities. At the other extreme, Title 6 places virtually no limits on how LEAs may use program funds.

Figure 9

**ESEA (Selected Titles)
Local Responsibilities**

Title 1—Compensatory Education

- Develop a plan to provide services to students to help them meet the state's student performance goals.
- Select poverty criteria that will be used to distribute funds to district schools.
- Evaluate the impact of services on individual students. If students are not making progress toward state goals, districts must revamp the local plan.
- Ensure that Title 1 funds are spent for services to eligible students. For schools with high concentrations of poor students, this requirement may be waived.

Continued

**Elementary and Secondary
Education Act (ESEA)**

- Coordinate Title 1 services with Head Start, STWOA and vocational education, and services funded by other ESEA programs in order to reduce fragmentation of the instructional program at the school level.

Title 2—Professional Development

- Apply to the state for Title 2 grants. Local applications must be focused on the training needed to meet Goals 2000 standards. Training also must be coordinated with other federal programs.
- Develop a needs assessment indicating the types of training that would lead to improved teaching and management.
- Provide at least one-third of the resources through local public or private contributions. Spending for staff development from certain federal programs—including Goals 2000 and other ESEA programs—can be counted toward the match.

Title 6—Innovative Education Strategies

- Develop a plan for the use of funds that helps the district meet the Goals 2000 standards. Funds may be used for almost any "reform" activity, including technology, instructional materials, dropout prevention, and services for gifted students.

FUNDING

Unlike Goals 2000 and STWOA, the ESEA provides substantial funding to California schools. Figure 10 displays 1994-95 and 1995-96 funding for seven ESEA titles. The 1994-95 funding levels are based on the previous version of ESEA. The 1995-96 amounts are based on the reauthorized act.

As Figure 10 (next page) illustrates, California will receive more than \$900 million in 1994-95 and more than \$1 billion in 1995-96 from the seven ESEA titles. More than two-thirds of the funding allocated by these seven titles is contained in Title 1 compensatory education grants to LEAs. The remaining titles are funded at much lower levels.

Elementary and Secondary
Education Act (ESEA)

Figure 10
Elementary and Secondary Education Act
(Selected Titles)
1994-95 and 1995-96 Funding

(Dollars in Millions)

Program	1994-95	1995-96	Percent Change
Title 1: Services for disadvantaged children			
Compensatory education	\$693.2	\$732.8	5.7%
Even Start family literacy	10.9	12.2	11.9
Migrant education	101.0	101.9	0.9
Title 2: Professional development	47.4	60.1	26.8
Title 3: Education technology	—	4.9	— ^a
Title 4: Safe and drug-free schools	53.0	54.2	2.3
Title 5: Magnet schools	7.6	7.6	—
Title 6: Innovative education strategies	47.4	39.6	-16.5
Title 7: Bilingual education	39.1	40.5	3.6

^a Not a meaningful figure.

Funding for most of the titles will increase in 1995-96. Title 1 will receive the largest dollar increase, experiencing a \$39.6 million, or 5.7 percent, increase. Title 2 professional development activities will receive the largest percentage increase in funding, expanding by \$12.7 million, or 27 percent, in 1995-96. Future increases in funding for California are likely. Changes made to ESEA funding formulas are expected to result in California receiving a larger share of funds in the future.

IMPLEMENTATION

Most of the programs and titles within ESEA are not new. States and LEAs are looking at the changes made by Congress to determine the major implementation issues. Because the ESEA reauthorization was enacted by Congress in October 1994, implementation of the changes by SDE is in the early stages.

A couple of important efforts are underway, however. First, the SDE is developing a common vision of the role of assessment, technical assistance, and staff development for the different ESEA programs. The department hopes this task will permit the different parts of the department to carry out federal requirements in a consistent manner. The department also is considering consolidating the state's application for all of the Title 1 programs. While no firm decision has been made, the initial planning for a consolidated application is underway.

According to the department, the Title 1 plan must be presented to the State Board of Education for approval by February 1995. An approved state plan is due to the federal government by May 1995.

Chapter 4

An Assessment of the Reform Strategy in the New Federal Acts

While the three federal acts have separate programmatic purposes, they share several common themes and an overarching approach to improving state and local education programs. This section assesses the strengths and weaknesses of the strategy contained in the federal education acts. First, we identify the common themes of the three acts. Second, we discuss how these themes correspond to findings of recent educational research. Third, we discuss the major challenges presented by the federal strategy.

COMMON THEMES IN FEDERAL CATEGORICAL PROGRAMS

The three new federal acts contain four common themes designed to tie together the programs created by those acts. It is essential to recognize these themes, for they create a new program framework for the implementation of the three federal acts. These four themes are discussed below.

Setting Goals for What All Students Should Learn

One of the new federal programs—Goals 2000—focuses on school improvement for all students. Instead of a narrowly targeted program, Goals 2000 provides funds to states and school districts to spur reform efforts aimed at improving the overall performance of public education.

In addition, however, the standards set in Goals 2000 will serve as program standards in the STWOA and the ESEA programs. Schools should help all students—including those students who need additional services—meet the state's Goals 2000 standards. In this way, the federal acts attempt to integrate targeted federal programs into the regular program received by all students.

A New Regulatory Strategy Based on Performance

Instead of a process-oriented state and federal oversight role, the new federal acts seek to judge local programs by how well students are educated. Although remnants of the rule-based system remain in the new acts, the new legislation provides new flexibility to help states and LEAs take full advantage of the federal programs. The waiver provisions, in particular, offer substantial new state flexibility.

In return for more administrative flexibility, the federal government is requiring accountability for federal programs through outcome measures. These include:

- A clear statement of the state's goals for the K-12 education system.
- Curriculum standards, which describe what students should know in different subjects and in different grades.
- Performance assessments, which test whether students learned the skills and knowledge outlined in the curriculum standards.

A Common Set of Improvement Activities

Figure 11 displays state responsibilities for the activities common to most of the new federal programs. States are required to set content

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and performance standards and develop model programs and curriculum, which will guide LEA improvement activities. Technical assistance and staff development and training are the tools used to help schools and teachers improve curricula and instruction. State approval of local plans and funding provides state leverage for encouraging local activities which are consistent with state policy.

Figure 11

**Three New Federal Education Acts
Common State Activities**

Standards/Model Curriculum	Staff Development	Technical Assistance	State Allocation Of Funds
Goals 2000			
Develop curriculum and performance standards, assessment tools.	State to provide services in use of assessments, technology and improved instruction.	Required.	Yes. Based on local application.
School-to-Work Opportunities Act (STWOA)			
Develop model curriculum and instructional techniques to integrate academic and vocational learning.	State to provide services to teachers, counselors and others in school-to-work areas.	No mandated services.	Yes. Based on local application.
Title 1—Basic Services to High Poverty Schools			
Develop performance standards and assessments until Goals 2000 standards are developed.	LEAs required to address staff development needs as a part of each school's Title 1 plan.	Provide intensive assistance (including school support teams) to help improve local programs to meet state performance standards.	No, although state must approve local plan.
Title 2—Professional Development			
Develop needs assessment for staff development; align teacher training with Goals 2000 standards.	Staff training needs are the focus of the program.	Yes, especially to schools receiving Title 1 funds.	Yes. Based on application.
Title 6—Education Innovation Strategies			
No mandated activities	No mandated services. Funds could be used for staff development.	No mandated services.	No.

Coordination Among Federal Education Programs

Consolidated applications and coordination with other federal education programs are designed to reduce the fragmentation of federal programs at the state and local level. For the most part, the acts do not specify how coordination should occur—this question is left to states to answer. Yet the intent is clear: the federal government wants states and LEAs to begin merging federal programs into one integrated program that permits all students to perform at high levels.

NEW FEDERAL FRAMEWORK RECOGNIZES EVALUATION FINDINGS

The new federal framework presents states with a program structure that holds a greater hope for success in improving student achievement than the existing structure. This is because the acts recognize much of what evaluations of school reform programs have revealed over the last ten years. Specifically, experience has shown that, to improve the education system, program services must translate into better teaching practices and better curriculum.

We discussed many of these issues in our report *Reform of Categorical Education Programs*. In evaluating state categorical programs, we came to several key conclusions:

- *Programs to improve student learning succeed to the extent they affect what happens in the classroom.* This means that school-site teachers and administrators must be actively involved in the design of local programs. Too often, state and federal programs had little impact on classroom quality.
- *Programs must accommodate the variations that exist in the real world.* A rule-based system will stifle

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local innovation and encourage compliance with the rules. Attention to program rules often obscure the more important issue—whether the program improves student achievement.

- *Programs need to encourage the integration of categorical services into the regular program rather than creating a separate structure to provide services.* All too often, categorical programs have created separate services to aid students, rather than providing additional services as part of the existing classroom structure. This separation reduces the effectiveness of program services and diffuses responsibility for student achievement.

The federal acts seem to recognize these findings. Provisions in the new acts reflecting this understanding of the school improvement process include:

- *Congress increased local flexibility over the use of federal funds.* For example, any school with more than half of its students qualifying as low-income will be able to use Title 1 funds for school-wide improvement. Previously, this flexibility was extended to schools with at least 75 percent of the students classified as poor. The waiver authority afforded the Secretary of Education is another example of promoting increased local flexibility.
- *The acts recognize that state regulation must promote quality rather than enforce rules.* Instead of a process-oriented regulatory approach, the federal legislation focuses on the Goals 2000 standards as the way to improve programs and provide accountability.

- *The federal acts recognize the need to integrate services.* All three acts use the Goals 2000 performance standards as a central measure of program accountability. Thus, students targeted by categorical programs will be held to the same standards as other students. In addition, all three acts contain coordination requirements. States may consolidate various program plans into one plan. States may also require LEAs to use consolidated planning.

Principles for Program Design

Our report on categorical programs developed five principles we believe the Legislature should use in reforming categorical programs. These five principles, shown in Figure 12, are remarkably consistent with the new federal framework. Both seek to clearly identify program goals, use those goals as an accountability structure, and increase local control over the use of funds. Greater coordination and consolidation also is emphasized in both our report and the federal strategy.

While our report was written to help the Legislature in the reform of state categorical programs, we think the state should implement the three federal acts based on these principles. These principles are consistent with the federal strategy and provide a more comprehensive program design checklist. For these reasons, the federal framework offers an important opportunity to improve the implementation of the federal acts and to rethink the state's education system as well.

These principles describe a process for improvement, rather than a recipe for success. As we discuss in the next section, not all of the implementation questions can be answered. As a result, we view the framework contained in the federal legislation and our recommended principles as a long-term process of refining how state and federal governments can most effectively help improve local education programs.

Figure 12

**Principles for Design of
Categorical Education Programs**

Clearly identify program goals.

Clear goals and outcome measures will forcefully communicate to LEAs the goals of the state and categorical programs. Defining goals also provides the first step toward developing a consensus over how to reorganize programs.

Maximize local control whenever possible.

The state should maximize local control over program design whenever possible. The state plans should stay away from prescribing how LEAs should implement the programs and, instead, focus on what the state wants to achieve.

Consolidate and simplify funding and program structures.

Consolidating programs would reduce program fragmentation. Simplifying school finance would help schools focus on policy and practice rather than funding formulas.

Foster a learning environment.

Little is known about the effect of existing categorical programs or proposed new reforms. The state and LEAs need to make a greater effort to learn how different program models, learning environments, and social conditions affect student achievement.

Reward schools for good performance.

School administrators respond to positive and negative incentives. Positive incentives, such as financial awards or greater program flexibility, could provide additional encouragement to LEAs to achieve the state's goals.

SIGNIFICANT CHALLENGES TO EFFECTIVE IMPLEMENTATION EXIST

As we described in previous sections, California is far along in developing many of the programs and elements required by the new federal acts. Curriculum frameworks are well-developed; significant experience with state-wide assessments has been garnered over the last 20 years; the state's school-to-work programs are among the more developed in the nation.

Despite California's progress on these issues, implementation of the three federal acts faces significant challenges. The difficult implementation issues that must be addressed range from major strategic questions—such as how to redirect existing bureaucracies to support improvement activities—to individual implementation issues, such as how Goals 2000 funds should be spent. Major challenges facing the state and LEAs are discussed below.

Complex Web of State and Federal Programs Remain

The three acts create more than 35 funding programs, some of which are administered by the state and others that are administered at the federal level. These programs, in addition to existing state categorical programs, create a complex financial and policy environment for LEAs. According to a 1988 SDE report: “[A]dding layers of multiple categorical programs onto the base program without a vision and cohesive strategy has impaired the prospects for significantly narrowing the achievement gap [between special needs students and other students] . . . ”¹

Reducing this complexity could promote effective implementation by LEAs. For instance, the state could create a less-complex program environment by eliminating or consolidating categorical programs.

¹ California Department of Education, *Improving the Effectiveness of Categorical Education Programs: A strategic Plan*, Sacramento, California, 1988

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In addition, SDE could increase local flexibility by coordinating state and federal reforms at the state level, thereby freeing LEAs from that responsibility. Such changes probably would require state legislation and/or federal waivers.

**The SDE and Many LEAs Are Not
Well-Structured to Implement Acts**

Many different divisions within the State Department of Education—we counted at least six—are directly responsible for administering part of these three federal acts. The department is structured along program lines, which magnifies the importance of specific program issues. As one study commented, “Most [state education] agencies—sectioned into offices corresponding to federal and other special programs—[aren’t] well-suited to lead reforms...” For the most part, this comment applies to SDE.²

Similarly, many districts also are not structured to implement the federal strategy effectively. The federal changes highlight the importance of districts in assisting schools in their improvement efforts. Unfortunately, many school districts have adopted a “command-and-control” role over schools, similar to the existing regulatory strategy embedded in most state and federal programs. As a result, many districts will have to adopt a new role, one of supporting school-site improvement efforts.

These challenges to SDE—changing its own role and helping school districts grow into a new role—will require the department to rethink its organization and standard operating procedures. Communication within the agency will have to improve. Regulation development should become less important and technical assistance should become more important. Financial audits should become less common, and program evaluations should become more common.

² Fuhrman, Susan H., *Challenges in Systemic Education Reform*, Consortium for Policy Research in Education, New Brunswick, New Jersey, September 1994.

Performance-Based Regulation Is Unproven

The new federal acts seek to judge local programs based on specific student outcomes. While focusing on performance rather than process makes sense, at least two potential issues could blunt the effectiveness of this system to improve student achievement:

- *Performance-based regulation could encourage LEAs to manipulate performance scores rather than focus attention on improving instruction and curriculum.* One unintended consequence of state examinations required in the 1980s was the attempt by some districts to improve school scores by changing student responses or permitting only higher achieving students to take the test. This illustrates one dangerous side-effect of performance-based systems—performance scores are perceived as the end rather than as a means to improve the system.

- *Political and practical problems could inhibit improving achievement at low-performing schools and districts.* What should the state do when a school or LEA exhibits chronic low performance? State intrusion into local education policy matters creates a political issue regarding the appropriate role of the state. Currently, the SDE may require only the most severely low-performing schools to undergo specific improvement activities as part of the Focus Schools program. The department is not authorized to require certain actions of less-severely affected schools or low-performing districts, however. State intervention into district affairs directly raises the political issue of state interference into local issues. State assistance to help improve school performance also encounters practical problems—educators have had limited success in quickly improving a school's outcomes. The problems of low-performing schools can stem from many sources and are difficult to overcome. It will

take time and experience before the state becomes proficient at using the outcome-based regulatory system to address the needs of low-performing schools and districts.

Little Solid Evaluation Data Exists to Guide Local Improvement Efforts

Educators have almost no good data demonstrating the impact of many educational services. This lack of evaluation data reveals an obvious need for better information on the impact of various school reform efforts. This information is needed to help LEAs design the most effective programs to meet their students' needs.

The state needs to begin a systematic effort to evaluate local program models. It is an appropriate role for the state—the benefits of evaluation are statewide in nature. In fact, we think the audience for evaluation evidence is national. Since program models used in California may be replicated by other states and LEAs, data on effectiveness will have nationwide significance.

This argues for a broader evaluation effort, one in which the federal government and foundations are partners. For instance, federal funding has provided the core support for evaluations of social services programs. Perhaps such a state-federal partnership can be established in K-12 education. This would reduce the cost of evaluations to individual states and, through the federal government, make evaluation findings available to other states and LEAs.

Barriers to Change Will Remain

Even if states and LEAs emphasize improvement, local barriers to change will slow the pace of improvement, for a number of reasons. First, educators may resist reform efforts if they believe the quality and rigor of instruction will suffer. This is a particular problem in school-to-work, since vocational education has a lower status among many educators.

Second, schools find the power of "standard operating procedures" very strong. Effective reforms take great effort to develop and carry out. As a result, without strong teacher and parental support, changes are very difficult to effect. Even schools that seek to change often find reform elusive. For instance, in 1991 the Accelerated Schools Project—a national network of schools and educators—surveyed schools a few months after initial intensive training and found that one-third of the project's schools had not taken any actions to initiate reform at the school.

Third, lack of funding may inhibit improvement activities. Reform takes resources—money to rewrite curriculum, create time for staff development, purchase new materials. Yet the amount of new funding provided in these programs is relatively small. The Goals 2000 and STWOA funding that California is expected to receive is small, relative to the amount needed to help all schools and districts—indeed, STWOA provides no long-term funding at all. In contrast, the Partnership Academy program, one of California's school-to-work programs, provides up to \$1,000 per student annually to pay for the additional costs of the program.

These challenges to change will slow improvements to instruction and curriculum unless strong incentives for improvements are built into the state policy and implementation. The whole point of the new federal strategy is restructuring programs and state regulation to create incentives for improvement. The greater the focus the state can place on these incentives—through implementation, through restructuring state categorical programs—the more likely this new strategy can overcome local resistance to change.

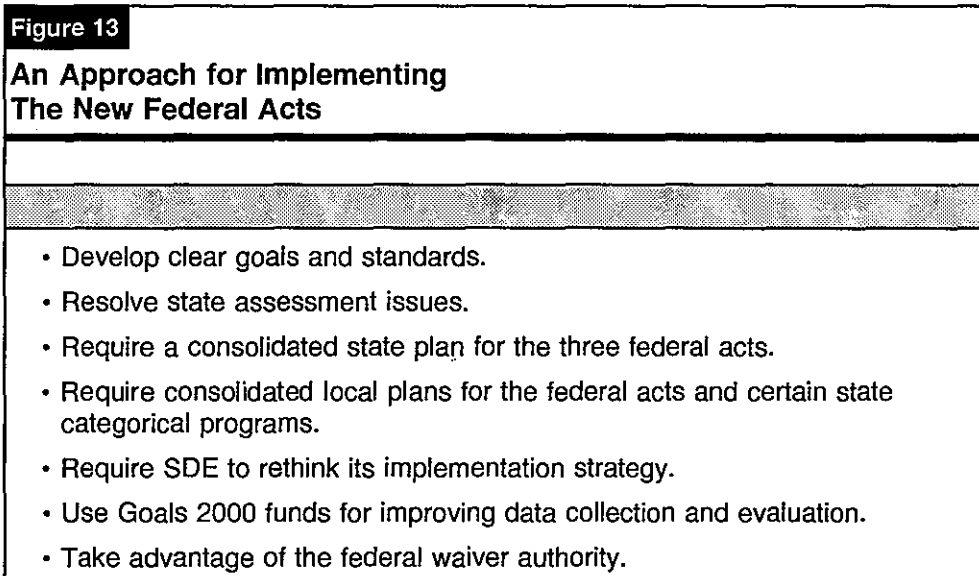
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Recommendations

We believe the new federal legislation offers California several important opportunities for improving the state's K-12 system. First, the acts themselves provide a new regulatory structure—and limited new funding—for improving the effectiveness of the federal education programs. Second, the federal acts encourage consolidation of the various federal programs into a unified improvement effort. This will spur new efforts by SDE and LEAs to link federal programs more closely with the basic educational program.

The third opportunity created by the federal acts is to integrate the state's programs within the structure created by the new federal programs. We believe the federal legislation provides sufficient state flexibility that California would be able to create a policy and program structure that meets the state's needs, provides clear policy direction to LEAs and supplies more program flexibility than currently exists.

Based on the five principles of program design discussed in the previous section, we have developed an approach for implementing the new federal acts and beginning the process of restructuring California's education programs within the framework created by the acts. Figure 13 (next page) contains a summary of our proposal.



DEVELOP CLEAR GOALS AND STANDARDS AS PART OF GOALS 2000

The Legislature should monitor the development of the state's Goals 2000 plan to ensure that the student performance standards provide clear, high, standards for California's schools.

The Goals 2000 requirement that states set student performance standards is, in many ways, the cornerstone of the framework established in the new federal acts. We believe the state should set high goals for students. In the short run, making yearly progress toward meeting the goals—rather than attaining the goals—should be the indicator of success for most districts. The state also should ensure that improvement reaches all students. Toward that end, performance data should be available for different sub-groups of students.

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The choice of performance measures will be an important influence over the direction of reform in California. Initially, we suggest limiting the number of academic performance measures to English, writing, mathematics, science and history. Other outcome goals—such as graduation rates, employment rates and postsecondary school attendance rates—would help connect the Goals 2000 process to the goals of STWOA and ESEA. Too many goals, however, risks diluting the strength of the goal-setting process—the more focused the state's goals are, the clearer the message the state sends to LEAs.

Getting the Goals 2000 implementation under way quickly is essential. Effective implementation of the three acts depends on establishing the state's goals and standards. The state, however, has not yet moved forward in implementing Goals 2000. As a result, the implementation of STWOA and ESEA is occurring without a clear picture of the state's overall goals.

Because of the importance of the Goals 2000 goals and standards, we suggest the Legislature closely monitor the development of the state's improvement plan. The chairs of the Senate and Assembly Education Committees can provide an avenue for input, since these individuals will be appointed as the Legislature's representatives to the state panel that will develop the state plan.

RESOLVE ASSESSMENT ISSUES

Legislature Should Establish State Assessment Program

We recommend the Legislature enact legislation to reauthorize a state assessment program that meets the needs of the state in obtaining comparison data on the performance of each school.

The effectiveness of the federal framework will be greatly diminished if no common assessment tool is available. Assessments can

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fulfill two functions: (1) providing individual student scores, which affords teachers and parents *diagnostic* information on individual student performance and (2) supplying *comparison* data, which can be used to rate the performance of each school with other, similar, schools. The CLAS tests were designed to provide both diagnostic and comparison information.

The CLAS tests were unable to fulfill the diagnostic function, however, for two reasons. First, the tests were judged not sufficiently reliable for use at the student level due to inconsistencies in scoring. Second, because the CLAS tests were to be given only three times during a student's K-12 career, the tests could not generate an annual history of test scores for each student. Without a more complete history, it is difficult to determine, for instance, whether an individual student's poor performance on a test one year was due to poor instruction or because the student just had a bad day. For these reasons, the information to be gained from the CLAS tests did not easily lend itself to be used for diagnostic purposes.

Both of these problems can be overcome, but at a very high cost. To ensure a reliable student score and mandate testing in additional grades would result in a state testing program costing well over \$100 million annually. Therefore, we believe the Legislature should review other options—including standardized tests that are available from private sources or portfolio assessments—to provide individual student information. Most schools already use similar tools for diagnostic purposes.

To provide the comparison data the state needs to assess school performance, we recommend the Legislature enact legislation reauthorizing a state testing program that will collect school-level data on student performance. If the Legislature also wants to mandate tests that are reliable at a student-level, we recommend the Legislature direct SDE to outline the costs and benefits of the different options available to the state.

Take Steps to Fill the Temporary Assessment Gap

We recommend the Legislature include in the reauthorization of the state assessment program the requirement that SDE provide staff development in using such an assessment to teachers and administrators.

With the Governor's veto of CLAS, it is unlikely that any new test could be available for at least two years, at the earliest. This leaves an assessment gap for both the state and for schools. For the state, little can be done until a new test is authorized and implemented.

For schools, however, two steps can be taken to fill the assessment gap. First, SDE should encourage schools to continue testing students with performance-based tests (such as the old CLAS tests or other similar tests). Schools, of course, would have the choice of whether to give the tests or not, and they could use only test questions approved by teachers and parents. Teachers at each school would score the tests. The state would not collect test results.

Continued testing would have important local benefits. For instance, the tests help focus schools on the "higher-level" skills that students must learn. In addition, by scoring the locally administered tests, teachers, parents, and administrators would develop a better sense of student achievement at the school.

The second step the state should take is to begin training teachers and administrators to (1) score the performance tests and (2) translate the scores into specific plans for improving the school program. Currently, many teachers have only a minimal understanding of performance-based assessment and its uses in improving instruction. Learning to score these tests would provide teachers and administrators with an understanding of the state's expectations for "high" student performance.

Translating actual student performance into a plan for improving the school's program is one of the primary purposes for the emphasis in

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Goals 2000 on performance and assessment. Thus, staff development in assessment during this period where there is no formal state test could yield statewide benefits by equipping schools to effectively use assessment as a tool for improvement.

For these reasons, we recommend the Legislature include in its reauthorization of the state assessment program the requirement that SDE provide staff development services in the scoring and uses of assessments. This training should be part of the department's larger plan to provide staff development as part of Goals 2000 and ESEA.

Consider Including Career Elements In State Assessments

We recommend the Legislature direct SDE to explore the costs and benefits of adding a new test element to the tenth grade test—one that would gauge student world-of-work skills.

Currently, state assessments have focused on academic knowledge and skills, such as mathematics and reading. With the emphasis on career issues in the STWOA, the state could echo that emphasis by placing career elements on the new state test.

Effective school-to-work programs begin in middle school and even elementary school. Career exploration, career counseling, and other work issues should be included in elementary and middle school curricula so that students are capable of making informed career decisions at the ninth or tenth grade. By adding a work-skills component or including related-issues as part of the existing test components, the state would reenforce its goal of helping students become more prepared for working upon graduation.

Therefore, to provide information to the Legislature on this issue, we recommend the Legislature require SDE to report on the costs and benefits of adding a career element to the tenth-grade state assessment.

REQUIRE A CONSOLIDATED STATE PLAN

Legislature Should Direct SDE to Merge Federal Acts

We recommend the Legislature require SDE to submit a consolidated application to the federal government for Goals 2000, STWOA, and ESEA.

As we discussed earlier, the SDE is beginning the process of coordinating the three federal programs by:

- Beginning the process of developing performance and content standards required under Goals 2000 and ESEA. Since California has well-developed curriculum frameworks and assessments, the department is identifying the areas that require further work.
- Developing common visions of the role of assessment, technical assistance, and staff development in the school improvement process.
- Considering the consolidation of all Title 1 applications into one application.

Based on our review, the scope of these activities is limited. While SDE is headed in the right direction, the coordination of federal programs could go far beyond what SDE has initiated. Also, in some areas, we are concerned that each program essentially will be implemented separately from the others. The costs of this separation is extremely high. Below are examples of areas where we believe better coordination should be occurring.

Joint Planning

The department's divisions responsible for Goals 2000, STWOA, and ESEA should be jointly determining issues that are common to the programs. For instance, school-to-work is a school improvement strategy for high schools. As such, school-to-work programs should be considered part of the Goals 2000 effort and, therefore, eligible for Goals 2000 improvement funds.

The close relationship between school-to-work and Goals 2000 suggests that funding allocations and program decisions in the two programs should be made jointly. For example, how Goals 2000 grants are distributed to elementary, middle, and high school should be influenced by the amount of STWOA funding available and the relative "need" for improvement in the different types of schools.

Joint Reform Strategies

The STWOA task force appears to be adopting a different, and perhaps less effective, implementation strategy than the one being considered by SDE. The task force recommended a state-centered implementation strategy, using the STWOA funds for a number of demonstration programs around the state. These programs will provide solutions that "will guide the formulation of more general state policies, state technical assistance, and staff development." In other words, the *state* will learn how to better help LEAs structure their programs.

In Goals 2000, however, SDE is developing an LEA-centered strategy where demonstration programs become the *source* of technical assistance and policy guidance for other LEAs in the region. This strategy recognizes two important factors. First, the state's resources are too limited to meet the needs of every school district. Educators are finding that a coaching model—with periodic monitoring and help—to changing instructional practices works most effectively. It would be quite expensive to provide this type of help from Sacramento. Second, program assistance provided by another local practitioner—one who has worked to successfully improve local

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schools—is more likely to be more responsive and better received than help from the state level.

At the current time, we were not able to determine what implementation strategy SDE plans to use for ESEA. There may be reasons why different implementation strategies are needed for the different programs. In this case, however, the differences appear to be based more on institutional factors rather than a well-justified rationale.

Integrating Reform Components

Our review indicates that implementation of STWOA is not being integrated into the other federal programs. School-to-work programs are designed to reduce dropouts, improve the achievement of low-performing students, and increase attendance at college and technical schools. The federal legislation envisions these programs as part of the basic educational program, not as “add-ons,” or separate special programs. Consistent with this view, STWOA provides no long-term funding; additional costs of these programs would come from existing sources, including categorical programs such as Title 1.

Currently, the department has not focused on how ESEA should support school-to-work objectives. We think the department should require that state and local Title 1 plans contain a school-to-work element. Local school-to-work designs would not be held to specific STWOA program requirements—greater flexibility should be provided to schools not seeking STWOA funds. Yet the goal of improving high schools through school-to-work programs should be manifested in all ESEA program activities.

State coordination of the federal acts appears to be falling short of what is needed to ensure that the three federal programs are working in concert. One way to encourage SDE to take further steps toward merging these acts is to require the department to submit to the federal government a consolidated plan for the three acts. A consolidated plan would tend to emphasize the different program connections and could lead SDE to a more unified approach to

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implementing the three acts. Therefore, to improve the coordination between the three new federal acts, we recommend the Legislature require SDE to submit a consolidated state plan for the three federal acts.

Within ESEA, we recommend the consolidation begin with Titles 1, 2, and 6. Title 1 must be included because the bulk of ESEA funds are channeled through the compensatory education program. Title 2 of ESEA should be included because staff development activities will play a critical role in helping teachers adapt to local reforms. Title 6 should be part of the consolidated effort in recognition that the funds provide flexible support for cementing the pieces of reform together into a whole.

The timing of such a consolidated plan is a problem, however. The STWOA planning is well underway while Goals 2000 implementation has yet to really begin. In addition, ESEA planning timelines are too short to accommodate a complicated rethinking of the state role. Because of these problems, the Legislature should require SDE to start the process of integrated planning but not require a consolidated plan until next year. Since a consolidated plan would result in some significant changes in the state's implementation of some aspects of the federal acts, the delay may cause some local confusion. We hope this confusion could be kept at a minimum by keeping LEAs informed of the state's intentions.

REQUIRE CONSOLIDATED LOCAL PLANS

Pursue Local Coordination

We recommend the Legislature require SDE to consolidate local plans for the Goals 2000, STWOA and ESEA. We also recommend the Legislature require SDE to include specific state categorical programs in these consolidated applications.

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For the same reasons a consolidated plan for the state makes sense, we believe consolidated plans for LEAs also have merit. Under federal law, states can require consolidated local plans if the state submits a consolidated plan to the federal government.

The local plans could emphasize the connections between the different acts. Local ESEA plans should be required to address the standards set out in the state's Goals 2000 plan. Each ESEA plan affecting high schools also should have a school-to-work component. Local plans should map out district's goals in improving achievement over a five-year period and the strategy for fulfilling those goals.

The SDE faces a challenge in developing the criteria that the state should use to review and approve local plans. On the one hand, the SDE must be willing to reject local plans that do not have the potential to meet the state's goals. On the other hand, the state should not deny plans based on a unique vision of *how* to reach those goals. Districts should be given great flexibility over program design provided they can justify their approach.

Including State Categorical Programs In the Reform Efforts

A consolidated local application to the state for the three federal education acts could be strengthened substantially by including the major state categorical programs. We have identified several state categorical programs that could be included as part of a district's consolidated application for federal and state funds. For instance, along with Title 6 of ESEA, state resources for staff development are made available through the School Improvement program, SB 1882 Staff Development program, and the Mentor Teacher program. Similarly, the services for compensatory services should include Title 1 of ESEA and state Economic Impact Aid (EIA).

In addition, the Legislature could magnify the impact of state categorical programs by amending or consolidating these and other

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programs so that they reenforce the state's educational goals. Our *Reform of Categorical Education Programs* report provides recommendations for categorical program reform that are consistent with the strategy contained in the three federal acts.

Therefore, we recommend the Legislature require SDE to consolidate local plans for the three federal education programs and selected state categorical programs. Over time, the consolidated plan should include most major educational categorical programs, including special education and vocational education.

The federal government is headed in this direction. Reauthorization of the federal special and vocational education programs is expected to increase local flexibility and link with Goals 2000 and the other federal education programs. Regardless of whether the federal government follows through with these changes, however, the state should encourage integration of these programs with the other state and federal categorical programs.

IMPROVE SDE ORGANIZATION

Legislature Should Encourage Restructuring

We recommend the Legislature require SDE to report on how it plans to reorganize in order to improve communication and more effectively carry out the new federal school improvement framework.

The federal acts provide three direct leverage points for the state to foster reform at the local level. First, the state has the power to approve local plans and award grants to LEAs and other agencies that apply for funds. Second, the federal acts require the state to provide technical assistance to LEAs. Third, the SDE is required to coordinate staff development in support of the three programs. Many of the activities required by the different programs are similar in nature and could readily be consolidated into one effort.

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As we discussed above, however, SDE is organized along program lines; plan approval, technical assistance, and staff development activities all take place within a program context. This organizational structure could pose a barrier to effective implementation. As a result, SDE needs to consider whether changes in the department's structure and operations could improve its ability to administer education programs. There are a number of options.

- *Uniform policies throughout the department.* The development of consistent policy statements could lead to a consistent vision of the elements of reform and its implementation. Over time, this process could help the department develop the internal communication needed to effectively coordinate the federal acts.
- *Reorganize to emphasize staff development and technical assistance.* Multi-disciplinary teams—consisting of experts in school-to-work, meeting the needs of low-income and low-performing students and in school reform—could be formed from existing program staff. These teams would be organized to coordinate needed services at the local level.
- *Reorganize around grade levels.* This would create an elementary, middle, and high school division. The department could use a variety of networks—associations of reforming schools such as the Coalition of Essential Schools, the It's Elementary network, and the Accelerated Schools Project—to coordinate staff development and provide technical assistance.

Deciding how to organize is best left to the department. It may be that parts of all three options are needed to permit SDE to maximize its ability to foster local school reform through the implementation of state and federal categorical programs. To ensure the Legislature is informed of the department's plans for implementing the federal

acts, we recommend the Legislature require SDE to submit a report on its organizational plan for carrying out the new federal legislation.

IMPROVE DATA COLLECTION AND EVALUATION

Information is Critical for Performance-Based Regulation

We recommend the Legislature devote a portion of Goals 2000 funding to improving the SDE's capacity to (1) collect high quality data needed for a performance-based regulatory system and (2) conduct rigorous program evaluations of high-priority education services. We further recommend the Legislature require SDE to develop an estimate of the administrative costs associated with these tasks.

Goals 2000 provides modest new funding for state and local reform activities. In 1994-95 \$9.9 million is available, and \$36.3 million is anticipated for 1995-96. Based on its past priorities, we expect the Legislature will seek to maximize the amount of these funds that will be available to support LEA reform plans.

We suggest the Legislature also consider funding activities at the state level that will generate long-term dividends and have few other sources of support. Two areas that we believe are critical are data collection and evaluation.

Reduce and Refine Data Needs

A number of data issues should be addressed. First, continued effort is needed to find improved measures of performance and to refine the accuracy of some existing measures. Good quality data will be essential to the success of the performance-based regulatory system imbedded in the federal acts. With the cutbacks in General Fund support for the department, Goals 2000 offers one of the few sources of money to support such activities.

Recommendations

Second, the department also needs to develop a plan for reviewing its existing data collection practices. The plan should include a process for thoroughly reviewing whether currently collected data is needed and for collecting essential data in a way that is least disruptive to LEAs. Because the department will need information from LEAs that is not routinely collected, SDE should develop an internal process for authorizing and conducting surveys of LEAs.

Initiate Rigorous Program Evaluations

The situation is similar for program evaluation. No ongoing program for evaluating the major educational program exists. Yet, a performance-based system will magnify the need for proven models of service delivery for different subgroups of the student population.

Experience has shown that good evaluations are relatively expensive. Therefore, relying exclusively on Goals 2000 funding for this purpose is unrealistic. It is likely that the only way good evaluations can be funded is through partnerships of the state and federal governments and foundations interested in supporting an improved understanding of education programs. Goals 2000 can provide baseline funding to support the state administrative costs in this type of evaluation effort.

To provide critical support for these two activities, we recommend the Legislature use a portion of Goals 2000 funds to supplement existing SDE funding for these activities. We further recommend SDE submit to the Legislature a proposed expenditure plan for these activities that can serve as a starting point for the Legislature's consideration of this issue.

TAKE ADVANTAGE OF THE FEDERAL WAIVER AUTHORITY

Waiver Authority Opens Door to Innovation

The Legislature should explore how the federal waiver authority could create additional opportunities for improving the operation and effectiveness of California's K-12 programs.

The new federal waiver authority creates virtually unlimited possibilities for states and LEAs interested in reshaping existing programs. Below, we discuss three possible ways that this waiver authority could improve the operation of education programs in California.

- *Allow the state to administer programs that are currently operated by the federal government.* For instance, Title 5 provides funding for magnet schools used to assist in school desegregation efforts. The federal Department of Education operates this program by issuing grants directly to LEAs. California could request federal waivers to administer the grants so that this program would reinforce the state's reform strategy and goals.
- *Permit the state to combine state and federal program funds to reduce the number and complexity of funding sources.* For example, the state EIA and desegregation programs could be combined with funds from at least three ESEA programs to create one or two programs focused on meeting the needs of poor children with special learning needs.
- *Authorize the state to combine state and federal funds to create additional local program flexibility.* Combining state and federal child development

Recommendations

programs, for instance, could greatly streamline the state administration of the programs and improve planning at the state and local level. In addition, combining these programs could help California develop a “seamless” system of care that would provide improved services to families receiving subsidized child care.

These concepts require more attention before they can realistically be considered as options. We encourage the Legislature to be receptive to using the federal waiver authority.

CONCLUSION

The state has a rare opportunity to thoroughly review the its K-12 improvement strategy by taking advantage of the school improvement framework—and funding—created by the three new federal education acts. Our recommendations seek to take advantage of this opportunity, not because it is emphasized by federal law, but because the federal framework reflects program design principles that we think can result in an improved K-12 system in California. In the end, we believe the state can use the federal programs as a springboard for creating a policy and program structure that meets the state's needs, provides clear policy direction to LEAs and supplies more flexibility than currently exists.

