



National School Boards Association

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NCLB ActionAlert

TOOLS & TACTICS FOR MAKING THE LAW WORK

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Calculating the Cost of NCLB

Does your school district have the resources it needs?

By Michael A. Resnick

Much of your school board's attention this year has probably been on the No Child Left Behind Act (NCLB)—especially once your state identified schools that had failed to make Adequate Yearly Progress (AYP), as measured by the percentage of students who did not score at the proficient level or above on the state's language arts and math tests. For some schools supported by federal Title I funds, this has meant offering parents the choice to transfer their child to another school or providing out-of-school tutorial services.

With many states reporting that 30 percent or more of their schools did not make AYP, it is not surprising that local school officials have concentrated their efforts on developing strategies to raise student achievement in the tested areas.

Meanwhile, an ongoing challenge for boards is to fund those strategies. But, in meeting the cost of NCLB, boards are equally challenged to ensure that other vital components of their education program are also adequately funded.

By analyzing the costs NCLB poses for their district, boards will be in a better position to set priorities, engage in long-term planning, explain their budget to the public, advocate for increased funding with state and federal legislators, and identify potential grant opportunities. This issue of *Action Alert* is designed to help local school boards meet those goals.

Because NCLB is so comprehensive and interconnected with state mandates, it is easy to lose sight of all its associated

costs. Across states and school districts, the financial impact will vary, based on such factors as the mix of the student population and how much was being done before the law went into effect.

Many of the costs associated with NCLB have high educational value—as does the goal of the law itself. Therefore,

two budget cycles), all of your teachers in the nine core curriculum subjects must meet NCLB's requirements for being highly qualified. This could pose substantial new costs in the areas of teacher recruitment and retention, professional development, and teacher compensation.

3. Highly-qualified paraprofessionals. By the 2005-06 school year, all paraprofessionals who work in an instructional capacity in programs supported by the federal Title I program also must be highly qualified. These requirements could involve paying for professional development for current staff members or paying

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the purpose of this section is not to question the merit of these expenditures but to develop an understanding of the impact they will have on your school district.

Top 10 NCLB expenses

Here is our best judgment of the 10 top NCLB-related expenses that you should cost out as a first step in building a financial strategy for achieving your goals.

1. Data systems. If your district has to produce more detailed student achievement data to report on the school-by-school performance of student subgroups, teachers' credentials, or school safety, you might encounter both one-time and ongoing costs for software, staff training, and staff time to establish and maintain your data systems.

2. Highly-qualified teachers. By the 2005-06 school year (that is, over the next

tutors to help them pass qualifying tests. Moreover, highly qualified paraprofessionals will expect higher salaries, and the district might have to pay unemployment compensation for those who don't make the grade.

4. Program innovations. While some classroom innovations require no additional cost, others have a significant budget impact. These could include reducing class size; introducing new curriculum or instructional programs; or providing after-school, weekend, or summer school programs, out-of-cycle textbook adoptions, or parent involvement programs.

5. Services for students with limited English proficiency. Some school districts might incur new costs to assess students' ability to speak, read, and listen in English or to test students in their primary language. Moreover, to successfully meet

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About NSBA

The National School Boards Association is the nationwide advocacy organization for public school governance. NSBA's mission is to foster excellence and equity in public elementary and secondary education in the United States through local school board leadership. Founded in 1940, NSBA is a not-for-profit federation of state associations of school boards across the United States and the school boards of the District of Columbia, Hawaii, and the U.S. Virgin Islands.

About the National Affiliate Program

The National Affiliate Program extends NSBA's services directly to local school districts. School districts are eligible to join provided they are members in good standing of their state school boards associations.

About the Office of Advocacy and Issues Management

The Office of Advocacy and Issues Management implements NSBA's Action/Advocacy Agenda and carries out NSBA's lobbying efforts at the national level. By lobbying the Congress, the White House, and federal agencies, the office helps increase federal funding for local school districts and reduces costly federal mandates; helps improve federal education programs by making legislative and regulatory changes local board members support; protects the governance role of school boards from congressional attack; and promotes the role of school boards as a key democratic institution in our country's education system.

their AYP requirements, many school districts might need to strengthen the quality of their language-acquisition programs or serve more students in those programs.

6. Services for students with disabilities. Because students with disabilities must achieve proficiency like other students, the education program and services needed to produce that outcome will be the practical, if not the legal, standard in developing IEPs (Individualized Education Plans) for special education students. Providing services at that level could involve additional costs.

Further, depending on the subject matter qualifications Washington lawmakers require of special education teachers, your district might have to budget additional funds to attract, professionally develop, and retain special education teachers who can meet those qualifications (or team them with other teachers who have the required qualifications).

7. Choice and supplemental services in Title I schools. Title I schools that are in "improvement status" will face additional costs. Generally, school districts must set aside up to 20 percent of their Title I funds to pay for choice and supplemental services. (Transportation for supplemental services must be paid from local funds.) If your Title I allocation does not grow by the amount needed to offset these costs, less Title I money will be available for in-school services unless you increase your local budget.

Some districts might incur additional expenses to locally fund special programs at the school to which students from the "failing" schools transfer. As a result of multiple transfers, receiving schools might need to add a teacher (to meet required class size ratios), renovate space, or add a mobile classroom to accommodate expanded enrollment.

8. Other Title I sanctions. To address or avoid other Title I sanctions, your schools or your school district as a whole might need to support technical assistance and staff costs associated with developing, implementing, and overseeing new instructional programs, reassigning senior teachers, providing professional development, redesigning curriculum, or setting up a charter school.

9. Report cards and parent notification. Despite the increasing availability of online technology and the opportunity to disseminate some of NCLB's parent notification requirements in your student handbook, through the media, and in other existing resources, school districts are like-

ly to incur additional costs to produce report cards and meet other NCLB notification requirements.

10. Staff time and opportunity costs. Compliance with NCLB also will require a significant commitment of time by administrators, principals, and teachers for program implementation and reporting. While some school districts will add staff, most others will draw staff time from other activities. Here again, the issue isn't whether NCLB-related activities should be done, but what real-world financial impact they will have.

In calculating the actual program cost of NCLB, the hourly or daily rate of existing staff should be considered as a cost, along with the opportunity cost of lost education functions or services in other areas.

Can a District Opt Out?

If the cost of NCLB or the difficulties of meeting its mandates are too great, can a school district avoid these requirements by simply opting out of the program?

If a district refuses Title I funding, neither it nor its schools will be required to issue report cards or meet certain other parent notification requirements under NCLB. Nor will they be subject to the Title I sanctions the law provides in the event they fail to meet AYP for two or more years.

However, if the state participates in NCLB, the school district (and its individual schools) will still be responsible for meeting other NCLB requirements, such as testing students, meeting the requirements for highly-qualified teachers, and collecting disaggregated data so that the state can meet its reporting requirements. To that extent, NCLB operates as a mandate.

So, is Congress funding the cost of its mandate? The short answer is no. In creating the law, Congress did not say it would fund all of the costs but did say how much it intended to provide. For example, for Part A of Title I (the largest source of federal aid), Congress and the president agreed to raise funding from \$8.9 billion to \$13.5 billion. During the appropriations process, however, Congress provided only \$10.3 billion.

For the coming school year, NCLB says \$18.5 billion should be provided, but school districts are on track to get only \$12.3 billion from the Congress.

Taken together, for the three budget years since the program was signed into law, districts should have cumulatively

received \$48 billion for Part A of Title I but were given only \$34.4 billion, resulting in a total shortfall of \$13.6 billion.

Although Title I funding increased by 20 percent, 13.2 percent, and 5.6 percent respectively in each of the past three years, these sharply diminishing increases fall short of the level needed—and promised—to pay for mandated new costs and to reach several million eligible but currently unserved students who are less likely to make AYP without these services. And next year, the gap is likely to widen substantially: Title I should be funded at \$20.5 billion, but the president's budget request is for \$13.3 billion.

In practical terms, NCLB is a significantly underfunded federal mandate.

Your Advocacy Role

If your school board believes that the cost of implementing NCLB will create a financial hardship for your district, you and your superintendent can take several actions to achieve some relief.

- **Conduct an NCLB financial-impact study.** Identify the specific costs

your district will incur so that your legislators in Congress and the statehouse will have concrete figures on the funding you need. In addition, identify any programs and activities you will need to give up to pay for NCLB implementation, as well as how much of a property tax increase your local homeowners will experience if the necessary funding isn't provided.

To help you gather the pertinent data, you might want to review the top 10 cost factors identified above and use the worksheet we have provided at www.nsba.org/nclb.

- **Explain the costs to the public.**

Share your cost findings with your local media so they can publicize the impact NCLB mandates are having on your budget's bottom line, why some activities are being cut, and why your schools need increased state and federal assistance. You also might want to write an op-ed article for your local newspaper (see sample letter at www.nsba.org/nclb).

- **Obtain congressional support for funding and grants.** In addition to advocating for increased overall funding for

Title I and other formula programs, your member of Congress might be able to help you get competitive grant funds from the U.S. Department of Education. Likewise, your state legislators might be able to support your efforts to obtain federal grants awarded through your state.

- **Obtain congressional support to improve NCLB.** Encourage your members of Congress to change counterproductive aspects of NCLB. In addition to improving the quality and operation of the law, these improvements could reduce unnecessary costs. (See NSBA's Winter 2003 *Action Alert*, online at www.nsba.org/nclb.)

- **Work with your state association and NSBA.** Maximize the impact of your communication with state legislators and members of Congress by coordinating your activities with your state school boards association and NSBA. (For more information on NSBA's NCLB legislation agenda, please see www.nsba.org.)

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How to Fund NCLB

Making the most of federal grant programs

Clearly, implementing NCLB is likely to present significant cost increases for your district for the next several years. Whether those increases will level off in the future will depend on various factors—including how successful your district is in achieving AYP as the performance bar rises each year.

To fund NCLB, school districts can raise local property taxes, obtain increased state funding, cut other programs, or combine these options. Your district might also find some relief by making the most of federal funding opportunities. Currently, more than 30 federal programs provide about \$25 billion to directly fund NCLB activities. For the most part, these are not new dollars, but many programs do include modest increases to pre-existing federal programs. Some programs have been refocused to support NCLB's goals and might provide valuable new opportunities for your school district.

Formula Grant Programs

The lion's share of federal funding for NCLB—over two-thirds—comes in the

form of local formula grants. Under these programs, funds are allocated to school districts based on a formula developed at the federal or state level that is tied to a count of specific categories of students. Although most school districts are eligible to receive these funds, a poverty factor in the formula typically allocates proportionately more funds to poorer areas.

NCLB's chief formula grant programs are for economically disadvantaged students (Title I), teacher training and education technology (Title II), immigrant students and those with limited English proficiency (Title III), and safe and drug-free schools and communities (Title IV). Although school districts primarily receive their funding for these programs by formula, they must first apply to their state and meet the requirements for eligibility and use of funds.

1. Improving the Academic Achievement of the Disadvantaged (\$12.3 billion). Title I, Part A, is the largest of the federal programs, with virtually all of the funds flowing to local school districts on the basis of formula grants.

Nationwide, the "average" district will receive about \$1,200 for each student in poverty. At current funding levels, however, only about half of all eligible students can be served. Allocation figures for individual school districts can vary widely due to the operation of the formula.

Funds can be used for a broad range of services aimed at helping low-achieving students meet state standards. These services include hiring teachers and paraprofessionals, implementing best practices and parent involvement activities, and coordinating social support services.

2. Preparing, Training, and Recruiting Highly-Qualified Teachers (\$2.9 billion). Title II is designed to assist local school districts in recruiting and retaining highly qualified teachers, principals, and student services personnel. These funds can be used for scholarships, signing bonuses, and differential pay to fill shortages in core academic subjects, as well as for professional development programs to help teachers and principals meet their state's achievement standards. Funds can also be used as incentives to retain qualified teachers and principals.

3. Enhancing Education Through Technologies (\$692 million). Title II also redesigns previous technology grant programs into a new program of grants to the

states for redistribution to the local level. Half of the funds are distributed by a local formula based on Title I enrollments, with the other half distributed on the basis of competitive grants.

To receive funding, local school districts must show how they would raise the academic achievement of all their students to meet state standards and improve the capacity of teachers to integrate technology into curriculum and instruction. Funds can be used to increase access to technology through public-private partnerships; to raise achievement through technology-based teaching practices; to support “lead” technology teachers; and to acquire and maintain hardware and software aimed at raising student achievement. The funds can also be used for distance learning and parent involvement.

4. English Language Acquisition (\$681 million). Title III allocates nearly \$700 million to the states to fund programs for limited-English-proficient (LEP) students as well as for various services for recent immigrants. Grants are awarded to an “eligible entity” such as a school district, a group of districts, or a partnership between a district and a community or other organization and are based on the number of LEP students served throughout the state.

The emphasis of these grants is on advancing English proficiency and the general academic achievement needed to meet state standards through instructional and professional development activities. States can also make grants to support a wide range of services for immigrant students in districts or regions that have experienced recent increases in immigration.

5. Safe and Drug-Free Schools and Communities (\$443 million). This component of Title IV supports classroom and community programs, including professional development activities, to prevent drug use and violence among school-age youth.

Funding through grants by the states can be used for a wide range of activities, such as curriculum development, counseling, metal detectors, community programs, and employee background checks.

Competitive Grant Programs

Although the overall federal appropriations for competitive grants tend to be smaller than the formula grant programs, the potential award to any individual school district can be significant. What is

more, these awards can fund activities that help districts meet student achievement goals in ways not otherwise easily available, such as partnerships with universities and community institutions.

1. The Reading First Program (\$1 billion). These grants fund reading programs in grades K-3, provided the programs are supported by scientifically based research. Federal funding goes to the states, which then make competitive grants to local school districts. Priority is given to districts where students from families with incomes below the poverty line exceed 6,500 or 15 percent of total enrollment. These grants can be used for a variety of activities, such as screening students, implementing instructional programs, and providing professional development so reading teachers can attain highly qualified status.

2. Early Reading First (\$94 million). This smaller program is aimed at supporting age-appropriate prereading programs to preschoolers from families in poverty. In addition to helping the students, the program is likely to increase a school’s ability to make AYP once those students begin to be tested in the third grade. The secretary of education awards the grants.

3. Even Start (\$247 million). Even Start is also aimed at building the reading foundation of economically disadvantaged preschoolers. Grants are awarded by the state for family literacy programs so that parents will be better able to serve as their child’s first teacher and reinforce the child’s work in elementary school. Grants must be at least \$75,000 in the first year.

4. 21st Century Community Learning Centers (\$999 million). Under this program, states make grants to community learning centers (which include school districts, community organizations, or other public or private agencies or companies) to provide an array of after-school and summer programs, especially to serve students in low-performing schools. Allowable activities include tutoring to meet state standards, drug- and violence-prevention programs, counseling, recreational programs, and family literacy initiatives.

Grants from the state must be over a period of three to five years, be tied to specific principles of effectiveness, and be carried out in active collaboration with the public schools the children attend.

5. The E-Rate (\$2.25 billion). Although it is not a part of NCLB, the E-Rate is a crucial telecommunications program for schools and libraries that pro-

vides more than \$2 billion annually in discounts for advanced and affordable telecommunications services, Internet access, and internal connections that can be used to support NCLB related activities. Administered through competitive grants by the Federal Communications Commission, the discounts range from 20 to 90 percent and are determined by the percentage of students eligible for the national school lunch program and by the school’s urban or rural designation. Wealthier districts can participate by forming partnerships to share their technology resources with poorer districts.

The program is not subject to the annual congressional budget process and serves as a stable funding stream for many schools across the country. For more information, see www.fcc.gov/learnnet.

6. Rural Education Initiative (\$168 million). This component of Title VI enables small districts to participate in NCLB funding even if they are not eligible to engage fully in the other grant programs. The federal appropriations are divided equally for grants to be awarded by the U.S. secretary of education and state departments of education. Under the Small, Rural School Achievement component, the secretary of education can make grants of up to \$60,000 to school districts with fewer than 600 students.

Similarly, under the Rural and Low-Income School program, districts with low population density and 20 percent or more of their students from low-income families are eligible to receive grants from the state. For both federal and state grants, the funds can be used to conduct formula grant activities authorized by Titles I, II, III, and IV.

Other Programs

Several additional programs, such as the \$10 billion Individuals with Disabilities Education Act (IDEA) and the \$1.2 billion vocational program, are not part of NCLB but would help your district if Congress increased funding to the levels it has promised. Additionally, involvement in a Head Start early education program not only can help students immediately but also can save school districts from laying out substantial funds for compensatory education programs in the long run.

For more information on federal grant opportunities, contact your state department of education and see www.ed.gov/fund/landing.jhtml?src=rt.—*Michael A. Resnick*