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# Federal Education Funds: An Update and Key Issues

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LEGISLATIVE ANALYST'S OFFICE

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Assembly Budget Subcommittee No. 2

On Education Finance

Hon. Wilmer Amina Carter, Chair





## Federal Funds 11 Percent of California's K-12 Budget

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- California anticipating nearly \$7 billion (roughly 11 percent of the state's total K-12 budget) in ongoing education federal funds for 2010-11.
- California qualified for \$6.2 billion in one-time stimulus funds.



## Federal Funding for K-12 Education<sup>a</sup>

(Dollars in Millions)

	2009-10 Actual	2010-11 Estimated	Federal Stimulus
<b>No Child Left Behind (NCLB) Programs</b>			
<b>Title I</b>			
Title I Basic	\$1,651.6	\$1,729.9	\$1,124.9
School Improvement	64.1	69.2	351.8
Reading First	—	—	—
Even Start	6.9	7.3	—
Migrant	139.8	135.3	—
Neglected and Delinquent	2.4	2.4	—
Impact Aid <sup>b</sup>	65.0	66.7	1.4
Advanced Placement	4.4	4.4	—
<b>Title II</b>			
Improving Teacher Quality	327.1	331.1	—
Mathematics and Science Partnerships	20.0	21.2	—
Educational Technology	29.1	10.6	71.6
<b>Title III</b>			
Language Acquisition	168.5	173.3	—
<b>Title IV</b>			
Safe and Drug-Free Schools	35.2	—	—
21 <sup>st</sup> Century After School	130.9	127.4	—
<b>Title VI</b>			
State Assessments	32.8	32.8	—
Rural and Low-Income Schools	1.2	1.2	—
Small, Rural School Achievement <sup>b</sup>	6.5	6.6	—
<b>Non-NCLB Programs</b>			
Homeless Children and Youth	\$12.8	\$8.0	\$13.8
Special Education <sup>c</sup>	1,310.8	1,309.7	1,327.7
Career and Technical Education	139.6	139.2	—
Byrd Honors Scholarships	5.0	5.2	—
Adult Basic and Literacy Education	66.1	74.9	—
English Literacy and Civics Education	15.7	17.3	—
Cal-Serve/Service America	2.1	2.1	—
Charter Schools	48.0	48.0	—
Child Nutrition	2,035.0	2,191.4	12.9
Child Development	523.3	510.6	220.3
State Fiscal Stabilization Fund	—	—	3,132.0
<b>Totals</b>	<b>\$6,844.0</b>	<b>\$7,025.8</b>	<b>\$6,256.4</b>

<sup>a</sup> Programs administered by the California Department of Education unless otherwise noted.  
<sup>b</sup> Funds allocated directly to Local Education Agencies by the federal government.  
<sup>c</sup> Grants for infants and toddlers administered by the California Department of Social Services.



## State Fiscal Stabilization Funding (SFSF)

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- ☑ California is to receive a total of \$4.9 billion in SFSF to support education.
  - General purpose funds to support K-12 and higher education.
  - State already received \$4.4 billion in first-round SFSF funding.
  - State anticipating an additional \$213 million for K-12 and \$275 million for higher education in second round.
  - Federal government currently reviewing second-round application, including maintenance-of-effort (MOE) waiver.
  
- ☑ In return for receiving SFSF funds, state made several commitments, including:
  - Establishing a preschool-through-college data system.
  - Continuing progress towards implementing quality standards and assessments.
  - Supporting effective interventions for low-achieving schools.
  - Reporting to the U.S. Department of Education (USED) on roughly 35 new data indicators.
  - General Fund spending at MOE level for 2009-10 and 2010-11, unless a waiver is granted.



## California’s Race to the Top Application

- As part of the stimulus program, USED created state competition called “Race to the Top” (RTTT).
- Designed to promote reform in four major areas:
  - Standards and assessments.
  - Data.
  - Teaching and leadership.
  - Improving low-achieving schools.
- California submitted a first-round application to receive \$1 billion.

<b>Major Components of State’s Race to the Top (RTTT) Expenditure Plan</b>		
<i>(In Millions)</i>		
<b>Proposal</b>	<b>Description</b>	<b>Amount</b>
<b>Statewide or Regional Activities</b>		
Regional support systems	Provide more regional support for low-performing schools.	\$72.6
Teacher pathways	Fund Local Education Agencies (LEAs) to train teachers in Science, Technology, Engineering, and Math (STEM).	64.4
County Offices of Education	Create regional leads to support RTTT LEAs.	32.7
Principal induction	Establish a principal induction program.	20.5
Evaluation	Hire contractor to evaluate RTTT effectiveness.	14.5
Evaluating teachers and principals	Hire contractor to develop and implement evaluation models.	11.6
Learning in All Ages Grants	Allow low-performing schools to apply for a competitive grant to expand early education, STEM, multiple pathways.	10.0
Mentor schools	Fund partnerships between low- and high-performing schools.	10.0
Regional Office of Charter Innovation	Create regional office to support charter reforms.	10.0
California Department of Education (CDE) oversight	Fund CDE support positions.	8.9
Foster LEA partnerships	Fund 22 pairs of LEAs to share innovative practices.	8.8
Professional Learning Communities	Fund county office staff and a CDE regional coordinator.	7.7
Assessment development	Embed common standards in new student assessments.	7.1
Online instructional practices	Develop online database of best instructional practices.	6.4
Other reform proposals	All proposals under \$5 million.	14.9
Subtotal		\$300.0
<b>Local Activities</b>	Implement local improvement plans.	\$700.0
<b>Total</b>		<b>\$1,000.0</b>



## Considerations for Round Two of RTTT

- ✓ California’s application lost points in several areas.
- ✓ Biggest deductions related to district participation; teacher and principal evaluation; data systems; and support for Science, Technology, Engineering, and Math.

<b>U.S. Department of Education Evaluation of California’s First-Round Race to the Top Application</b>			
<b>Reform Item</b>	<b>Available Points</b>	<b>Earned Points</b>	<b>Lost Points</b>
Securing Local Education Agencies (LEA) commitment	45	12	33
Using evaluations to inform personnel decisions	28	9	19
Implementing a statewide data system	24	6	18
Supporting Science, Technology, Engineering, Math (STEM)	15	—	15
Using data to improve instruction	18	6	12
Ensuring capacity to implement reforms	20	10	10
Improving student outcomes	25	16	9
Ensuring conditions for high-performing charters	40	31	9
Turning around low-achieving schools	35	27	8
Translating LEA participation into statewide impact	15	8	7
Supporting teachers and principals	20	13	7
Supporting transition to new systems	20	14	6
Equitable distribution of teachers in "high poverty/minority" schools	15	9	6
Providing credential pathways for teachers and principals	21	16	5
Developing evaluation systems	15	10	5
Equitably distributing teachers in hard-to-staff subjects	10	6	4
Improving teacher and principal preparation programs	14	10	4
Making education funding a priority	10	6	4
Securing broad stakeholder support	10	7	3
Accessing and using data	5	2	3
Making progress in each reform area	5	4	1
Measuring student growth	5	4	1
Conducting annual teacher and principal evaluations	10	9	1
Implementing other reforms	5	4	1
Other reforms	70	70	—
<b>Totals</b>	<b>500</b>	<b>309</b>	<b>191</b>



## Comparing California's RTTT Application to Other States

- ☑ Application ultimately unsuccessful: California finished 27<sup>th</sup> out of 41 states that applied.
- ☑ Two states, Delaware and Tennessee, will receive round-one grants.
- ☑ Thirteen other states were frontrunners in round one.
- ☑ In addition to high participation rates, most high-scoring states already have made progress towards developing "P-20" data systems and use them to inform school personnel decisions.

<b>Comparison of California's Race to the Top Participation to Top-Performing Round-One States</b>					
<b>State</b>	<b>Percent of Districts</b>	<b>Percent of Schools</b>	<b>Percent of Students</b>	<b>Percent in Poverty</b>	<b>Percent of Unions</b>
<b>Delaware</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Kentucky	100	100	100	100	100
North Carolina	100	100	100	100	99
<b>Tennessee</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>93</b>
South Carolina	95	98	99	98	100
Rhode Island	92	94	93	97	4
Florida	89	82	81	80	80
Colorado	74	90	94	94	41
Louisiana	67	48	47	51	78
New York	66	40	82	94	61
Massachusetts	65	73	72	86	51
D.C.	53	83	85	85	—
Ohio	51	53	50	57	37
<b>California</b>	<b>47</b>	<b>56</b>	<b>58</b>	<b>61</b>	<b>26</b>
Illinois	42	64	74	81	32
Pennsylvania	28	36	38	58	100
Georgia	13	39	41	46	100



## California Passed Legislation to Increase Competitiveness for RTTT



State passed three pieces of legislation addressing RTTT issues: (1) Chapter 159, Statutes of 2009 (SB 19, Simitian); (2) Chapter 2, Statutes of 2010 (SBX5 1, Steinberg); and (3) Chapter 3, Statutes of 2010 (SBX5 4, Romero).

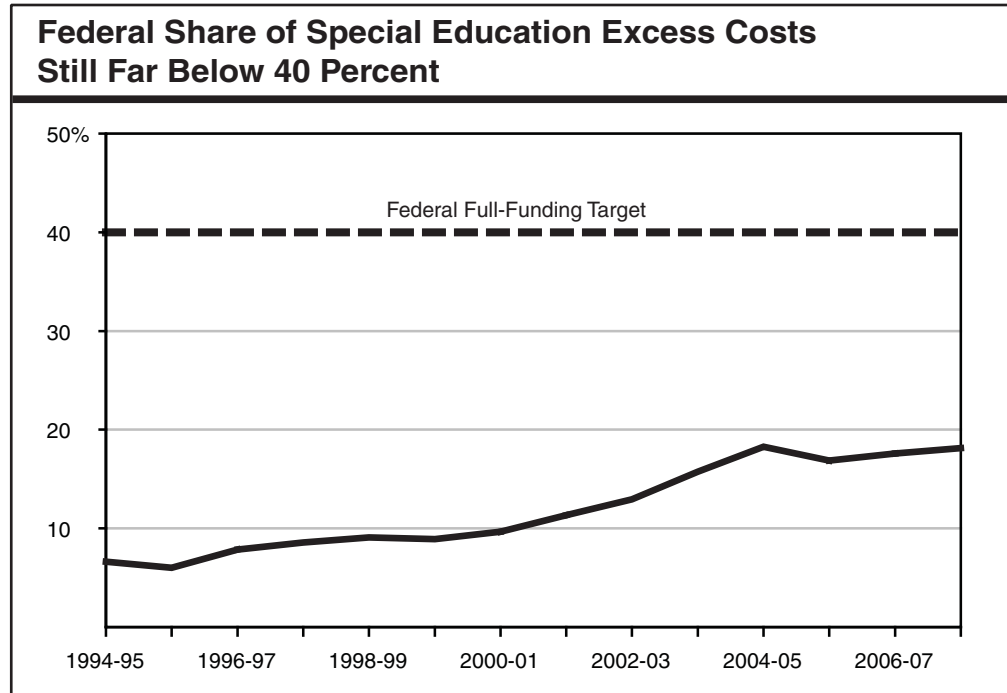
Item	Description <sup>a</sup>
<b>Standards and Assessments</b>	
Student growth	State shall consider options for measuring individual student growth based on academic assessments.
Common standards and assessments	Legislature intends for state assessments to incorporate common assessments.
Common Core Standards Initiative	The California Department of Education (CDE) and Governor shall participate in the initiative.
Academic Standards Commission	Establishes a commission that shall develop standards in math and Language Arts that consider common standards.
Revised standards	The State Board of Education (SBE) shall either adopt/reject the proposed standards by August 2, 2010.
<b>Data</b>	
Teacher evaluations	Student data may be used for teacher evaluations and personnel decisions (Chapter 159).
Career technical education (CTE) data	The Legislature intends that workforce data be collected for CTE programs.
Data integration	Institutions may enter into interagency agreements to create a single P-20 data system.
Data availability	The CDE shall develop policies for making data available.
New federal stimulus data	An LEA shall retain data to comply with stimulus requirements.
Wage data	Educational agencies in the P-20 system shall have access to individual wage data.
<b>Teachers and Leaders</b>	
Alternative pathways	The state shall authorize new alternative pathways for credentialing CTE and Science, Technology, Engineering, and Math (STEM) teachers.
<b>Lowest-Achieving Schools</b>	
Lowest-achieving schools	The Superintendent and SBE shall identify the state's persistently lowest-achieving schools as defined in federal law.
Intervention models	Districts participating in RTTT with a persistently lowest-achieving school shall implement one of the four reform models.
Parent-driven intervention	If 50 percent of parents of students in a low-performing school agree, then the school is required to implement an intervention model (Chapter 3).
Open enrollment	Students in the bottom 1,000 schools in the state may transfer to another district (Chapter 3).
STEM accountability	The CDE and SBE shall recommend ways to increase accountability in math and science.
<sup>a</sup> Reflects provisions contained in Chapter 2, unless otherwise noted.	





## Federal Special Education Funding

- Federal government consistently provides less funding than its established target for educating students with disabilities.



- Governor’s budget proposes to seek additional Individuals with Disabilities Act (IDEA) funding.
  - Requesting \$1 billion in pay for prior years in which federal funding was below target.
  - Plans to use funding for general fiscal relief.
  
- LAO recommends seeking more IDEA funds, but would suggest a different approach.
  - Request federal government increase annual ongoing IDEA funding for all states.



## Federal School Improvement Funds

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- Federal government recently made significant changes to rules governing funding for low-achieving schools in “Program Improvement.” New regulations change:
  - Priority for intervention.
  - Intervention models and methods.
  - Rules for funding lowest-achieving schools.
  
- Significant funds available to implement these new requirements.
  
- In 2010-11, the state will have roughly \$550 million to implement the new requirements.



## Budgeting Federal School Improvement Funds (SIF)

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- Budgeting SIF monies involves major fiscal and policy considerations.
  - How many of the persistently lowest-achieving schools will receive funding?
  - How will funds be allocated to persistently lowest-achieving schools?
  - What other low-achieving schools will receive funding? How much could they receive?
  - Will additional schools be eligible for funding next year?
  
- Under California Department of Education's (CDE's) proposal, the department and the State Board of Education (SBE) would have full discretion to address these issues.
  
- By contrast, LAO alternative would:
  - Ensure rates are set such that all of the state's persistently lowest-achieving schools that apply could receive funding in 2010-11.
  - Clarify which additional low-performing schools could receive funding by allowing schools in the bottom 10 percent state-wide to apply for SIF in 2010-11.
    - Additional schools not among the persistently lowest-achieving would have funding capped at a lower rate, but would have to implement smaller-scale reforms.
  - Place reasonable cap on school allocations based on size.



## Budgeting Federal School Improvement Funds (SIF) *(Continued)*

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- What should the state do with the existing district improvement program?
  - Under CDE's proposal, state would continue to fund separate district program.
  - We recommend consolidating the programs to reduce overlap, ensure coherence, and better target resources to the lowest-achieving schools.
  
- What should the state do with the existing school improvement program?
  - State currently operates its own Quality Education Investment Act (QEIA) program for low-achieving schools.
  - We recommend consolidating the programs so low-achieving schools are only subject to one set of intervention requirements. Proposal would:
    - Require QEIA schools that receive SIF monies to adhere only to federal requirements (that is, remove state requirements).
    - Hold QEIA districts harmless but save the state almost \$700 million over the next three years.