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Promising Results, Continuing Challenges: Final Report of the National Assessment of Title I — Executive Summary —

Overview

The Title I program is the largest federal education program, providing over \$8 billion per year to fund system-wide supports and additional resources for schools to improve learning for students at risk of educational failure—particularly in schools serving large concentrations of low-income children. Six years ago, the U.S. Department of Education reported to Congress on the effectiveness of the program as it operated as Chapter 1. That report, *Reinventing Chapter 1: The Current Chapter 1 Program and New Directions*, concluded that in order for the program to effectively support all students in meeting challenging standards, fundamental change was required. The changes recommended by the *Assessment* report were reflected in the 1994 reauthorization of Title I of the Elementary and Secondary Education Act (ESEA) and in the Goals 2000: Educate America Act. The legislation introduced a new federal approach built around a framework of standards-driven reform. In this approach, challenging standards promote excellence and equity, and link Title I, along with other federally-supported programs, to state and local reform efforts.

The National Assessment of Title I sees the impact of this new approach in the recent achievement gains of students whom Title I is intended to benefit. These students are enrolled in our highest poverty schools and are among our lowest performers.

An examination of trends in the performance of students in the nation's highest poverty public schools, as well as progress of the lowest achieving students shows positive gains in reading and math performance since the reauthorization of Title I. These trends are further substantiated by the progress reported by some states and districts with three-year trends in achievement.

- Since 1992, national reading performance on the National Assessment of Educational Progress has improved for 9-year-olds in the highest-poverty public schools (those with 75 percent or more low-income children), increasing by 5 points (close to one grade level). This improvement regained ground lost in the late 1980's. The lowest achieving public school 4th graders showed fairly substantial improvements in reading between 1993 and 1998 on the NAEP. The substantial gains, 9 points among the bottom 10 percent and 5 points among the bottom 25 percent, suggest that it was the performance of the lowest achievers that raised the national average of 4th graders.
- Since 1992 and continuing through reauthorization, national math achievement on the NAEP has improved for 9-year olds—especially among students in the highest poverty public schools whose scores rose by 9 points (close to one grade level). Public school 4th grade students in the lowest percentiles of performance—those most typically targeted for Title I services—also showed substantial improvements in math scores. Scores of students in the lowest 25 percent improved by 8 points between 1990 and 1996.

Three-year trends reported by states and districts show progress in the percent of students in the highest-poverty schools meeting state and local standards for proficiency in math and reading.

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- The achievement of elementary school students in the highest poverty schools improved in 5 of 6 states reporting three year trends in reading and in 4 of 5 states reporting trends in mathematics. Students in Connecticut, Maryland, North Carolina, and Texas made progress in both subjects.
- Ten of 13 large urban districts showed increases in the percentage of elementary students in the highest poverty schools who met district or state proficiency standards in reading or math. Six districts, including Houston, Miami-Dade County, New York, Philadelphia, San Antonio and San Francisco made progress in both subjects.

There is also evidence of progress for students in high-poverty schools where staff members focus on challenging standards and strategies that help students achieve them. In a study of instructional practices in 71 high-poverty elementary schools--

- Students were likely to make better progress in reading if their teacher gave them more total exposure to reading in the content areas and opportunities to talk in small groups about what they had read.
- Teachers who used a curriculum that reflected National Council of Teachers of Mathematics (NCTM) standards had students with higher gains in mathematics, and
- Students who started the year as low achievers could be helped to gain more skill in problem solving in mathematics when their teachers deliberately emphasized understanding and problem solving with them.

The emphasis on linking federally-supported Title I services to state and local reform efforts is influencing practice in high-poverty schools. Principals in high-performing, high-poverty schools report using standards to guide curriculum and instruction, and using standards to assess student progress. Additionally, teachers in districts implementing standards-based reforms are more likely than their colleagues in other districts to be familiar with content and performance standards and assessments, and their curriculum is more likely to reflect the standards.

Schoolwide programs available to high-poverty schools (those with 50 percent or more low-income children) offer the potential to help integrate Title I resources with school-level reforms. Recent findings show that schoolwide programs are more likely to use a strategic plan and models of service delivery that can integrate Title I into the larger educational program.

Changes in the allocation formula and procedures, enacted in the 1994 amendments, have had a substantial impact on targeting funds to the highest poverty schools. Almost all (95 percent) of the highest-poverty schools in the nation received Title I funds in 1997-98, up from 79 percent in 1993-94.

Despite progress since the 1994 reauthorization of Title I, continuing challenges remain to be addressed.

*While the performance of students in high-poverty schools is improving, they remain much further behind their peers in meeting basic standards of performance in both reading and math. In 1998, the percent of 4th grade students in the highest-poverty public schools who met or exceeded the NAEP *Basic* level in reading was about half the national rate, and progress in reading overall is only back to 1988 and 1990 levels. For math, the percent of students in the highest poverty schools scoring at or above the *Basic* level was two-thirds that of the national*

average. Yet some states are showing that students in their highest poverty schools can perform at national levels—indicating that it is possible to bring these students to high levels of achievement.

Schools enrolling the highest concentrations of poor children are most likely to be identified as in need of improvement, and the capacity of states and districts to provide them with assistance is often limited. In 1998, only 8 states reported that school support teams have been able to serve the majority of schools identified as in need of improvement. In 24 states, Title I directors reported more schools in need of school support teams than Title I could assist. Approximately one-third of high-poverty schools identified for improvement had not received any additional professional development or assistance as a result of being identified.

Along with the evidence that high-achieving high-poverty schools focus attention on challenging standards for all students, comes the reality that many teachers are not prepared to teach to challenging standards. Only about one-third of teachers in schools with 60 percent or more poor children believe they are well-equipped to use standards in the classroom. This is particularly noteworthy given evidence that teachers' reported preparedness in both subject matter and instructional strategies had a positive relationship with student gains.

A significant number of Title I schools—particularly those with high concentrations of low-income children—continue to employ non-certified paraprofessionals as instructional aides. Only 10 percent of instructional aides in the highest-poverty schools possess college degrees, but aides are often found providing instruction.

Context for Title I

TITLE I—HELPING DISADVANTAGED CHILDREN MEET HIGH STANDARDS **"SEC. 1001. DECLARATION OF POLICY AND STATEMENT OF PURPOSE.**

"(a)(1) The Congress declares it to be the policy of the United States that a high-quality education for all individuals and a fair and equal opportunity to obtain that education are a societal good, are a moral imperative, and improve the life of every individual, because the quality of our lives ultimately depends on the quality of the lives of others."

First enacted in 1965 as a "War on Poverty" program, Title I of the Elementary and Secondary Education Act (ESEA) [P.L. 103-382] provides over \$8 billion¹ per year to fund system-wide supports and additional resources for schools to improve learning for students at risk of educational failure. The program's central objective is to support state and local efforts to ensure that **all** children reach challenging standards by providing additional resources for schools and students who have farthest to go in achieving the goal.

Title I is intended to help address the greater educational challenges facing high-poverty communities by targeting extra resources to school districts and schools with the highest concentrations of poverty, where academic performance tends to be low and the obstacles to raising performance are the greatest. Ninety-five percent of the nation's highest poverty schools (those with 75 percent or more students eligible for free- or reduced price lunch) participate in Title I. While the highest poverty schools make up almost 15 percent of schools nationwide, they account for 46 percent of Title I spending. About three-fourths (73) percent of Title I funds go to schools with 50 percent or more students eligible for free- or reduced price lunch.

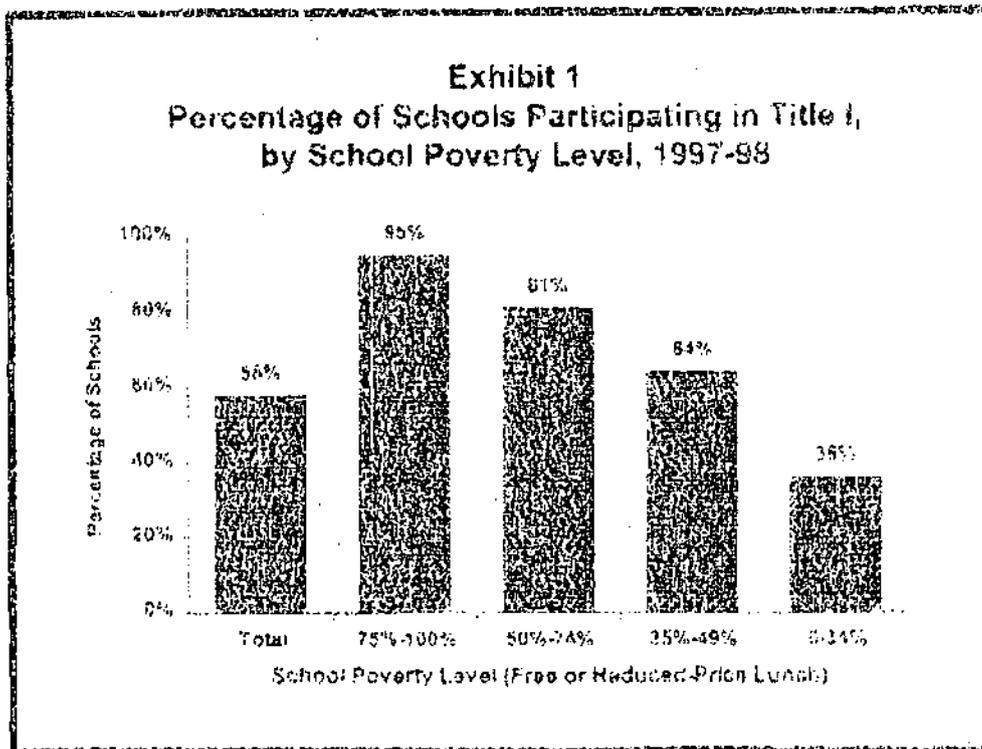


Exhibit reads: Almost all of the highest-poverty schools (95 percent) receive Title I funds, compared with 36 percent of the lowest-poverty schools.

Source: U.S. Department of Education, Follow-Up Survey of Education Reform, 1998.

School districts use 90 to 93 percent of their Title I funds for instruction and instructional support—most often in reading and math. Although Title I accounts for a relatively small percentage of total funding for elementary and secondary education (just under 3 percent), the program plays a significant role in supporting local education improvement efforts. It provides flexible funding that may be used for supplementary instruction, professional development, new computers, after-school or other extended-time programs, and other strategies for raising student achievement.

Title I also provides supplemental assistance to children who face unique educational barriers. These include children who come from families with low literacy, the children of migrant agricultural workers, and children who are neglected or delinquent. The children of parents with poor literacy skills are less likely to receive early literacy training at home or to be enrolled in a preschool program, which increases the risk of school failure.² Migrant children have families who move frequently to pursue agricultural work—and thus must change schools frequently—which has a detrimental effect on their achievement. Neglected or delinquent students are extremely educationally disadvantaged; most are incarcerated in state juvenile and adult correctional facilities and have experienced numerous disruptions in their education.

Title I reaches over 11 million students enrolled in both public and private schools—about two-thirds of whom are in elementary grades 1-6. The percent of students in middle and secondary schools remains a small proportion of those served overall.³ Minority students participate at rates higher than their proportion of the student population. African American

students represent 28 percent of Title I participants, 30 percent are Hispanic, 36 percent are non-Hispanic white, and the remaining 5 percent are from other ethnic/racial groups.⁴ Among those served by the Title I Part A program (local education agency program) are about 167,000 private school children, close to 300,000 migrant children, and over 200,000 children identified as homeless. Title I services are also available to about 2 million students with limited English proficiency. In 1996-97, Even Start served (Part B) some 48,000 children and almost 35,000 adults. Over 586,000 migrant children were served under the Migrant Education Program (Part C), and 200,000 neglected or delinquent youth were served in the Title I Part D program for neglected or delinquent youth.⁵

The 1994 Reauthorization of Title I of the Elementary and Secondary Education Act

The 1994 reauthorization of ESEA, along with the Goals 2000: Educate America Act, introduced a new federal approach built around a framework of standards-driven reform. Challenging standards for all students would promote excellence and equity, and better link Title I along with other federally-supported programs to state and local reform efforts. As the largest single federal investment in elementary and secondary education, the reauthorized Title I adopted each of the key principles outlined in the legislation:

- Support states in setting high standards for all children—with the elements of education aligned, so that they are working in concert to help all students reach those standards
- Focus on teaching and learning, through upgrading curriculum, accelerating instruction, and providing teachers with professional development to teach to high standards
- Provide flexibility to stimulate school-based and district initiatives, coupled with responsibility for student performance
- Create links among schools, parents, and communities
- Target resources to where the needs are greatest

These changes were informed by evaluations of what was then the Chapter 1 program that identified several causes of the program's failure to accomplish its intended objectives. Indeed, as the prior National Assessment of Chapter 1 found, Chapter 1 programs reinforced low expectations of the students they served by providing students with remedial instruction and holding them to lower academic standards than other students.⁶

- Different expectations were clearly evident for students in high- and low-poverty schools. Indeed, when measured against a common test, an "A" student in a high-poverty school would be about a "C" student in a low-poverty school.⁷
- Program-supported services pulled most Chapter 1 students out of their regular classrooms for program-supported services, adding an average of only 10 minutes of instructional time per day, and often failing to relate to the rest of the student's educational experience.⁸
- Chapter 1 did not contribute to high-quality instruction, and often relied on teachers' aides who lacked educational credentials required to deliver high-quality instruction.⁹

- Chapter 1 had not kept pace with the growing movement, across the country, toward the establishment of challenging standards and assessments. Therefore, weaknesses in instruction were compounded by minimum competency assessments that tested primarily low-level skills.¹⁹

The reauthorized Title I legislation coupled flexibility in the use of resources with attention to accountability for results. Providing flexibility in tandem with performance accountability is the centerpiece of Title I, and an overall focus of the National Assessment of Title I. The National Assessment also examines the implementation of key Title I provisions at the state, district and school levels.

The Mandate for a National Assessment of Title I

The final report of the National Assessment of Title I responds to Congress' mandate to examine the progress of students served by the program and implementation of key provisions, and suggests strategies for improved policies or changes in statutory requirements.

Key issues addressed include:

- The performance of students in high-poverty schools and low performing students, the prime beneficiaries of Title I services
- The implementation of systems designed to support schools in helping students meet high standards, including the establishment of systems of challenging standards and assessments, the role of Title I in holding schools accountable for results, and targeting of Title I funds and the allocation and use of resources in states, districts and schools
- The implementation of Title I services at the school level, including strategies for providing challenging curriculum and instruction in high-poverty Title I schools, uses of schoolwide and targeted assistance approaches for providing services in Title I schools, qualifications of and support for staff (including aides) in Title I high-poverty schools, and Title I support for partnerships with families
- The implementation of additional Title I services targeted at special populations, including Part A Services to Students Enrolled in Private Schools, Even Start (Part B), Migrant Education Program (Part C), and Services to Neglected or Delinquent Children (Part D)

The National Assessment of Title I also reports progress on key indicators identified for the Title I program in response to the Government Performance and Results Act of 1993 (GPRA) [P.L. 103-62], which requires that agencies establish performance goals and track indicators for every program. These indicators address improved achievement for students enrolled in high-poverty schools, increases in the number of Title I schools using standards-based reform and effective strategies to enable all children to reach challenging standards, and accelerated state and local reform efforts and assistance to Title I schools.

The National Assessment of Title I benefited from the involvement of an Independent Review Panel composed of representatives of state and local education agencies and private schools, school-level staff, parent representatives, education researchers, and policy experts. The Panel,

mandated under Sections 1501 and 14701 of the ESEA, has met three to four times a year since May 1995. It has defined issues for the National Assessment of Title I and the companion *Report on the Impact of Federal Education Legislation Enacted in 1994* to address. Panel members have also participated in reviews of study plans, data analysis, and draft text for both reports.

KEY FINDINGS

Progress in the Performance of Students in High-Poverty Schools

The impact of standards-based reform is beginning to be seen in improved achievement among students in high-poverty schools and among low-performing students—who are the primary recipients of Title I services.

Performance on National Assessments of Reading

Since 1992, prior to the reauthorization of Title I, national reading performance has improved for 9-year-olds in the highest-poverty public schools, bringing scores back up to about their 1988 to 1990 levels. Scores on the National Assessment of Educational Progress (NAEP) of 9-year olds in high-poverty public schools increased 8 points (close to one grade level) between 1992 and 1998. (Exhibit 2)

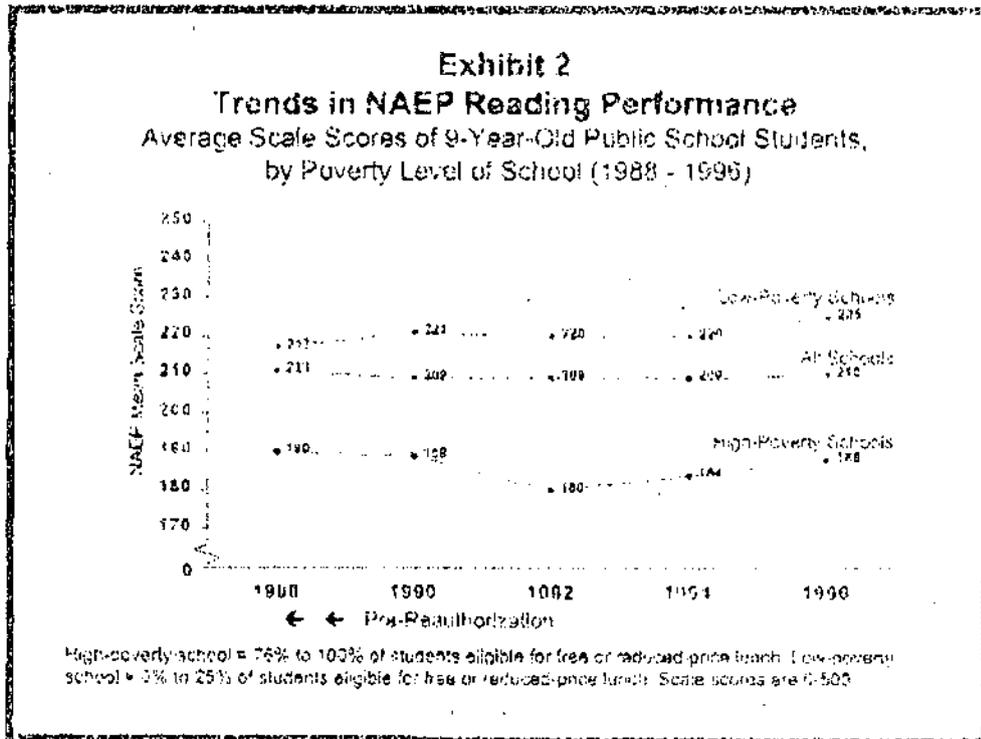


Exhibit reads: The average reading scale scores of 9-year-old students in high-poverty schools dropped in 1992 but have increased since then. Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress, NAEP Reading Trends, unpublished tabulations, 1998.

Among the lowest achieving public school 4th graders—those most likely to be served by Title I—there were fairly substantial improvements in reading between 1994 and 1998.

Performance on National Assessments of Mathematics

Math achievement has improved nationally, especially among students in the highest-poverty public schools. NAEP scores show an upward trend in achievement for all 9-year olds from 1986 through 1996, and, since 1992, substantial gains among students in the highest-poverty schools (Exhibit 3). In spite of these gains, the achievement gap between students in high- and low-poverty schools remained about the same in 1996 as it had been in 1986.

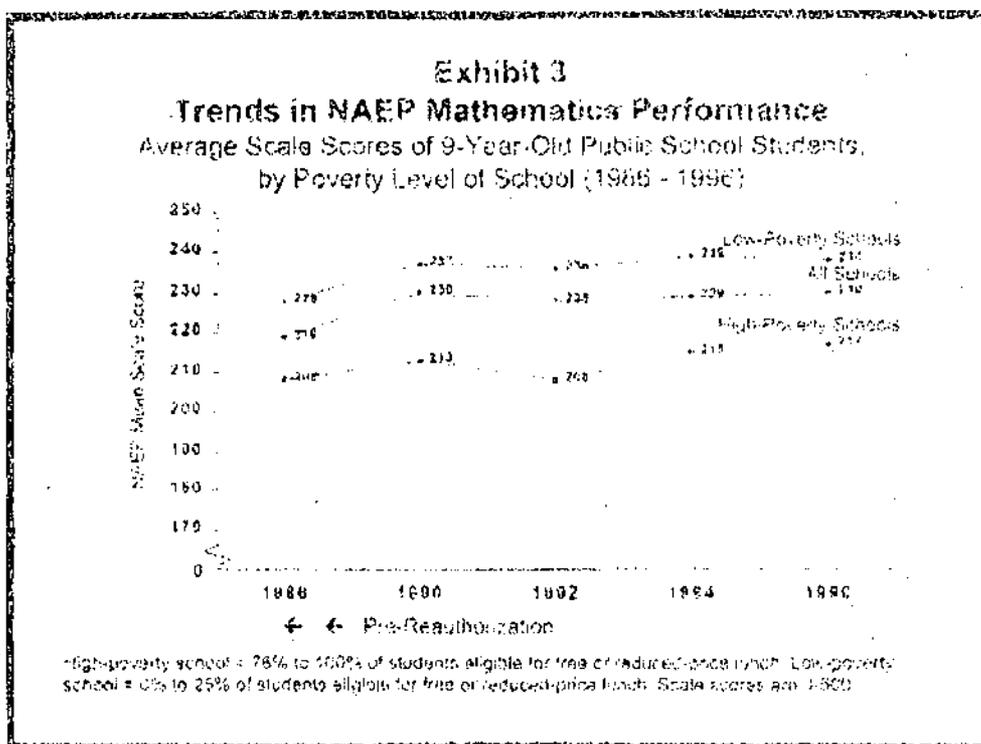


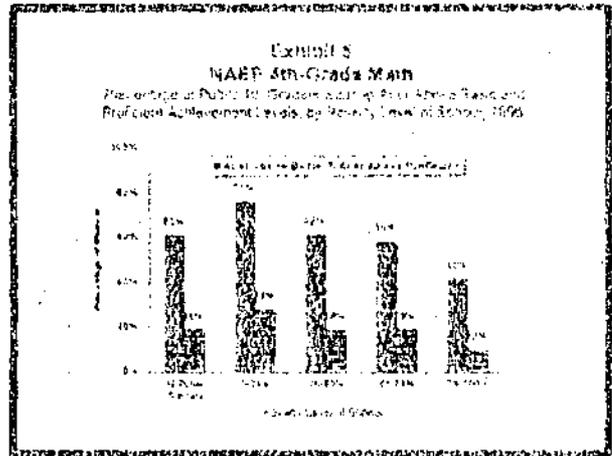
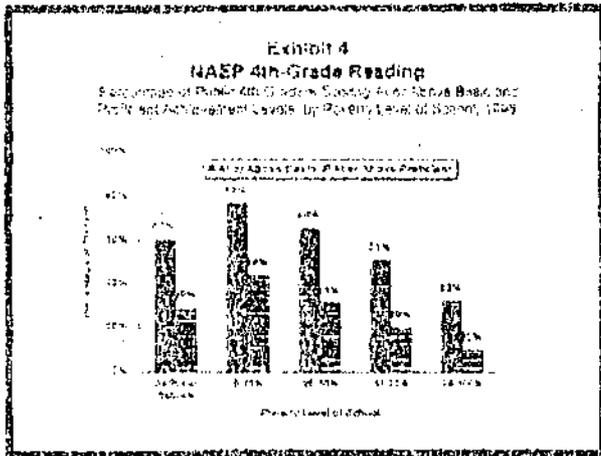
Exhibit reads: The average mathematics scale scores of 9-year-old students in the highest-poverty schools dropped in 1992 but have increased since then.

Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress, NAEP Mathematics Trends, unpublished tabulations, 1998.

Math scores also improved substantially among public 4th grade students in the lowest percentiles of performance—those most typically targeted for Title I services. The main NAEP assessment shows that from 1990 to 1996, the average performance of the lowest achieving students improved steadily. NAEP scores of the lowest 25 percent improved by 8 points.

However, a substantial achievement gap remains between students in the highest and lowest poverty schools. In 1998, 32 percent of students in the highest-poverty schools met or exceeded the NAEP Basic level in reading, about half the rate nationally of students in public schools. In

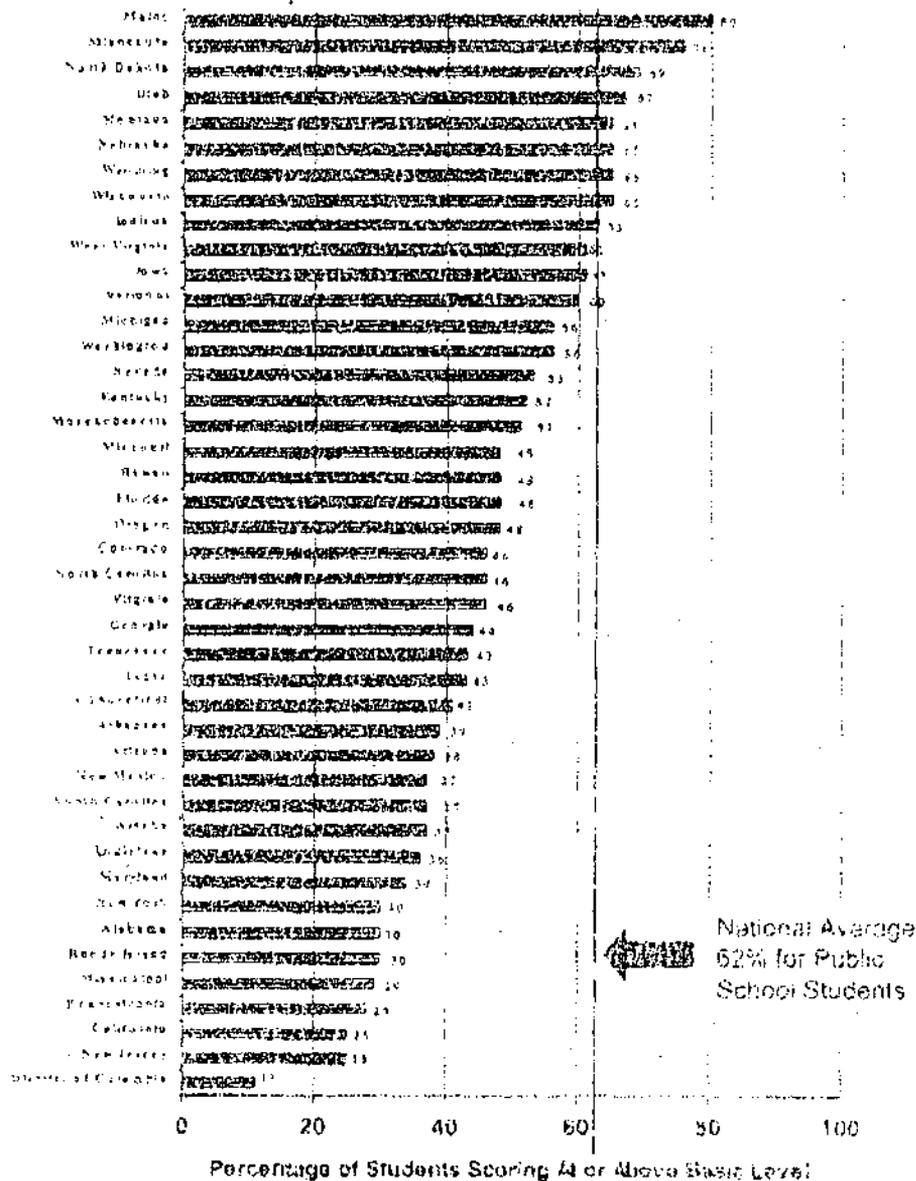
math, 42 percent of students in the highest poverty schools scored at or above the NAEP *Basic* level in 1996, compared with 62 percent in all public schools.



Exhibits read: In 1998, 77 percent of students attending low-poverty schools performed at or above the *Basic* level in reading and in 1996, 62 percent of all 4th-graders scored at or above the *Basic* level in math and 19 percent scores at or above *Proficient*.
Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress, Main NAEP Reading and Mathematics, unpublished tabulations, 1999.

Despite the nationwide gap in performance, the percent of fourth-grade students enrolled in high-poverty public schools achieving at or above the *Basic* level exceeded the national average in 9 states--indicating that it is possible to bring these students to high levels of achievement.

Exhibit 6
State NAEP 4th-Grade Mathematics, 1996
Percentage of Students in the Highest-Poverty Public Schools
Performing At or Above Basic Level, by State



Highest poverty school = 75% to 100% of students eligible for free or reduced-price lunch

Exhibit reads. In Maine 80 percent of 4th graders who attended the highest-poverty schools scored at or above the *Basic* level in math.

Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Education Progress, State NAEP Mathematics, unpublished tabulations, 1996.

Performance on State and District Assessments

Three year trends reported by states and districts show progress in the percent of students in the highest-poverty schools meeting state and local standards for proficiency in mathematics and reading. Among states and large urban districts that provided three-year trend data for students in high-poverty schools, progress overall is positive.

- The achievement of elementary school students in the highest-poverty schools improved in 3 of 6 states reporting three year trends in reading and in 4 of 5 states reporting trends in mathematics. Students in Connecticut, Maryland, North Carolina, and Texas made progress in both subjects.
- Ten of 13 large urban districts showed increases in the percentage of elementary students in the highest-poverty schools who met district or state proficiency standards in reading or math. Six districts, including Houston, Miami-Dade County, New York, Philadelphia, San Antonio and San Francisco made progress in both subjects.

Title I Support for Systems Designed to Support Schools in Helping Students Meet High Standards

Development of Standards and Assessments and the Role of Title I

Challenging standards of learning and assessments that ensure shared expectations for all children are key policy drivers in Title I. Indeed, support for the establishment of systems of standards and assessments under Title I, as well as the Goals 2000: Educate America Act, are consistent with a key purpose of the program, as outlined in the statute: "to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children."

In addition to requiring states to establish and use systems of standards and aligned assessments to guide expectations for what children should be expected to know and do, Title I has required that states develop criteria for tracking the student performance of schools and districts participating in the program. By the 1997-98 school year, each state was to have adopted challenging content standards, in at least reading and math, that specify what all children are expected to know and be able to do, and challenging performance standards that describe students' mastery of the content standards. By the year 2000-2001, states are also to adopt or develop student assessment systems that are aligned with standards in at least reading-language arts and math.

States are making significant progress in developing content standards, but progress is considerably slower with respect to developing performance standards according to the timeline set forth in the statute.

- Forty-eight states, the District of Columbia, and Puerto Rico have approved content standards in the core subjects of reading and math. One remaining state is approving its districts' standards; the other state has a waiver to extend the deadline to develop state standards.

Federal assistance is credited with providing financial incentives and support that helped states adopt standards.

- Less than half the states had approved performance standards by 1998. Variability in the rigor of standards is a concern, given the lack of evidence that states have benchmarked standards against common criteria, such as NAEP.

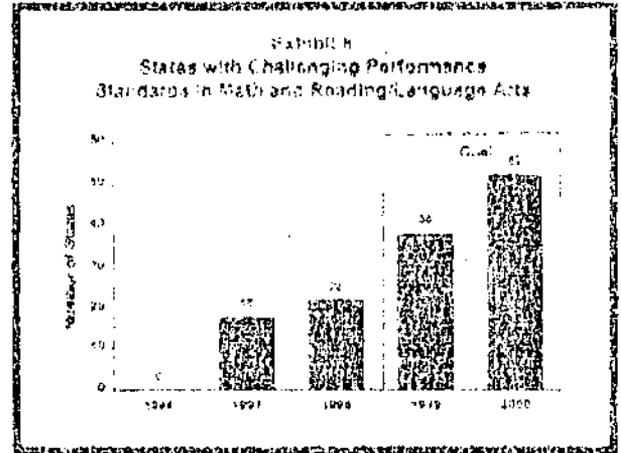
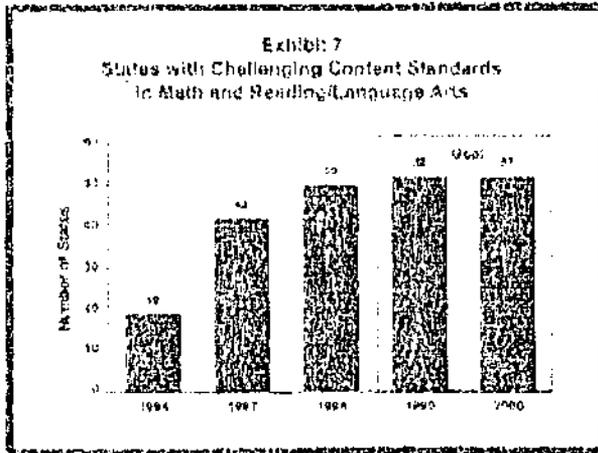


Exhibit reads: In 1994, 19 states reported having challenging content standards in reading and math.

Source: Council of Chief State School Officers, Status Report: State Systemic Education Improvements (Washington, DC: Council of Chief State School Officers, August 1995); U.S. Department of Education, unpublished analysis of state plans required under Sec. 1111.

States are not required to have assessment systems (which reflect standards) and include all students until 2000-2001. However, progress in their development is worth noting.

- As of 1997, 14 states provided evidence, in state plans submitted to the U.S. Department of Education, that they had in place assessments linked to state content standards.
- Additionally, a sizeable number report student achievement based on state assessment data according to categories established in the statute. For the 1996-97 school year, of the 48 states, plus DC and Puerto Rico, that reported student achievement data through the Title I Performance Report, 21 disaggregated results by school poverty levels, 12 reported results for low-income students, 19 provided data for limited English proficient students, and 16 reported achievement of migrant students.¹¹

Issues regarding assessment of special populations are among the greatest challenges reported by states in developing their assessment systems. The review of state practices in determining school and district progress found that most states (43) had at least partially developed policies or procedures for assessing all students but only 28 provided some evidence that these policies or procedures were being implemented.¹²

The Role of Title I in Holding Schools Accountable for Performance and Supporting Improvement Efforts

Title I is intended to be linked to state accountability so that states will hold Title I schools to the same high standards for performance expected for all schools. Under Title I each state is required

to develop criteria for determining a standard of adequate yearly progress for districts and schools participating in Title I based on the state assessment and other measures. Title I schools and districts that fail to make adequate yearly progress are to be identified for improvement. Schools identified for improvement are to receive support and assistance from states and districts. Those schools and districts that continue to fail to make progress are subject to corrective actions. The performance of districts and schools under Title I is to be publicly reported and widely shared. Full implementation of accountability under Title I is not required until final assessments are in place in the 2000-2001 school year. In the interim, Title I schools and districts are to be identified for improvement based on transitional measures of progress adopted by states.

The accountability provisions in Title I were largely modeled on those in place in some states (such as Kentucky, Maryland, and Oregon) in which schools were required to show gains over a specific period of time. **While early reform states have had the advantage of pursuing standards-based reform and creating systems of accountability for a longer period of time, all states are making progress in implementing the accountability provisions of Title I.** Accountability tied to student performance is focusing attention on low-performing schools. But states are also facing real challenges as they transform their educational systems into higher performing, outcomes-based systems.

- States have developed transitional measures for defining school and district progress under Title I, but there are concerns about the rigor of the measures. An independent review of state plans documented that only half of all states have set standards for measuring progress based on students reaching a proficient level of performance, rather than only a minimum level of competency. Most states do not have a specified timeline for having all students meet expectations.
- There is considerable variation across states in the identification of Title I schools in need of improvement. In Texas, only 1 percent of Title I schools were identified for improvement in 1996-97. In New Mexico and Washington D.C., over 80 percent of Title I schools were identified for improvement.¹⁴ This variation likely reflects differences in the rigor of identification processes and the capacity of states to assist identified schools.

A key concern is the extent to which identification of schools for improvement under Title I is consistent with the accountability systems states are putting in place for all schools.

- While there is considerable overlap between schools identified for improvement under Title I and other state or local mechanisms, states report that they are having difficulty integrating the Title I requirements with their own systems. Parallel systems are operating in many states.
- Although there is variation in the number and percentage of Title I schools identified for improvement across the states, evidence suggests that states are identifying their neediest schools. Schools identified for improvement tend to serve a greater proportion of poor students and have a larger minority enrollment.

In some instances, Title I is promoting greater attention to accountability.

- A recent study of accountability in large urban districts finds that Title I has been a "model and an instigator" for standards-based reform and efforts to track student progress and improve schools.¹⁵ Nationally, 14 percent of districts report that Title I is driving reform in their districts as a whole to a great extent. Fifty percent of small poor districts and 47 percent of large poor districts report that Title I is driving reform to a great extent.¹⁶

Recent findings also suggest that state and Title I accountability requirements are helping states, districts, and schools focus more on the use of data for improvement as well as accountability.

- Research on accountability in 12 states and 14 districts found a remarkably high level of attention paid to using data to inform decisionmaking. The study found that while outcome data was being required to be used for school improvement planning, many districts were going beyond requirements of the law to use this performance data to identify and develop strategies for staff development and curriculum improvement that address gaps in performance.¹⁷

The capacity of state school support teams to assist schools in need of improvement under Title I is a major concern.

- Congress did not fund the State Improvement Grants that would have provided additional funding for the operation of school support teams. Although the main task for state school support teams has been to assist schoolwide programs, their charge also includes providing assistance to schools in need of improvement. In 1998, only 8 states reported that school support teams have been able to serve the majority of schools identified as in need of improvement. In 24 states, Title I directors reported more schools in need of school support teams than Title I could assist.¹⁸
- Among schools that reported in 1997-98 that they had been identified as in need of improvement, less than half (47 percent) reported that they had received additional professional development or assistance as a result.¹⁹

Targeting Title I Resources to Districts and Schools Where the Needs are Greatest

Historically, Title I funds were spread thinly to most districts and a large majority of schools, undermining the program's capacity to meet the high expectations set by policymakers. The previous Chapter 1 formula and within-district allocation provisions spread funds to virtually all counties, 93 percent of all school districts, and 66 percent of all public schools, yet left many of the nation's poorest schools unserved. The 1994 reauthorization changed the allocation provisions in an effort to improve the targeting of Title I funds on the neediest districts and schools. In addition, Congress has recently increased the proportion of Title I funds appropriated for Concentration Grants in an effort to direct a greater share of the funds to higher-poverty districts and schools.

Changes in the allocation formula and procedures, enacted in the 1994 amendments, have had little effect on targeting at the state, county, and district levels, but substantial impact on within-district targeting. Almost all (95 percent) of the highest-poverty schools (75 percent or more poverty) received Title I funds in 1997-98, up from 79 percent in 1993-94. Funding for low-poverty schools (less than 35 percent poverty) declined from 49 percent to 35 percent over the same period. Nearly all (93 percent) highest-poverty secondary schools received Title I funds in 1997-98, up from 61 percent in 1993-94 (Exhibit 9).

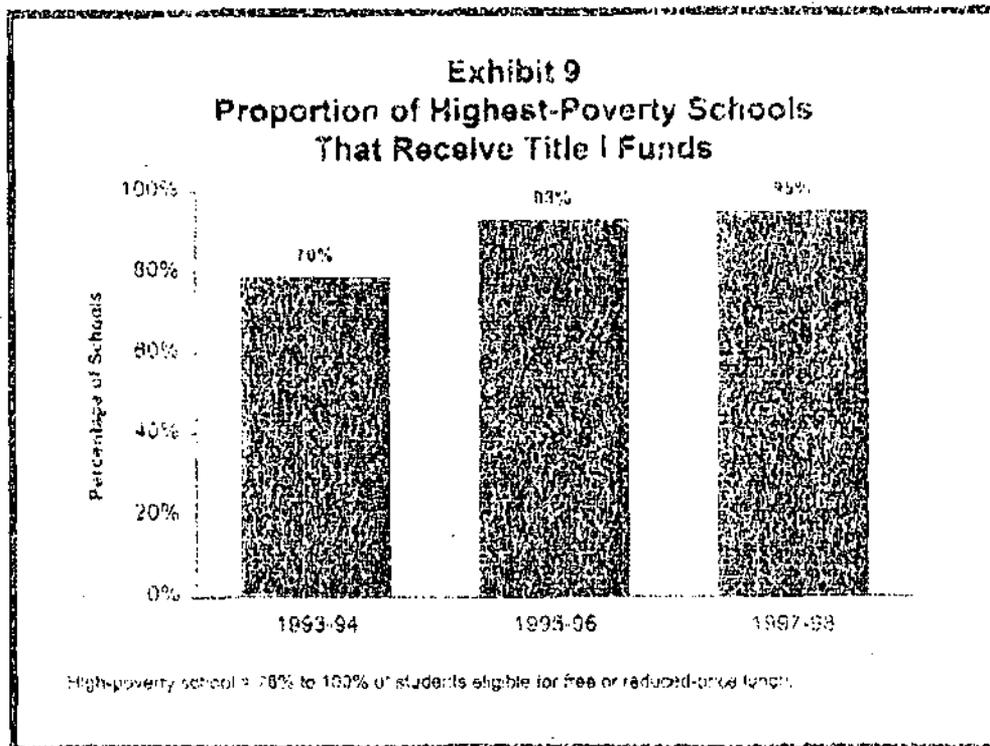


Exhibit reads: The percentage of highest-poverty schools receiving Title I funding rose from 79 percent in 1993-94 to 95 percent in 1997-98. Source: U.S. Department of Education, Study of Title I Within-District Targeting (forthcoming).

Nearly all Title I funds are allocated to local school districts. States distribute 99 percent of their Title I funds to school districts and retain only 1 percent for administration, leadership, and technical assistance to districts and schools.²⁰ Over 90 percent of Title I funds are used for instruction and instructional support—much higher than the percentage of state and local funds (62 percent).²¹

Although Title I accounts for a relatively small percentage of total funding for elementary and secondary education (about 3 percent), the program plays a significant role in supporting local education improvement efforts. It provides flexible funding that may be used for supplementary instruction, professional development, new computers, after-school or other extended-time programs, and other strategies for raising student achievement. For example, Title I funds used for technology amounted to roughly \$240 million (about 37 percent of total federal support for technology). Title I funds used for professional development amounted to approximately \$200 million in 1997-98 (about 29 percent of total federal support for professional development).²²

Title I funds may help equalize resources for high- and low-poverty schools. Title I provides additional support in districts and schools with greater needs, which often receive fewer resources from state and local sources. For example, Title I funds purchased an average of 3.3 computers in high-poverty schools in 1997-98 (27 percent of the new computers), compared to 0.6 computers in low-poverty schools. High-poverty schools' use of Title I funds for technology helped to compensate for the fact that they received fewer computers from state or local funds (4.8 computers, versus 12.4 in low-poverty schools).²³

Despite increases in the number of high-poverty schools served, however, the average size of a school's allocation remains unchanged (at about \$470 per low-income pupil), indicating that increasing funds and the shift away from low-poverty schools did not result in increasing available resources.

Title I Services at the School Level

The Context of Standards-Based Reform

There is evidence of progress for students in high-poverty schools where staff members focus on challenging standards and strategies that help students achieve them. In the longitudinal Evaluation of School Change and Performance (LESCP), a study of instructional practices in 71 high poverty schools—

- Fourth-graders were likely to make better progress in reading if their teacher gave them more total exposure to reading in the content areas and opportunities to talk in small groups about what they had read
- Additionally, teachers who used a curriculum that reflected National Council of Teachers of Mathematics (NCTM) standards had students with higher gains in mathematics.
- Students who started the year as low achievers could be helped to gain more skill in problem solving in mathematics when their teachers deliberately emphasized understanding and problem solving with them.

Principals are reporting an increased use of content standards to guide curriculum and instruction in their schools. The proportion of Title I principals who reported using content standards to guide curriculum and instruction to a great extent increased substantially from approximately half in 1995-96 to approximately three-quarters in 1997-98. Recent findings from a study of high-performing, high-poverty schools carry this relationship one step further, finding that implementing such reforms is associated with higher student performance. The study found that in high-performing, high-poverty schools, 80 percent of principals reported using standards extensively to design curriculum and instruction and 94 percent reported using standards to assess student progress.²⁴

However, most teachers do not feel very well-prepared to use standards in the classroom. In 1998, only 37 percent of teachers in schools with 60 percent poverty or greater reported that they felt very well prepared to implement state or district curriculum and performance standards. This sense of preparedness is a key factor in predicting student outcomes, according to the LESC study of 71 high-poverty Title I schools. The LESC found that teachers' reported preparedness in both subject matter and instructional strategies had a positive relationship with student growth.²⁵ The LESC also found that district reform policy had an influence on teachers' familiarity with standards-based reform and their implementation of such reform in their classrooms. Teachers in higher-reform districts were more likely than their peers in lower-reform districts to be familiar with content and performance standards and assessments and their curriculum was more likely to reflect the standards.

Another factor that may contribute to a teacher's sense of preparedness is professional development. **In 1998, public school teachers, regardless of the poverty level of their school, spent a limited amount of time in professional development, although they did focus on topics that supported standards-based reform.** Most teachers are not participating in intensive

or sustained training—two essential characteristics of effective professional development. Given the relationship found between teacher preparedness and student achievement, this is a troubling finding. Over half (55 percent) of all teachers in high-poverty schools reported spending less than 9 hours per year on training in the content areas. Over two-thirds (70%) of teachers in high-poverty schools reported receiving less than 9 hours per year of professional development related to content and performance standards.²⁵

Title I Support for Standards-Based Reform

Schools are making better use of delivery models that integrate Title I with the regular academic program. Reliance on the pull-out model (instruction outside of the regular classroom) has decreased, while in-class models (instruction in the regular classroom), schoolwide programs, and extended-time instruction have all increased. Use of the in-class model has increased dramatically since the years prior to reauthorization. In 1991-92, for example, 58 percent of Title I schools used the in-class model²⁷ and its use increased to 83 percent in the 1997-98 school year.²⁸ In 1991-92, 74 percent of Title I schools used a pull-out model²⁹ and 68 percent did in 1997-98.³⁰ However, in 1997-98, over half (57 percent) reported using both of these approaches.³¹

Title I paraprofessionals are widely used, particularly to provide instruction. In the 1997-98 school year, 84 percent of principals in high-poverty schools reported using aides, as contrasted with 54 percent in low-poverty schools.³² Although very few aides had the educational background necessary to teach students, almost all (98 percent) were either teaching or helping to teach students.³³ Over three-fourths of aides (76 percent) spent at least some of this time teaching without a teacher present.³⁴

Schoolwide programs have the potential to help integrate Title I resources in standards-based reform at the school level. Recent findings show that schoolwide programs are more likely to use a strategic plan and to use models of service delivery that better integrate Title I into the larger educational program. Strategic plans allow Title I services to be considered within the broader context of a school's reform goals, and can provide a framework for better integration of Title I within the regular academic program. In addition, principals in schoolwide programs reported less use of the pull-out model than targeted assistance programs, as would be expected. They were also more likely to report using extended time programs.

Less than half of Title I schools offer extended learning time programs, although the percentage of schools offering extended time has increased from 9 to 41 percent since the last reauthorization. However, few students participate in these programs. In all the high-poverty schools offering before- and after-school and weekend instructional programs, an average of 16 percent of students participate. In all Title I schools offering such programs, an average of 12 percent of students participate.³⁵ In high-poverty schools offering summer programs, 16 percent of students participate and in all Title I schools offering summer programs, 25 percent of students participate.³⁶

Recent research on effective schools has found that such schools use extended time learning in reading and mathematics to improve learning and achievement.³⁷ In a recent study of higher-success and lower-success elementary schools in Maryland, researchers found that the more successful schools were seeing consistent academic gains as a result of extended day programs.³⁸ In another study of high-performing, high-poverty schools, 86 percent of the schools extended time for reading and 66 percent extended instructional time in mathematics.³⁹

Recent evidence indicates that secondary schools are making progress in implementing service delivery models that are less stigmatizing and better integrated with the regular academic program. Secondary students are still served in pull-out settings, but not as commonly as elementary students. Moreover, in the schools that do provide pull-out services, it appears to be one of several models of service delivery. In addition to improving Title I delivery strategies, secondary schools are making progress in implementing standards-based reform. Title I services in secondary schools provide supplementary services in support of schools' efforts to enable students to achieve high standards. Most secondary school principals reported using content standards to a great extent in reading (75 percent at the middle school level and 62 percent at the high school level) and mathematics (72 percent at the middle level and 65 percent at the high school level).⁴⁰ Case studies of 18 secondary schools engaged in school improvement suggest that state and local accountability systems are prompting reform, and that Title I generally serves to support these reform efforts. In states and districts with high-stakes accountability systems, both core academic instruction and supplementary assistance provided through Title I are often geared toward preparing students to pass state or district assessments.⁴¹

Title I Support for Partnerships with Families, Schools and Communities to Support Learning

Title I supports parent involvement and family literacy. The federal role in supporting parent involvement can be catalytic, focusing schools on engaging parents to support learning and participate in school activities and decisions. Principals and teachers identify the lack of parent involvement as a significant barrier to improvement and see the need to engage parents to achieve reform, especially in high-poverty schools. However federal programs lack a clear, unified approach to addressing these needs overall. The new Title I compacts can bring schools and parents together around their shared responsibilities, but they need sustained support. The even-Start family literacy program has shown results in working with very needy families, but it needs to strengthen the intensity and quality of services to achieve better performance.

Title I Services to Special Populations

Title I Services to Students Attending Private Schools

Reauthorization and recent court rulings have affected the participation of private school students in Title I. Federal law requires that students in private schools be afforded an opportunity to participate in Title I equal to students in public schools, and the services provided to them must also be equitable. Reauthorization in 1994 changed the allocation of Title I resources for these services, linking it to the number of low-income students residing in attendance areas instead of the level of educational need. The law requires that districts engage in timely and meaningful consultation with private schools prior to making decisions that affect the opportunities of eligible private school children to participate in Title I. The overturning of the *Aguilar v. Felton* decision in June 1997 (*Felton* had restricted the location where services could be provided to students in religiously-affiliated schools) adds considerable flexibility to district options for providing Title I services to eligible students enrolled in private schools.

Surveys have shown that the number of private school participants has declined by about a percent since the 1994 reauthorization, from 177,000 in 1993-94 to 167,000 in 1996-97. Decreases in the number of private school students served were reported by one-third of all districts and two-thirds of the districts that serve the largest numbers of private school students.

Most Title I administrators and private school representatives agree that they have established positive working relationships, but national survey results show significant differences in reports about who is actually involved in consultation and about the topics that are discussed. For example, Title I administrators in at least 80 percent of districts say that they consulted with either a private school principal or representative of a private school organization on most issues, but substantially fewer private school representatives report such consultation.

Almost all districts that serve eligible private school students provide them with supplementary academic instruction. A very small number provide other allowable services (e.g., counseling, health services, homework assistance, professional development). A preliminary review of the experiences of nine large urban districts indicates that they are taking advantage of the opportunity to provide instructional services on religiously affiliated school premises. However, Title I administrators in these districts also report that they continue to provide at least some of the instructional services in neutral sites on or near the school grounds, with several of the districts relying more heavily on these facilities than others.

Title I, Part B, Even Start Family Literacy Program

The Even Start program (Title I, Part B) provides support to states and local grantees for family literacy programs intended to break the cycle of poverty and illiteracy in low-income families. The program is designed to support high-quality, intensive instructional programs that promote adult literacy and empower parents to support the educational growth of their children, developmentally appropriate early childhood educational services, and preparation of children for success in school.

A national evaluation has documented that Even Start projects successfully target services toward families who are most in need. At least 90 percent of families participating in 1996-97 had incomes at or below the federal poverty level and 85 percent of the adults had not earned a high school diploma or GED.

Children and adults receiving Even Start services have consistently made gains on measures of literacy. In 1995-96, the gap between scores of Even Start children and those for national norms was reduced by two-thirds over time. Adult participants also made gains on tests of adult literacy. Parents also showed moderate gains on a measure of the home environment for literacy, gains not found in a control group of parents in a study of the Comprehensive Child Development Program.

Working with such needy families poses challenges to providing intensive services and engaging families over an extended period of time. Research has shown that service intensity and duration can contribute to better outcomes. On average, Even Start projects have increased the amount of instruction they have offered in all core service areas over time, and participation rates have improved. However, only about 25 percent of all projects meet or exceed the Department's performance indicator for the number of service hours offered in the three core instructional components.

Title I, Part C, Migrant Education Program

The (Title I, Part C) Migrant Education Program (MEP) provides formula grants to states for supplemental education and support services for the children of migrant agricultural workers and

fishers. Reauthorization established a priority for services for migratory children whose education has been interrupted during the school year and who are failing, or at risk of failing, to meet their states' content and performance standards.

There is some evidence from schoolwide program schools that migratory children who are failing to meet state standards do have the highest priority for instructional services. According to 80 percent of principals of schoolwide programs, migrant students who fail to meet their state's content and performance standards have the highest priority for instructional services.

MEP summer-term and extended-time projects play an important role in the education of migrant students. Summer projects provide continuity of instruction for migrant students, who experience a great deal of educational disruption. Over the last decade, summer projects have grown faster than the regular program, and they now serve approximately 60 percent of the number of students served during the regular-term. The number of summer participants increased from 220,800 in the 1995-96 school year to over 283,000 in 1996-97.

Effective coordination at the state level can increase the efficiency and effectiveness of services to migrant children. Consortia arrangements designed to reduce administrative costs and increase information sharing across states have grown since reauthorization. As of August 1998, the Department had approved consortium arrangements involving 32 states, an increase from 15 states in FY1995. Reauthorization eliminated the Migrant Student Records Transfer System (MSRTS) in response to the many reports detailing a system that was expensive but did not transfer data efficiently. Two years after the elimination of the MSRTS, most states and school districts relied on mail, telephone, and fax to transfer records for migrant students.

Title I, Part D, Prevention and Intervention Programs for Children and Youth Who are Neglected, Delinquent, or At Risk of Dropping Out

The Title I, Part D program is intended to serve neglected and delinquent children and youth, often in juvenile and adult correctional facilities. The 1994 reauthorization made several major changes to the Title I, Part D program to strengthen the quality of academic instruction supported by this program and to improve coordination among programs serving neglected or delinquent students. Included among the changes was increasing the number of hours each week for instruction to help enable students to meet challenging academic standards. The reauthorized program also offered institutions the option of operating institutionwide programs, modeled after Title I schoolwide programs, to help ensure that students' needs are being met in a coherent and coordinated manner.

Although states report that they are building facilities' capacity to implement institutionwide programs, few facilities have implemented them. More than half of the states provided technical assistance on whole school improvement, yet only 9 percent of N or D facilities are institutionwide programs. Moreover, states and institutions need to work on collecting appropriate data and using it to inform program improvement. Institutions are generally unable to collect comprehensive data on students' educational experiences and transition to further education or employment.

Future Options for Title I

Focus on the Highest Poverty Schools

The continuing weak performance of the highest poverty schools, those with poverty in excess of 75 percent, remains as one of America's most pressing educational problems. These schools represent a special case among schools participating in Title I. Although all Title I schools need additional resources and assistance, the highest poverty schools are the neediest not only in terms of their populations served, but in terms of the progress they must make to improve their current performance.

Reauthorization should address providing substantial additional resources to schools in the highest poverty category. A significant proportion of any new funding for Title I should be devoted to targeting extra resources on the poorest schools. To make a substantial difference in resources the highest poverty schools receive, an estimated \$1 billion in additional funds would be necessary annually. Such monies would raise the average annual amount of Title I funds that high-poverty schools receive by approximately 35 percent to an estimated \$290,000 for each school. These new monies could go out under the current formulas to states and districts for their schools with poverty rates of 75 percent or higher. If states lack schools in the highest poverty category, they would receive a minimum grant to be spent on their most impoverished schools.

Targeting additional funds based on high poverty has advantages over targeting on low performance. First, high-performing, high-poverty schools should not be penalized for their progress. Nor should low-performing schools be rewarded for a lack of effort. High-performing schools need support, recognition, and encouragement to sustain their gains. In addition, targeting funds on the basis of poverty is consistent with the process for allocating funds currently and would not require a different mechanism.

These funds need to be in amounts sufficient to enable schools to improve teaching and learning through a variety of strategies tailored to the needs of their students. With these funds, high-poverty schools could implement comprehensive school reform along the lines of the Comprehensive School Reform Demonstration Program, reduce class size in the early grades as provided by the Class Size Reduction Program, operate a quality extended time program as in the 21st Century Learning Communities Program, carry out intensive programs aimed at improving early reading as in the Reading Excellence Act program, run a program to start their middle school students thinking about college and planning for their futures as in GEAR UP, or a combination of such approaches. Rather than be required to apply for these federal funds separately, these schools would be automatically eligible to participate in such programs using these additional Title I funds and would receive assistance tailored to making these strategies successful in their schools.

States and districts would need to commit to assisting their highest poverty schools.

Districts would work with their schools to identify resources from all sources that could be combined for meaningful, concerted school reform. Districts would review their schools' planning and implementation or offer peer reviewers to work with the schools on a sustained basis. They would also share performance data, research on effective approaches, and information across schools engaged in reform.

The highest poverty schools should also be the highest priority for assistance from all federally supported technical assistance providers. Comprehensive regional assistance centers and other technical assistance providers could be required to describe how they will address the assistance needs of the highest poverty schools in their regions. Such assistance should include serving as a broker across other providers so that help is seamless and focused.

Reauthorization of Title I should also recognize that highest poverty schools are also poorer in the resources that matter most for student learning. They are less likely than others to attract and retain the best qualified teachers. Their teachers are more prone to hold emergency certification only, lack certification in the field in which they are teaching, or lack a major or minor in their teaching assignments. The highest poverty schools are more likely to experience rapid staff turnover, particularly of new teachers who lack mentors and other supports for induction in teaching. States and districts could create incentive programs to attract and retain the highest quality staff for the highest poverty schools. Funds could be used to pay bonuses to highly qualified principals and teachers committed to serve in these schools. High-poverty schools should also be the first priority for any federally supported professional development to ensure that they are not bypassed as states and districts move standards into the classroom.

The highest poverty schools require additional resources, but resources alone will be insufficient to address the learning gap and significantly raise performance. To support these schools in become high-performing places of learning, policy and practice must borrow the lessons learned from successful high-poverty schools. Indeed, one of the strategies for such support should include enabling other schools to learn from those that are succeeding in raising student achievement with children from similar backgrounds in similar circumstances.

- **Among the lessons learned is that high-performing high-poverty schools regard their plans as simply the starting point for a dynamic process focused on improving teaching and learning in the classroom.** To keep this focus front and center, reauthorization of Title I provisions for schoolwide plans should call for a reduced set of requirements that concentrates on teaching and learning. Reauthorization could eliminate requirements that are only tangentially related to classroom improvement.
- **High-performing high-poverty schools also engage in frequent self-assessment to get a bearing on where they are in relation to their goals and how they will reach them.** Needs assessments now required in Title I plans could form the basis for school self-appraisals that take into account not only how well students are performing and progressing, but also how schools are using all their resources to improve performance and accelerate progress. Such self-appraisals would enable school leaders and their teams to examine how they employ staff, configure classrooms, and arrange scheduling to improve the quality of instruction and extend learning time. High-performing high-poverty schools use information on student performance continuously to assess the extent to which their strategies are working.
- **To ensure that the plans focus on strategies that will enable schools to become successful, all plans could be peer-reviewed either at the district level or through school support teams.** Peer review should not be a paper exercise, but should involve teams going on site to observe and discuss with the school staff how they are putting the plans in practice. Repeat visits could occur periodically to review progress.
- **High-performing high poverty schools could be eligible for recognition and additional resources to serve as sites that others visit to learn about and see successful strategies in the classroom.** Incentives should go to schools willing to open their doors and share their practices that have worked with other schools.

PHOTOCOPY

PHOTOCOPY |
PRESERVATION

Focus on High-Quality Instruction

Considerable new program flexibility has been opened up through Title I schoolwide reforms, allowable waivers and redesigned state-linked standards and assessments, but vestiges remain of the past two-track systems of Title I and regular instruction. Surveys of federal coordinators and school principals consistently show that prior impediments to coordinated service delivery have diminished. However, more effort is needed to ensure that all students in Title I schools are receiving an enriched and accelerated educational program and that instructional staff are provided opportunities for sustained, standards-focused professional development. Recent studies have found that teachers with high levels of familiarity and adherence to standards-based reform also tended to report that they have participated in professional development around standards-based reforms, and that their curriculum adhered to standards, frameworks, and assessments. While quality instruction cannot be legislated, Title I should be supportive in ensuring the most qualified teachers serve students who are most at risk of school failure.

Yet, progress in using Title I to support improved instructional practices at the school-level remains limited by the continued use of paraprofessionals who provide instruction—particularly in the highest poverty Title I schools. Improving practices at the school level will also require, in some instances, decisions regarding the re-assignment of staff—particularly paraprofessionals who are supported with Title I funds. Paraprofessionals in high-poverty schools tend to have less formal education than those in low-poverty schools, and they are often assigned to teach—sometimes without a teacher present. While many paraprofessionals have invested large amounts of time and effort working in Title I schools, and are an important part of the school community, it is imperative that priorities for their services be based solely on the needs of students. Phasing out their use in instruction and promoting their use as parent liaisons or in administrative functions should be a priority.

Reauthorization should also support the establishment of career ladder programs for paraprofessionals, so that those desiring to become credentialed would be supported in doing so. These programs could include what some districts are doing already, based on recent survey data. Districts are paying for higher education courses and granting release time for studying or attending higher education courses. Indeed, if districts continue to employ paraprofessionals then they should help to underwrite their formal education.

Focus on Assistance

Technical assistance through the states was intended to support schools in need of improvement to analyze their needs and help them learn effective practices, but it has not been forthcoming to any large degree. Staff surveys, although self-reports on their own needs, still demonstrate that many staff and school leaders need help in implementing reform, know it, and want extra assistance. While professional development is shifting to support their reform needs, they are not receiving much of it and it is often not school-wide.

Schools are moving toward adopting curriculum and whole school reform models to frame their improvement efforts. However little independent research has been conducted to evaluate the efficacy of comprehensive school reform models and better understand the conditions under which they can succeed. The federal government should make such research and evaluation a priority. This information would enable schools to become better-educated consumers in

selecting and implementing models most likely to fit their circumstance and contribute to improved results.

Focus on Family Partnerships

It is important to continue to provide opportunities for parents of children (served by Title I) to participate in the education of their children at home and at school. Implementation of school-parent compacts to promote partnerships with parents in Title I schools is inadequate. Research has shown that compacts can be effective in promoting student outcomes, especially since they focus on partnership activities in support of learning, but a significant number of schools have not implemented their compacts and in others there is little or no follow-up. Most schools do not survey parents as to their partnership success and fewer publicly report results. The legislation should be streamlined to focus the attention of schools on making the partnership work.

Focus on Accountability

The use of school profiles designed to report school results and progress has been shown to be a powerful tool for accountability and school improvement. However, profiles often do not effectively reach parents and community members. They tend to be difficult to read, even for the well-educated parent. They are also limited in their scope of information, with few school report cards presenting information on teacher quality or student rates of progress. Also schools are limited by a lack of comparable statewide or national information on what they are able to accomplish. The federal government should facilitate state and local school district efforts to provide coherent, comparative information on school progress to their communities.

The reauthorization should also ensure that accountability provisions identify schools in need of improvement based on the best measures available to states and districts—regardless of whether their final assessment systems are in place. Schools already identified for improvement, should remain so; time should not be lost as a result of reauthorization in identifying and reaching schools with the greatest needs.

Finally, Congress and those responsible for implementing and supporting Title I programs should recognize that state and local systems of standards, assessments and accountability are in flux and are likely to keep changing over time. Even established systems such as those in Kentucky and Kansas, which were forerunners in the development of aligned systems of standards and assessments, have revised their efforts to reflect priorities of their state legislatures and boards. The law should recognize this and offer states and districts the flexibility to continue to implement measures of school accountability under these conditions.

This National Assessment of Title I has examined the program in the context of the burgeoning standards-based reform movement in states and school districts. Though there has clearly been progress in implementing standards at all levels, full implementation in classrooms across the country has yet to be accomplished. The new directions proposed for reauthorization are designed to help speed up standards implementation, to help all children achieve at high levels. Reauthorization should address the continuing challenges that undercut Title I's capacity to be a stimulus and support for better results for our nation's at-risk students.

¹ The FY 99 appropriation for Title I (Parts A-E) totaled \$8.587 billion.

² See forward.

¹ U.S. Department of Education, *Unpublished tabulations from the 1996-97 Title I Performance Report*, draft.

² U.S. Department of Education, *Unpublished tabulations from the 1996-97 Title I Performance Report*, draft.

³ U.S. Department of Education, *National Evaluation of the Even Start Family Literacy Program 1994-97* (Washington, DC: U.S. Department of Education, 1998) 30.

⁴ U.S. Department of Education, *Prospects: Student Outcomes Final Report* (Washington, DC: U.S. Department of Education, 1997) 12.

⁵ U.S. Department of Education, *Prospects*, 18.

⁶ U.S. Department of Education, *Reinventing Chapter 1*, 78-82.

⁷ U.S. Department of Education, *Reinventing Chapter 1*, 94-98.

⁸ U.S. Department of Education, *Reinventing Chapter 1*, 156-162.

⁹ Rolf Blank, Jennifer Mause, Barbara Braithwaite and Doreen Laugeisen, *State Education Indicators with a Focus on Title I: 1998* (Washington, DC: Council of Chief State School Officers, February 1999).

¹⁰ Scheeck and Carlson.

¹¹ From page 13 **ENDNOTE HERE!**

¹² From page 13 **ENDNOTE HERE!**

¹³ **ENDNOTE HERE!**

¹⁴ **ENDNOTE HERE!**

¹⁵ From page 14 **ENDNOTE HERE!**

¹⁶ **ENDNOTE HERE!**

¹⁷ **ENDNOTE HERE!**

¹⁸ U.S. Department of Education, *The Use of Federal Funds for Administrative Costs* (Washington, DC: U.S. Department of Education, 1993), iii.

¹⁹ U.S. Department of Education, *Administrative Costs* iii.

²⁰ U.S. Department of Education, Unpublished tabulations from the *Study of Education Resources and Federal Funding*, Table 43.

²¹ U.S. Department of Education, Unpublished tabulations from *Study of Education Resources*, Table 37.

²² The Education Trust, Inc. in collaboration with the Council of Chief State School Officers, "Dispelling the Myth: High Poverty Schools Exceeding Expectations," *Graft*, 1998, 4.

²³ U.S. Department of Education, Longitudinal Evaluation.

²⁴ U.S. Department of Education, *Teacher Quality: a Report on the Preparation and Qualifications of Public School Teachers* (Washington, DC: U.S. Department of Education, 1999) B-23.

²⁵ U.S. Department of Education, *Chapter 1 Implementation Study*, 2-3.

²⁶ U.S. Department of Education, Unpublished tabulations from the Follow-Up Survey, Table 12.

²⁷ U.S. Department of Education, *Chapter 1 Implementation Study*, 2-3.

²⁸ U.S. Department of Education, Unpublished tabulations from the Follow-Up Survey, Table 32.

²⁹ U.S. Department of Education, Unpublished tabulations from the Follow-Up Survey, Table 32.

³⁰ U.S. Department of Education, Unpublished tabulations from the Follow-Up Survey, Table 35E.

³¹ U.S. Department of Education, Unpublished tabulations from the Study of Education Resources, Table 56.

³² U.S. Department of Education, Unpublished tabulations from the Study of Education Resources, Table 22.

³³ U.S. Department of Education, Unpublished tabulations from the Study of Education Resources, Table 31.

³⁴ U.S. Department of Education, Unpublished tabulations from the Study of Education Resources, Table 52.

³⁵ The Education Trust 6, Hawley et al.

³⁶ Hawley et al.

³⁷ The Education Trust 6.

³⁸ U.S. Department of Education, Unpublished tabulations from the Follow-Up Survey, 1-3.

³⁹ U.S. Department of Education, Case Studies of Title I.

*Educ -
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Current Law	Clinton Proposal	House Passed Title II
<p><u>LEA and School Improvement</u></p> <p>Establishes a several-stage process for LEA and school improvement, requiring that: (1) LEAs identify schools not making adequate progress for two consecutive years; (2) identified schools revise Title I plans in the year after being identified; (3) LEAs help identified schools improve; and (4) ultimately, LEAs take corrective actions against schools that repeatedly fail.</p> <p>No comparable provision.</p>	<p>Requires schools, within 3 months of identification for improvement, to develop or revise plans that include research-based strategies and specific goals and objectives.</p> <p>Requires LEAs to peer review school improvement plans.</p>	<p>Mostly the same as Administration bill; adds new requirement for parental notification when LEAs or schools are identified for improvement, and for students enrolled in such schools to have the option of transferring to another public school.</p> <p>No provision for peer review of school improvement plans.</p>
<p>Corrective action is required during the third year following identification for improvement and may include such measures as curtailing a school's decision-making authority, or transferring staff or students to other schools. SEAs hold LEAs accountable using a similar process</p>	<p>Corrective action is required immediately after the third year following identification for improvement and must include at least one of the measures specified in the bill, such as implementing a new curriculum or redesigning or restructuring a school. Permits 1-year delay of corrective action if there has been a 1-year gain in student achievement and LEA expects school to meet targets in the following year.</p>	<p>Requires corrective action, which must include at least one of the measures specified in the bill, at the end of the second year following identification for school improvement. Requires parental notification when LEAs or schools are subject to corrective action. Permits delay of corrective action for 1 additional year "due to exceptional or uncontrollable circumstances."</p>

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PRESIDENT CLINTON BOLSTERS NATIONAL EFFORT TO TURN AROUND FAILING SCHOOLS BY DEMANDING MORE FROM THEM AND INVESTING MORE IN THEM

FEBRUARY 26, 2000

In his weekly radio address, President Clinton today will announce the release of official guidelines for his initiative to turn around failing schools. Last year, as part of his strategy to demand more from our schools and invest more in them, the President proposed an Accountability Fund to help states and localities fix failing schools or shut them down. Congress appropriated \$134 million for this Accountability Fund, and today President Clinton will release guidelines from the Education Department that will help states and school districts use these resources most effectively, as well as expand public school choice for students in failing schools. The President today will also release state-by-state allocations of funds from this initiative, and will call on Congress to boost the size of the Accountability Fund to \$250 million in FY 2001.

FIXING FAILING SCHOOLS BY INVESTING IN WHAT WORKS. Last year, President Clinton challenged Congress to pass his plan to create a first-ever Accountability Fund to help turn around low-performing schools. In the FY 2000 budget, Congress heeded that call and provided \$134 million for this initiative. The guidelines the President is releasing today will help states and local school take firm measures to bolster low-performing schools: implementing tougher curricula, overhauling staffing, even closing down schools and reopening them under new leadership or as charter schools. These are proven strategies for reform, and today's guidelines emphasize the importance targeting of investment in what works.

Some states have already demonstrated the power of concerted and targeted investments in accountability. For instance, two years ago North Carolina sent assistance teams to its 15 worst-performing schools. One year later, 14 of those schools had improved enough to be taken off the state's watch list. But nationwide, according to a Department of Education analysis, only half of schools identified by states as low-performing currently receive assistance. The Accountability Fund will help ensure that all failing schools get the help they need to turn themselves around. In his FY 2001 budget, the President nearly doubles the size of the Fund -- from \$134 million to \$250 million -- and today he will also call on Congress to make this next investment.

EXPANDING PUBLIC SCHOOL CHOICE. President Clinton believes that public school choice can help improve low-performing schools by increasing competition and accountability. Under his Accountability Fund plan, students in failing schools that are receiving assistance may choose to transfer to higher-performing public schools, including charter schools. President Clinton has worked hard to increase choice in public education, through charter schools and other strategies, and his accountability initiative builds on that commitment.

IMPROVING OUR SCHOOLS BY INVESTING MORE AND DEMANDING MORE. The Accountability Fund is one component of the Administration's comprehensive agenda to strengthen public schools by demanding more and investing more. The President's Education Accountability Act would require states and school districts to issue report cards to parents on school performance, increase teacher quality and stop out-of-field teaching, end social promotion the right way by giving all students the tools they need to reach high standards, institute strong but fair discipline codes in schools, and strengthen the accountability initiative the President is highlighting today. The President's FY2001 budget request includes a \$4.5 billion increase for education that will, among other goals, expand after-school and summer school programs, reduce class sizes in the early grades, build and modernize public schools, increase teacher quality, and expand charter schools. Today the President will call on Congress to act on his legislative and budget proposals to improve all of our schools and to make accountability in education a reality nationwide.

TITLE I ACCOUNTABILITY GRANTS

Estimated State-by-State allocations

	FY 2000 Appropriation	FY2001 Request
Alabama	\$2,239,376	\$4,079,051
Alaska	330,646	586,897
Arizona	2,126,958	3,949,253
Arkansas	1,374,803	2,534,493
California	16,556,812	31,984,516
Colorado	1,236,410	2,107,061
Connecticut	1,220,591	2,236,705
Delaware	368,906	599,777
Florida	6,373,427	12,869,909
Georgia	3,662,555	7,093,080
Hawaii	349,593	681,519
Idaho	408,150	713,612
Illinois	5,676,307	10,716,630
Indiana	2,032,799	3,592,718
Iowa	925,121	1,517,137
Kansas	975,911	1,722,479
Kentucky	2,213,377	4,100,248
Louisiana	3,317,431	6,099,003
Maine	549,164	923,852
Maryland	1,787,623	3,384,920
Massachusetts	2,661,366	4,523,398
Michigan	5,844,679	10,544,187
Minnesota	1,524,351	2,544,677
Mississippi	2,164,275	3,790,983
Missouri	2,334,733	4,205,422
Montana	456,413	810,192
Nebraska	558,276	958,537
Nevada	404,802	792,507
New Hampshire	340,402	564,887
New Jersey	3,078,484	5,370,717
New Mexico	1,152,065	2,264,894

New York	12,807,331	25,729,301
North Carolina	2,567,507	4,820,197
North Dakota	343,794	611,328
Ohio	5,241,730	9,064,523
Oklahoma	1,673,782	3,111,992
Oregon	1,188,629	2,029,704
Pennsylvania	5,861,386	10,546,006
Rhode Island	429,889	779,056
South Carolina	1,738,421	3,282,294
South Dakota	342,249	630,894
Tennessee	2,334,502	4,105,508
Texas	11,618,707	22,556,841
Utah	612,242	953,999
Vermont	307,016	561,789
Virginia	2,041,514	3,782,645
Washington	1,889,622	3,207,244
West Virginia	1,274,452	2,332,694
Wisconsin	2,182,633	3,955,012
Wyoming	304,959	545,375
District of Columbia	441,618	907,821
Puerto Rico	4,552,211	8,622,516
TOTAL	\$134,000,000	\$250,000,000

Final 2/25/00 2:30 pm
Sam Afridi

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON EDUCATION ACCOUNTABILITY
February 26, 2000

Good morning. Last month in my State of the Union Address, I called on Congress to help us launch a 21st century revolution in education guided by our faith that every child can learn. This morning, I'm announcing new steps to do just that—by providing tools for states and local communities to turn around their worst-performing schools or shut them down.

If our nation is going to make the most of the promise of the new economy, we must help every American make the most of their God-given potential. But students can't aim high in schools that perform low. Every child deserves a high-quality education.

Over the last seven years, we have followed a common sense reform strategy--invest more in our schools and demand more in return. I'm proud that my Administration has enacted the largest investment in education in three decades. At the same time, we've worked hard for higher standards, greater accountability and extra help so all children can meet those high standards. It's working. Across our nation, reading and math scores are on the rise.

But in spite of our success, too many schools in our poorest neighborhoods fail to offer a quality education. And too few of these failing schools ever get enough help to turn around.

That's why I challenged Congress last year to pass my plan to establish a new school accountability fund to help states and local communities fix failing schools. Together, we enacted a landmark initiative that will provide \$134 million to states and school districts this year alone. Today, I'm releasing official guidelines to ensure these funds are invested in what works.

We are taking two unprecedented steps. First, under my plan, districts and states will soon receive money dedicated entirely to turning around failing schools. This accountability fund will enable districts to take firm measures: putting in a tougher curriculum, helping teachers get the skills and training they need, and if necessary, closing down a failing school and reopening it under new leadership or as a public charter school.

Second, my plan also expands public school choice. For the first time ever, we will require that districts give students in a chronically failing school the option to transfer to a better-performing public school.

We know accountability works, because that's what the experience of local communities is telling us. Two years ago, for example, North Carolina drew up a list of the state's 15 worst-performing schools and sent assistance teams to each school. Just a year later, reading and math scores shot up and 14 of those schools improved their performance enough to be taken off the list. I've been to schools all over the country that are achieving in the same way.

Ultimately, of course, it's up to states and local communities to take the reins and turn around a failing school. But the federal government must play a key role by granting more flexibility, demanding more accountability, and investing more in education. With today's action, we're declaring as a nation that we will not fail our children by tolerating failing schools.

We must do even more. In my budget for the coming year, I'm doubling the size of the accountability fund -- to \$250 million. And I'm doubling our support for after-school and summer-school programs so every child in a low-performing school has the opportunity to participate. I call on Congress to do its part and make these vital investments.

I also call on Congress to pass my Education Accountability Act, which will make our schools even more focused on results. We must stay on track to hiring 100,000 high quality teachers to reduce class size in the early grades. We must fulfill our commitment to build and modernize public schools. And we must invest in efforts to mentor disadvantaged students and help them see the possibilities of a college education.

This entire strategy is rooted in fundamental American values: Everyone counts. Everyone deserves a chance. Everyone has a role to play. And we all do better when we help each other. Fixing a failing school isn't easy—but communities are proving everyday that it can be done. We must invest more and demand more. That's what we owe to our children. That's what we owe to America's future.

Thanks for listening.

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November 15, 1999

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
SUBJECT: Jeffords Call on Accountability Fund

We need your help this afternoon getting Sen. Jeffords to go along with our accountability fund for failing schools.

As you recall, Jack reached agreement with Specter and Porter last Wednesday on setting aside Title I funds in the Labor/HHS bill for our accountability fund proposal. At that point, the only real objection was coming from Goodling's staff. Late Friday night, we were able to negotiate a provision that Goodling now strongly supports (because it expands public school choice at failing schools). But now Jeffords's staff is objecting that we shouldn't authorize on an appropriations bill.

We have two options: 1) try to persuade the leadership to overrule Jeffords, on the grounds that we had an agreement in principle with Specter and Porter; or 2) try to persuade Jeffords himself. The first option will be difficult to carry out, because Specter is unlikely to do us any favors and we want this provision more than any Republicans do. The second option may stand a better chance, because Jeffords is more reasonable than his staff.

Here's how the provision works: It allocates \$134 million in Title I funds to states to be passed on to local school districts to spend on turning around failing schools ("schools identified for school improvement" in Title I lingo). It does not authorize a new program - the money goes out under the existing state formula, and states pass it on to districts with the worst schools. The provision also says that school districts must offer students in failing schools the chance to transfer to another public school that's not failing, unless the district demonstrates to the state that they lack the capacity to do so (e.g., not enough space, not enough teachers). This is similar to a provision in the House Title I bill (which passed with over 350 votes), and to one in our ESEA proposal.

I don't know whether Jeffords will have any policy objections to this provision. He is more likely to object on principle that the Senate hasn't even taken up an ESEA reauthorization bill, and we should deal with it then. But as you've said, if we have to wait on ESEA, we could be waiting a long time, and this provision will face a real uphill battle.

Our best arguments are:

- Thank him for his help on some key pieces of the budget. The afterschool program (21st Century Learning Centers) was his brainchild, and in just four years it has grown from \$1 million to \$450 million in this year's budget – making it one of the fastest growing domestic programs ever. We're fighting hard to pass Jeffords-Kennedy, which will be the great bipartisan triumph of this Congress.
- We look forward to working with him on reauthorization of ESEA. We appreciate his desire to work in a bipartisan fashion.
- We want to do as much as we possibly can in this year's budget to help improve education. We're pleased that we have been able to reach bipartisan agreement on a strong education budget. (He's always said that Republicans should be strongly pro-education, and they must have been listening to his advice.)
- One of the President's top priorities is to make sure that we do everything we can to lift achievement in the poorest and worst schools. This is what the states that are making the greatest gains are doing: identifying the lowest performing schools, and targeting them for improvement. This is not a partisan approach: George W. Bush is doing it in Texas, Jim Hunt is doing it in North Carolina. (FYI: Vermont has begun identifying failing schools as well; but I don't know Jeffords's relationship with Dean on this.)
- We reached agreement in the negotiations on Labor/HHS to set aside \$134 million in Title I for this purpose. This was an important part of those negotiations, and we feel strongly about it.
- Your staff has raised concerns that this amounts to authorizing on an appropriations bill. But we don't see it that way. We don't set up a new program – we just set money aside within Title I, using existing formulas, to help schools in need of improvement.
- Mr. Goodling is very supportive of this provision, and you know he's not shy about throwing his body on the tracks whenever we try to do something that expands the scope of current law.
- This is a way for Republicans and Democrats to stand together and say that we're going to do everything we can to help kids in failing schools, not with vouchers but by giving those schools the funds and the responsibility to turn around.



Andy Rotherham
11/15/99 05:17:40 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Barbara Chow/OMB/EOP@EOP
cc: Jennifer E. McGee/OMB/EOP@EOP, Cathy R. Mays/OPD/EOP@EOP
Subject: NEA concerns with accountability language in approps

FYI....when push comes to shove...

----- Forwarded by Andy Rotherham/OPD/EOP on 11/15/99 05:16 PM -----



JPacker@nea.org
11/15/99 05:08:44 PM

Please respond to JPacker@nea.org

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: NEA concerns with accountability language in approps

We have recently received a copy of the language proposed for the education appropriations bill regarding use of the \$134 million added for Title I. We have serious concerns about the language, which we hope can be addressed. I have tried reaching some of you by phone today to relay these concerns.

First, the language is unclear how the funds will be allocated to LEAs. Would all Title I eligible LEAs get funds, or just those which have schools in need of improvement? Who allocates the funds - the states or the Department? What is the formula for allocating funds to LEAs? We also object to mandating that every LEA receiving funds from this provision implement public school choice. Current law Sec. 1116(c) lists seven corrective actions that an LEA may take. This approps language arbitrarily elevates one of them - school choice and makes it mandatory. Second, with only \$134 million available for this purpose, it seems that almost all of these funds would be spent on school choice, and leave nothing for actually improving low-performing schools.

Also, current law Sec. 1116(c)(5)(B) says that LEAs may use funds under school choice for transportation. Under this approps language would an LEA be able to spend all of its share of the \$134 million transportation costs?

Lastly, how is an LEA supposed to decide what students will be allowed to transfer if there is not enough space for all of them? The language seems to

impose a new bureaucratic burden on LEAs to have to document to the State and to parents why school choice is not available to everyone. What does "equitable basis" mean in this context?

No one in the Administration shared any of this with us. We are concerned that in the name of "accountability" we are really siphoning off Title I funds from school improvement for public school choice.

Joel Packer
Senior Professional Associate for Government Relations
National Education Association
phone: 202-822-7329; fax: 202-822-7309; e-mail: JPacker@nea.org

Message Sent To:

Broderick Johnson/WHO/EOP
Andy Rotherham/OPD/EOP
scott_fleming@ed.gov
susan_Frost@ed.gov
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Provided further that \$134,000,000 shall be allocated among the States in the same proportion as funds are allocated among the States under section 1122, for the purposes of assistance to carry out section 1116 (c). Provided further that 100 percent of these funds shall be allocated to local educational agencies for the purpose of carrying out section 1116 (c); provided further that local educational agencies shall provide all students enrolled in a school identified under section 1116 (c) with the option to transfer to another public school within the local educational agency, including a public charter school that has not been identified for school improvement under section 1116; provided further that if the local educational agency demonstrates to the satisfaction of the State education agency that the local educational agency lacks the capacity to provide all students with the option to transfer to another public school, after giving notice to the parents of children affected, that it is not possible, consistent with state and local law, to accommodate the transfer request of every child, the local educational agency shall permit as many children as possible (who shall be selected by the local educational agency on an equitable basis) to transfer to a public school that has not been identified for school improvement under section 1116.

DRAFT

Provided further that \$134,000,000 shall be allocated among the States in the same proportion as funds are allocated among the States under section 1122, for the purposes of assistance to carry out section 1116 (c). Provided further that 100 percent of these funds shall be allocated to local educational agencies for the purpose of carrying out section 1116 (c); provided further that local educational agencies shall provide all students enrolled in a school identified under section 1116 (c) with the option to transfer to another public school within the local educational agency, including a public charter school that has not been identified for school improvement under section 1116; provided further that if the local educational agency demonstrates to the satisfaction of the State education agency that the local educational agency lacks the capacity to provide all students with the option to transfer to another public school, after giving notice to the parents of children affected, that it is not possible, consistent with state and local law, to accommodate the transfer request of every child, the local educational agency shall permit as many children as possible (who shall be selected by the local educational agency on an equitable basis) to transfer to a public school that has not been identified for school improvement under section 1116.

Ed -
Failing
Schools

TURNING AROUND LOW PERFORMING SCHOOLS: STRONG RHETORIC FROM GOVERNORS, SLOW RESPONSE FROM STATES

No governor is likely to argue against state responsibility to intervene in low performing schools. However, some will argue that this is a responsibility that states can meet on their own, without a federal requirement. Yet the track record is clear: since 1986 governors of both parties have urged one another to institute state accountability systems that include forceful state intervention in low performing schools. In that same time period, the number of states that intervene in failing schools or school districts has increased only from 9 to 19. *More than 30 states still do not have effective mechanisms for helping to turn around low performing schools.*

GOVERNORS CALL FOR STATE INTERVENTION IN FAILING SCHOOLS	THE STATE RESPONSE
<p>1986 NGA Report: <u>Time for Results</u> Task Forces chaired by Gov's Alexander, Clinton, Kean and Riley each urge governors to intervene in low performing schools and school districts, and to take over or close down academically bankrupt school districts.</p>	<p>1987: 9 states have authority to take over or annex educationally deficient schools or school districts. NGA Center for Policy Research</p>
<p>1990 NGA Report: <u>Educating America: State Strategies for Achieving the National Education Goals</u> Task Force co-chaired by Gov's Clinton and Campbell recommend that states provide rewards and sanctions linked to school academic performance, including providing assistance and support to low performing school, and state takeover if these steps do not improve student achievement.</p>	<p>1988: 18 states offer technical assistance and/or intervene in management of low performing districts or schools. NGA Center for Policy Research, Results in Education Report.</p>
<p>1998: NGA Policy 4.2.2: Support the state focus on schools. Reiterating a position first taken by NGA in 1988, NGA policy is: states should have the responsibility for enforcing accountability, including establishing clear penalties in cases of sustained failure to improve student performance.</p>	<p>1999 19 states have procedures for intervening in failing schools; 16 states have procedures for replacing school staff or closing down the school if state intervention does not lead to improvement. <u>Education Week</u>, Quality Counts Report, 1999.</p>

AT THAT RATE, IT WILL TAKE US ANOTHER
30 YEARS TO GET THIS IN
ALL 50 STATES

For almost 15 years, governors have called for states to intervene in low performing schools, but the states have been slow to respond. Starting with the publication of the 1986 NGA report Time for Results, governors of both parties have recognized the need for states to take responsibility for stepping in and turning around low performing schools and school districts. Since then, through NGA governors have repeatedly urged their colleagues to adopt such policies, and have called on the federal government to support their efforts. However, despite this consistent support for more than a decade, the number of states that have adopted this approach has grown slowly, from nine states in 1987 to only 19 states in 1999.

1986 NGA REPORT: TIME FOR RESULTS

- **Gov. Lamar Alexander, NGA Chairman:** “School districts and schools that don’t make the grade should be declared bankrupt, taken over by the state, and reorganized.”
- **Gov. Tom Kean, Chairman of Task Force on Teaching:** “Establish a state intervention procedure for cases of education bankruptcy.”
- **Gov. Bill Clinton, Chairman of Task Force on School Leadership and Management:** “Reward principals and schools for performance and effectiveness. ...It is also important that technical assistance be provided to low-performing schools. Ultimately, it may be necessary to replace principals in schools with consistently poor performance.”
- **Gov. Richard Riley, Chairman of Task Force on School Readiness:** “Establish a mechanism for state intervention into school districts when progress is not being made with low-achieving students. If school districts resist such assistance, or if progress is not made after technical assistance is provided, states should take additional actions, which could include removing administrators.”

The State Response: 1987: 9 states have authority to take over or annex educationally deficient schools or school districts

1990 NGA REPORT: EDUCATING AMERICA: STATE STRATEGIES FOR ACHIEVING THE NATIONAL EDUCATION GOALS.

- **Gov. Bill Clinton and Gov. Carroll Campbell, Education Task Force Co-Chairs:**
“Design incentives for improvement, including rewards and sanctions linked to school performance...Consequences for poor performance require a number of intervention strategies, ranging from the provision of assistance and support for needed changes at the district and school level to state takeover of local management and governance if changes are not made and performance does not improve.”

The State Response: 1988: 18 states offer technical assistance and/or intervene in management of low performing districts or schools.

1998: NGA POLICY 4.2.2: SUPPORT THE STATE FOCUS ON SCHOOLS. Experience and research justify the state concentration on school-level and schoolwide improvements. Federal education programs should be designed to encourage states, districts, and schools to coordinate and integrate federal funds in order to support schoolwide efforts to improve teaching and learning. States should be allowed to use federal funds to support reasonable experimentation on the part of schools and districts. *Moreover, states should have the responsibility for enforcing accountability, including establishing clear penalties in cases of sustained failure to improve student performance.*

The State Response: 1999: 19 states have procedures for intervening in failing schools; **16 states** have procedures for replacing school staff or closing down the school if state intervention does not lead to improvement.

STATES THAT INTERVENE IN FAILING SCHOOLS

STATE	PROVIDES ASSISTANCE	ULTIMATE SANCTION: TAKEOVER, CLOSE, RECONSTITUTE, OR REPLACE STAFF
Alabama	✓	✓
Delaware		✓
Florida	✓	
Illinois	✓	✓
Indiana	✓	✓
Kansas	✓	✓
Kentucky	✓	
Louisiana	✓	✓
Maryland	✓	✓
Michigan	✓	✓
Nevada	✓	✓
New Mexico	✓	✓
New York	✓	✓
North Carolina	✓	✓
Oklahoma	✓	✓
South Carolina		✓
Texas	✓	✓
Vermont	✓	✓
Virginia	✓	
West Virginia	✓	
Wisconsin	✓	

Ed -
Failing Schools

Clinton Urges \$250 Million To Lift Ailing Public Schools

WASHINGTON, Feb. 26 (AP) — President Clinton called on Congress today to provide \$250 million for a fund to help public schools that are performing poorly.

"Too few of these failing schools ever get enough help to turn around," he said.

In his weekly radio address, Mr. Clinton also announced state-by-state allocations from an existing \$134 million fund that states and cities could tap for struggling schools, and released guidelines on using the money effectively.

The \$250 million request is included in Mr. Clinton's fiscal 2001 budget proposal, so that states can make concentrated efforts to fix schools.

"With today's action, we're declaring as a nation that we will not fail our children by tolerating failing schools," the president said. "Fixing a failing school isn't easy, but communities are proving every day that it can be done. So we must continue to invest more and demand more."

The guidelines suggest measures like toughening curriculums, im-

proving teacher training or shuttering schools, then reopening them as charter schools or with new leadership. Mr. Clinton also suggested expanding public school choice, so students in a "chronically failing school" would have the option of transferring to a better one.

Republicans used their radio address to push their plan for education savings accounts, an idea Mr. Clinton has twice vetoed.

The Senate is considering a bill that would allow parents to place as much as \$2,000 per year, per child, in educational savings accounts. The tax-free interest could be used for expenses, including transportation and tutors, associated with any school from kindergarten through the 12th grade. The education IRA's would expire at the end of 2003.

"Funds that are not used for primary school expenses could be rolled over for college. The point is that it is the parent's choice," Senator Paul Coverdell of Georgia said in the Republican address. "And why shouldn't it be? After all, it is their money."

A Presidential Favor For a Steady Supporter

Michael D. Granoff offered President Clinton an invitation he could not refuse.

A young financier, Mr. Granoff decided to start an annual lecture series, aptly if not humbly named the Granoff Economic Forum, at his alma mater, the University of Pennsylvania. His goal was to bring together academics, politicians and businesspeople to grapple with the challenges of the new economy.

"Many people have asked how I convinced the president to deliver the inaugural lecture today," Mr. Granoff told the audience before Mr. Clinton spoke on Thursday. "While I really don't know, I will let you in on a secret: In my invitation to him I mentioned to him that it was another inaugural. Maybe that got his attention."

The president laughed along with the audience, even though he is really not all that keen about being reminded of his lame-duck status.

Mr. Granoff, chief executive of Pomona Capital, a firm based in New York and London that buys investors' holdings in venture capital funds and other private equity funds, actually did far more than send the president a catchy invitation.

He relied on an association with Mr. Clinton dating back to 1992, when Mr. Granoff was one of the earlier chief executives to support the Clinton campaign. Mr. Granoff served on Mr. Clinton's transition team for the Treasury Department and remained a campaign contributor.

It was at the president's dinner to ring in the new year that the executive made a face-to-face pitch. On Thursday, Mr. Granoff was all smiles as his lobbying paid off. **MARC LACEY**

If Only Stocks Were Votes . . .



Gary Bauer

Gary Bauer may be out of the race for the White House, but victory is still apparently his. Last year, according to his disclosure forms, he held some of the market's best performers, including Qualcomm (a \$15,000-to-\$50,000 stake as the year began, according to the forms) and i2 Technologies (\$50,000 to \$100,000). For the year, Qualcomm gained 2,683 percent, and i2, 542 percent (with a Friday sell-off still leaving it above last year's close). The value of his entire portfolio gained 183 percent, he says.....

How could he campaign for president and still triumph in the market? "Maybe that was the secret of my success: I've been so busy I didn't have any time to sell last year," Mr. Bauer said in a telephone interview from Washington. There, he is chairman of the Campaign for Working Families, a political action group he started four years ago that supports conservative candidates.

"I had a pretty good year," he added. "Obviously, I'm strongly in favor of abolishing the capital gains tax."

But Mr. Bauer does not favor just technology stocks. He mentioned Fannie Mae and cyclical stocks like General Motors as among those he feels are undervalued. "There are many buys in the Old Economy stocks being ignored right now that are at bargain prices," he said. "A year down the road a lot of people might be kicking themselves." **JULIE DUNN**

Mano a Mano at the Market

First, Gary J. Fernandes and George T. Shaheen were rivals in high-technology consulting. Mr. Fernandes as vice chairman of Electronic Data Systems and chairman of its consulting unit, and Mr. Shaheen as chief of Andersen Consulting. Then they became legal adversaries, as Mr. Fernandes testified for Arthur Andersen, according to court records, in its continuing battle with Andersen Consulting over the terms of their corporate divorce.

Now they compete in the online grocery business. Mr. Fernandes has just taken over as chief executive of Groceryworks.com, while Mr. Shaheen became chief of the Webvan Group last September.

At E.D.S., Mr. Fernandes was a suave exception to a management style of the bland leading the bland. "There were a few too many 'Mother, may I's,'" he said. After the company's chief executive resigned under pressure from the board, Mr. Fernandes left in December 1998 to start a venture capital firm. There, he said, the Groceryworks business plan was the best of about 100 to cross his desk.

With backers including Donaldson, Lufkin & Jenrette, he intends to rely on suppliers to provide goods as soon as they are ordered, saving the expense of warehouses and stockpiles. "The mistake that both Amazon.com and Webvan have made is, they've got the idea they have to have everything in inventory," he said.

No response from Mr. Shaheen on that. A Webvan spokesman said, "I don't see much value into getting into a mine's-bigger-than-yours type of discussion."

Educ -
Failing Schools

School Defies Its Demographics

Low-Income Students Meet Principal's High Expectations in Urban Detroit

By KENNETH J. COOPER
Washington Post Staff Writer

AN animated Emily Shahan leads her class of peppy students in reading aloud a scribble of numbers, symbols and letters—funny-looking shapes that literally are Greek.

"Gamma to the power of alpha, times gamma to the power of beta, divided by gamma to the power of alpha, equals..." they read off the chalkboard before them. Shahan shuts off the recitation before anyone can venture an answer, then taps a student to explain how to solve the math problem.

"When you see multiply signs, you add the exponents. When you see division signs, you subtract the exponents," Adriana Reaves volunteers confidently—and correctly.

Adriana is 11. She and her fifth-grade classmates are studying algebra, a subject usually not taught until high school, or perhaps in suburban middle schools or other advanced programs. But this is an elementary school, and it stands smack in the middle of urban desolation a couple of miles from downtown Detroit.

Requiring fourth- and fifth-graders to study algebra is the most dramatic example of the high academic expectations at Owen School, whose students have shown extraordinary achievement for about a decade even though 80 percent

are poor and more than 90 percent are black. Nearly all live in a dreary neighborhood where, on many blocks, vacant lots overgrown with tall weeds outnumber the dilapidated wooden houses still standing.

In cities across the country, and elsewhere in Detroit, similar schools that enroll mostly poor, minority students have generally lagged far behind in the new standardized tests being used to decide who moves to the next grade or gets a diploma.

This persistent pattern of failure has emerged as a main point of political debate about education, with everyone from President Clinton and his potential successors to congressional leaders and governors calling for tough actions to fix public schools where low-income students aren't learning as they should.

But there is no worrisome "achievement gap" between Owen students and peers elsewhere. Since 1991, better than 80 percent of Owen students have passed the standardized tests in math, reading, writing and science that Michigan requires of fourth- and fifth-graders each year.

For two consecutive years in the late 1990s, every fourth-grader at Owen mastered the math test. In 1998-99, the latest year for which scores are available, 94 percent of the fourth-graders passed the math test, and 80 percent passed the reading test. Ninety-four percent of the fifth-graders passed the science test.

Owen outperformed students statewide by 22 percentage points in math, 21 in reading and 56 in science. Owen students outdid peers in Grosse Pointe, an affluent lakeshore suburb, by 11 points in math, 3 in reading and 29 in science.

Only in writing did Owen trail the state (17 points) and Grosse Pointe (36 points). But it was an off year for Owen: The passing rate in writing had been a stratospheric 94 percent a year earlier, before inexplicably tumbling to 42 percent.

Owen is unusual but not unique in having low-income students with high test scores. Five studies published in the last year have identified several hundred schools around the country that have defied statistical odds and beaten the achievement gap. The number of such schools is comparatively low, though: The Education Department has counted about 7,000 schools that serve the poor and rate as academically low-performing.

The exceptions to the pattern of low achievement seem to disprove the notion that demographics is academic destiny. But there remains a bedeviling question about the schools where low-income students nonetheless reach high levels of achievement: How do they do it?

"People want to know what my secret formula is so they can manufacture it and spread it around everywhere," says Patsy Burks, Owen's principal for a dozen years. "I can't tell them. I don't know what it is. There's too many things you

have to do. It's not just one thing. It's a combination."

Almost by happenstance, Burks does provide a clue about her educational philosophy—and it's hardly a secret—when she hears the name of Ronald Edmonds.

"Oh, oh," she exclaims. "My hero."

Edmonds was a pioneering education professor at Michigan State University best known for his "effective schools" research, which he conducted by visiting schools that worked and identifying their common characteristics. What Edmonds discovered wasn't a whiz-bang curriculum or a magical teaching technique, but education's workmanlike equivalent of football's three-plays-and-a-cloud-of-dust.

His research isolated seven characteristics of effective schools: a safe and orderly environment, a climate of high expectations of every student, a principal who acts as an instructional leader, a staff with a clear educational mission, a priority on classroom instruction in essential skills, parental involvement and frequent testing to monitor student progress.

It was 25 years ago that Edmonds completed the first round of his research, which enjoyed a bonnet of popularity before losing out to new educational fads that weren't as difficult to implement and weren't based on careful study. He died in 1983.

"Some of the principles he had and believed in made a lot of sense to me," recalls Burks. "I think the most important was: All children can learn."

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Edmonds has another disciple in Michael Cohen, assistant secretary of elementary and secondary education in the Department of Education.

"I started writing about this stuff in 1979, and it wasn't exactly a secret when I started writing," Cohen said. "We've known for a long time what it takes to make effective schools. The real question is, 'Do we have the will and the capacity to make them on a large scale?'"

Owen enjoys plenty of both from a dedicated principal who tries to make sure students get what they need from a hard-working, stable corps of well-trained teachers, all but one of them fully certified. Other inner-city schools suffer from a revolving door of inexperienced teachers still completing their professional training.

The school also benefits from small classes, so small that Burks wouldn't disclose their exact size. A year ago, the pupil-teacher ratio was 17 to 1, according to the state. She believes that student turnover, which causes havoc with lesson planning at similar schools, is also relatively low, though the school keeps no statistics.

Burks accomplishes all this with the same resources as similar Detroit schools.

Margaret Horner, leader of the parent council, describes the experience of her three children at the school as "fantastic.

The teachers ... expected more from students than teachers did at the other schools my children attended. Other places you could try hard if you wanted to. Here, they make you try hard."

As she finishes lunch in the school's tiny lounge, second-grade teacher Lynda Bartak says, "This is a nurturing school, in all the good ways that word implies. But there is a firmness. We expect you to do your work and complete it and be proud of it."

Burks says Edmonds supplied her with what she calls "do-how," but she has clearly improvised a bag of her own tricks.

When Burks arrived at Owen a dozen years ago, she met with teachers weekly to plot how to raise test scores. They devised a strategy to rebuild the curriculum around the content of the tests and assign the most experienced teachers to administer them in small groups. They send notes home to remind parents to send children to bed early the night before testing, then eat a good breakfast before coming to school.

"I'm looking at all the variables that make the best testing situation," Burks says. Self-assured teachers in groups as small as a dozen children help calm down students so they'll do their best. And she makes no apologies for what critics might scorn as teaching to the tests or what others might describe as sensibly realigning the

curriculum.

"It's not fair to test something that's not been taught," Burks maintains.

Samuel Casey Carter, author of a Heritage Foundation report on Owen and 20 similar schools, suggests Owen hasn't dumbed down its curriculum with the changes because Michigan has "an exceptionally hard test. It's one of the few of these exams that's actually a serious test."

Carter says he independently verified Owen's test scores, which appear to be corroborated by scores in lower grades on the Metropolitan Achievement Test-7—in his opinion, another of the better standardized tests.

To increase contact with parents, who often won't show for teacher conferences or parent council meetings, Burks has also come up with some novel tactics. Report cards aren't sent home with students, but must be picked up by parents.

Instead of regular council meetings, there is a monthly activity featuring students to attract proud parents. Once, the distribution of family photo albums was used as a lure.

Visitors must ring a doorbell to enter the school because the outside doors are kept locked. Few outsiders gain admittance. The principal rejects most requests to visit.

"I really suspect anybody who comes to my school and says it's a phenomenon. It's not—if you're teaching," Burks says. "It's just sort of dedication to the job."

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Edw
Faltz Schools

By JUNE KRONHÖLZ
Staff Reporter of THE WALL STREET JOURNAL

BALTIMORE—Last year, not a single third-grader at Abbottston Elementary School passed the Maryland mathematics exam. None passed social studies; 2% passed science and only 5%—perhaps three kids—were deemed satisfactory readers.

By Maryland's definition, Abbottston is a failing school. In 1997, the Education Department asked the states how many of their schools were failing state standards. The states identified 7,616—one in every 12 schools in the country. When the list is updated this year, the department predicts the number will be higher still.

Pressed by President Clinton to set standards and write achievement tests, the states now are able to measure how their schools are doing—and the bad news is a hot campaign issue. Vice President Al Gore, the Democratic presidential candidate, tells voters he will close failing schools, and reopen them as charter schools or as district schools with a new staff. His Republican rival, Texas Gov. George W. Bush, would shutter a failing school and divide its federal funds among the parents to use for tutors, or a transfer to another district or private school. But a look at Abbottston shows that for all the easy-sounding political solutions, there is hard work ahead.

Abbottston was built in 1931, a solid stone school to serve the solid, white community around it. Margerine Taylor, who began teaching at Abbottston in 1963 and retired last year, remembers a neighborhood of men who worked in factories and women who stayed home. But the middle class began moving out in the 1970s. Mrs. Taylor recalls, and then, instead of nuclear families, "I had a lot of kids whose parents broke up. Next it was a lot of welfare mothers. And then a lot of transients."

Drugs arrived in the 1980s, and even her fifth-graders became involved in trafficking: "I wouldn't hesitate to say that because some of them came to school with a lot of money," she recalls.

Children were passed to grandparents to raise. Mrs. Taylor took to reading aloud daily newspaper stories about drug-related murders to impress her students with the perils of crime; still, she recounts the drug-related deaths of three. The decline of the community led inevitably to the decline of Abbottston. "I've seen it when it was one of the best in the city," Mrs. Taylor says, "and I've seen it coming down until it hit rock bottom."

Maryland didn't begin giving its state-wide test until 1993, but that year only 1.6% of Abbottston's fifth-graders passed math and science, and 3% passed reading.

Maryland was among the first states to draft learning standards, which are an outline of what kids are supposed to learn, and then to test kids to be sure they were learning what is on the standards. In 1994, as part of its reauthorization of the Elementary and Secondary Education Act, Congress ordered all the other states to write learning standards and to begin testing their kids by 2001. The 1994 legislation lets the states set whatever standards they choose, so the definition of a failing school varies wildly. But more troublesome, the law only suggests steps that the states should take to force improvement in their failing schools; it doesn't levy sanctions.

Maryland does levy sanctions, though, and this year they kicked in. Maryland kids are tested in six subjects each in

grades three, five and eight. A school that scores badly can be declared "reconstitution eligible." If it is still failing after five years, it risks a state takeover. So far, 98 schools have been declared reconstitution eligible, including 87 of the 182 schools in the Baltimore City district. One school has gotten off the list by bringing up its scores to the state average. (Maryland's goal is for 70% of its students to pass all six tests, but last year the average was 41%.)

In February, Maryland took over three schools and contracted with Edison Schools Inc., a publicly traded school-management company, to run them. "People need to know there's a bottom line," State Superintendent Nancy Grasmick says.

Abbottston was named to the failing-schools list in 1996, but, without much change in the way it was doing things, its test scores fell even further. Then two years ago, Baltimore grouped 19 of its worst schools and hired Jeffery Grotzky, who formerly was superintendent in Grand Rapids, Mich., to manage them. Dr. Grotzky began by requiring all second- and fourth-graders who were reading below grade level to spend five weeks in a summer program. At the end of it, half had improved and moved onto the next grade; the other half stayed behind.

He ran "accelerated" classes in the fall for kids who already had been held back a year and still weren't at grade level. He replaced principals, retrained teachers, standardized the curriculum, hired two reading coaches for every school, mentors for every new teacher and a curriculum coach for every principal.

Reading now runs from 8:30 a.m. to 11:30 a.m. daily at Abbottston, with every professional in the building helping (the gym teacher chose to transfer rather than head a reading group). Angela Faltz, 41 years old and in her second year as principal at Abbottston, puts her teachers through 10 hours of literacy training a month and hires local retirees as reading aides. Math, science and social studies follow reading, but at 2 p.m. a bell rings and everyone starts reading again. After dismissal, third- and fifth-graders report to mandatory after-school classes to prep for the state tests and for still more reading.

"Our focus is reading," Mrs. Faltz says. On a citywide reading test this spring, third-graders more than doubled their scores of two years ago, and fifth-graders tripled their scores of a year ago. But Abbottston is so far behind that even triumphal scores don't mean it has caught up: Its fifth-graders scored at the 25th percentile, which means that 75 of every 100 kids in the country scored better. "When our kids start school, they're already behind," Dr. Grotzky says.

Abbottston's reading scores, moreover, are only a symptom of bigger problems. About 82% of Abbottston's children are poor enough to qualify for free meals. In the kindergarten, Mrs. Faltz counts 11 of 20 children who are being raised by grandparents; last year, two youngsters were being raised by a great-great grandmother. Fathers are uncommon here: In one class of 18 children, four fathers are in prison. Only about half the youngsters both began and ended last school year at Abbottston; everyone else transferred in or out.

Almost one-fifth of the children have either learning or emotional disabilities. Mrs. Faltz frets that lead poisoning from the peeling paint in ramshackle apartments could be behind the growing attention problems she sees.

Seven years ago, Abbottston had 532 children but enrollment declined, along with the neighborhood, to 319 this year. Because school funds are based on enrollment—about \$7,450 for each student in Baltimore—the decline has left Ab-

Abbottston cash-strapped and vulnerable to further attrition. It can afford only a half-day kindergarten and preschool, for example. So, parents who need all-day care find a school with longer hours. "I lose students and money," Mrs. Faltz says.

Abbottston is neat and orderly, but it has no math specialist, music teacher, librarian or coach. Its used computers are the gift of a local bank. Volunteers are culling books in anticipation of reopening the library, which has been closed for seven years. Even so, a 1969 biography of Abraham Lincoln, its spine bound with tape, survives the cut.

Maryland has pumped \$144,000 of turnaround money into Abbottston, but that can't go into higher salaries that might attract better teachers. Mrs. Faltz has put

two of her 29 teachers on "plans of assistance," the first step in a process that can lead to dismissal. But the replacement pool is small, and it includes teachers who were edged out of other jobs, so she doubts she will fire anyone. "Who would replace them?" she worries.

Mrs. Faltz maintains that Abbottston's reading program will raise scores to the state average by the time today's kindergartners take the fifth-grade exam. But today's fifth-graders have missed all but the tail end of that program. Come fall, those youngsters will move on to Hamilton Middle School, which also is on the state's failing-schools list. Last year, about 50 Hamilton eighth-graders passed the state reading test, or 7.3% of the class.

Baltimore Public School Struggles to Improve Its Scores

POLITICS & POLICY



Angela Faltz

Trashy Mystery: Who Tried to Buy Garbage Linked to Microsoft?

* * *

Side Plot: In Washington, D.C., Computer Giant's Office Was Target of Break-In

By TED BRIDIS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—On the evening of June 1, Jose Lopez and Erminia Morales of P&R Enterprises were going about their normal office-cleaning duties when, they say, a woman approached them and offered in Spanish to pay between \$50 and \$60 to each of them for the trash of the Association for Competitive Technology here. The trade group is heavily funded by Microsoft Corp. and has been relentlessly pro-Microsoft in its work.

The cleaners said the woman identified herself as Blanca Lopez and asked them to bring the bags of trash to Upstream Technologies, on the same floor of the building. The cleaners declined.

Less than one week later—exactly one day before U.S. District Judge Thomas Penfield Jackson ordered the breakup of the software giant—the value of Microsoft-related trash rose dramatically.

Lou DeLeon, the general manager for the cleaning service, said Ms. Lopez returned the evening of June 6 and repeated her request for the trash. This time she offered \$500 each to the two cleaners and \$200 more to their supervisor. When they again declined, Ms. Lopez handed over a copy of her business card and asked that Mr. DeLeon call her, saying she was "investigating a criminal case and wanted the trash from these suites," according to

the cleaning crew. Mr. DeLeon got the business card but never called her.

The cash-for-trash offers came just days before a mysterious break-in at Microsoft's offices here in Dupont Circle. So far, no one has been charged with anything. Microsoft officials say it doesn't look like any valuables were stolen in the weekend break-in. And police say the bizarre trash-buying attempt—which may have been totally unrelated to the break-in—probably wasn't even against

the law.

When contacted by The Wall Street Journal, Blanca Lopez said, "I know nothing of this," and referred questions to Martin Lobel, a Washington antitrust attorney. Mr. Lobel said Monday that he was paid "a nice retainer" by an executive at Upstream Technologies, whose name he declined to reveal, to investigate the trash-buying incident. But he said Blanca Lopez was not his client. The next day, Blanca

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Lopez hired attorney Pamela Bethel, a former assistant U.S. prosecutor, and stopped talking to Mr. Lobel, he said. Ms. Bethel declined to comment.

Upstream Technologies is itself shrouded in mystery, with no evidence that it exists as a corporation. Its three-month lease next to the Association for Competitive Technology was arranged to begin May 1 by a Robert Walters, according to a copy of the credit application he made for the property.

An Upstream lawyer identified Mr. Walters as a former investigative reporter. A New York Times article in August 1998 identified a Robert Walters as a former newspaper reporter who had links to Inves-

tigative Group International Inc., a high-powered research firm led by Terry Lenzner that has been employed by lawyers for President Clinton. Larry Potts, former deputy director at the Federal Bureau of Investigation, is IGI's chief operating officer.

Sitting on a special board of advisers created by IGI is George Vradenburg, senior vice president for global and strategic policy at America Online Inc., a fierce Microsoft rival. An AOL spokesman, Andrew Weinstein, said Mr. Vradenburg agreed to sit on the board at the request of Mr. Lenzner, a personal friend. But Mr. Vradenburg hasn't attended any board meetings and isn't involved with the work of the

company, Mr. Weinstein said.

In a statement, Edward Federico, corporate vice president and director of operations for IGI in Washington, said, "It is IGI's longstanding policy not to respond to media inquiries relating to client, personnel or other business issues. However, at the specific request of Mr. George Vradenburg of America Online, a member of IGI's advisory board, I can confirm that neither AOL nor Mr. Vradenburg is a client of IGI."

In correspondence with the building's management, Mr. Walters named three others from Upstream authorized to use the office, including one person identified as Grant Stockdale. Mr. Stockdale was

listed as the IGI spokesman on a May 1 news release. But a woman answering the telephone at the number provided for Mr. Stockdale on the release said that no one with that name worked at IGI.

Mr. Walters didn't return repeated messages left at his home and office and with business colleagues. By yesterday, a woman answering the office telephone number that had been accepting messages for Mr. Walters said she did not know anyone by that name.

Aside from the hiring of Mr. Lobel and the opening of the office, there is no evidence that Upstream Technologies exists as a corporation. On a credit application for the office suite, Mr. Walters said the company was involved in "technology development," and listed an address on Main Street in Laurel, Md. That address is of a telephone answering service, where

the owner and employees say they have never heard of Upstream. Maryland state records show no firm incorporated there.

Mr. Walters wrote that Upstream wanted to rent the office for "selected company employees" to make telephone calls and catch up on work while they were downtown. Telephone logs for the Upstream office for the entire month of May show only five outgoing phone calls, none lasting longer than 48 seconds and almost all of them made late in the evening. Three were made to the home of Mr. Walters in Washington or to his wife at work. The other two were to voice-messaging systems.

The new Upstream lawyer, Mr. Lobel, says he doesn't know any details about the company either. "They tend to be very low-profile," Mr. Lobel said. He complained that "so far nobody has returned

my calls."

The head of the pro-Microsoft trade association, Jonathan Zuck, and some Microsoft insiders believe industry rivals may be behind the break-in and the two attempts to buy the unshredded trash at Mr. Zuck's offices. They note the plethora of leaks of confidential Microsoft e-mails to the press during the antitrust investigation to bolster their case.

Police are continuing to investigate the break-in at Microsoft's offices here.

The cleaning crew who turned down \$1,200 for the trash at Mr. Zuck's building, meanwhile, were rewarded this week by their boss. "We appreciate the honesty of our employees," Mr. DeLeon said. He gave them checks for modest amounts—far less than \$500 each, he admitted—and a pizza party.