



NEW YORK STATE
**COUNCIL OF
SCHOOL SUPERINTENDENTS**

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NO CHILD LEFT BEHIND ACT
CRITICAL ISSUES FOR SCHOOL DISTRICT LEADERS

BULLETIN #2: Increased Funding and Flexibility

On January 8, 2002, President Bush signed the *No Child Left Behind Act* (NCLB) – the latest reauthorization of the federal Elementary and Secondary Education Act. The legislation dramatically expands both the federal government’s financial support for education and its influence in the operations of the schools.

This bulletin summarizes some of the **new funding and flexibility provisions** in the *No Child Left Behind Act*:

The NCLB authorizes significant increases in funding for several federal education programs.

Generally, allocation formulas have been revised to give greater weight to students in poverty. Districts with higher concentrations of disadvantaged children should see dramatic increases in federal aid.

The Act also gives districts more flexibility in the use of federal aid.

This bulletin is one of a series on issues arising from the *No Child Left Behind Act* which warrant careful attention by school district leaders.

A separate bulletin has been prepared summarizing a new program that provides significant additional funding to support teacher and principal training and recruitment (see NCLB Bulletin #4: *Title II – Funding for Teacher and Principal Recruitment and Training*).

I. Overview of the Act and Bulletin Series

In January, President Bush signed the *No Child Left Behind Act* (NCLB) – the latest reauthorization of the federal Elementary and Secondary Education Act. The legislation dramatically expands both the federal government’s financial support for education and its influence in the operations of the schools.

Federal aid to New York schools is projected to rise by more than 20 percent for the 2002-03 school year. New accountability requirements will also take effect: all students in grades 3 through 8 are to be tested each year in math and English, schools that fail to make adequate progress in raising student achievement may face consequences, teachers and paraprofessionals will be required to hold or attain specific credentials.

This bulletin is one of a series on issues arising from the *No Child Left Behind Act* which warrant careful attention by school district leaders.

Taken together, the bulletins do not comprise a comprehensive summary of the Act. A short, reader-friendly summary of the complete law is available from the Learning First Alliance, a coalition of national education advocacy groups, including the American Association of School Administrators (AASA). The summary is available at:

<http://www.learningfirst.org/pdfs/nochildleft.pdf>

Many aspects of the legislation are complex and some implementation issues are still under consideration by the federal and/or state education departments. For these reasons, it is very important to consult other sources beyond this bulletin.

Additional information is available through the State Education Department’s *No Child Left Behind* website:

http://www.emsc.nysed.gov/deputy/nclb/nclb_home.htm

The American Association of School Administrators (AASA) offers helpful information in two sections of its website:

http://www.aasa.org/government_relations/esea/index.htm

http://www.aasa.org/issues_and_insights/ESEA/ESEA_best_of_web_index.htm

The Council will attempt to advise superintendents of new developments concerning the implementation of the legislation through the web site and e-mail listserv.

II. Increased Funding

The NCLB authorizes significant increases in federal aid to education and the current federal budget delivers large increases for the 2002-03 school year.

A table prepared by the U.S. Education Department indicates that *total* federal aid in support of elementary/secondary education in New York State will increase by \$394 million, or 20 percent, in 2002-03. Funding for *NCLB programs* increases by roughly one-third. Table 1 provides details.

Funding for basic Title I grants to New York school districts will rise by a statewide total of \$183 million (22 percent). The Class Size Reduction and Eisenhower Professional Development Programs are replaced with a new teacher and principal grant program (Title II), which is funded at a level \$50 million (28 percent) higher than last year's combined level for the discontinued programs. There is also significant additional funding for reading, technology, and "21st Century Community Learning Centers" – schools that operate beyond the regular school day and provide additional services for families of attending children.

Several allocation formulas have been revised to give greater weight to students in poverty, with the effect that districts with high concentrations of poor children should see particularly large increases in aid.

Deadlines:

The deadline for submission of the consolidated application for funding under *most* Titles of the Act is ***September 1, 2002***. Some of the programs covered by this application include:

- Title I, Part A – Improving Basic Programs;
- Title II, Part A, Subpart 2 – Teacher and Principal Recruiting and Training;
- Title II, Part D – Enhancing Education Through Technology; and
- Title IV – Safe and Drug Free Schools and Communities.

There are some programs that will operate with separate application processes (e.g., Reading First, 21st Century Community Learning Centers).

Consolidated Application:

Drafts of the consolidated application and supporting materials are available on line at:

<http://www.emsc.nysed.gov/deputy/nclb/cla/conslocaphome.htm>

SED expects that there will be minimal changes – if any – in the final application.

School District Allocations:

Allocations for individual districts are posted on the State Education Department's web site as they become available:

<http://www.emsc.nysed.gov/deputy/nclb/nclballocationlocal.htm>

NYSCOSS will attempt to notify superintendents via the e-mail listserv as soon new allocations or requests for proposals are posted.

Commentary:

The NCLB and federal budget do provide dramatic increases in federal aid to education – nearly \$400 million or 20 percent over last year. But that dollar increase still represents only a little more than 1 percent of combined revenues for New York school districts. Measured another way, \$400 million would represent only roughly an inflationary increase in state aid. However, this federal aid increase is sharply targeted in both distribution (districts with high concentrations of poor children) and purpose (compensatory education, reading, teacher quality, etc.). Finally, the increase comes with significant strings attached – mandatory testing in grades 3 through 8, and consequences for school failure, to cite only two examples (see *NCLB Bulletin #1 -- Accountability for Failure to Make Progress in Raising Student Achievement*)

The prospect for further dramatic increases in federal education aid is in question, given the re-emergence of federal budget deficits this year. For example, President Bush's proposed budget would freeze funding for the Teacher Quality program at this year's level.

III. Increased Flexibility

Authority to transfer funds among selected programs:

Except as noted below, districts are permitted to transfer funds among various ESEA programs. Districts may transfer up to 50 percent of their allocations among these programs:

Title II, Part A, Subpart 2 – Teacher and Principal Recruiting and Training;

Title II, Part D – Enhancing Education Through Technology;

Title IV – Safe and Drug Free Schools and Communities; and

Title V, Part A – Innovative Programs

In addition to transferring allocations among these programs, districts may transfer up to 50 percent of their allocation *from* any of the above programs *into* Title I, Part A – Improving Basic Programs. Districts may *not* transfer funds *from* Title I, Part A to other programs.

Districts must notify SED at least 30 days in advance of the intent to transfer funds.

Exceptions:

Districts identified as “in need of improvement” may only transfer up to 30 percent of their allocations.

Districts in “corrective action” may not transfer funds.

Set-asides:

Administrators should also be aware that the law provides for a number of specific set-asides, some tied to school or district performance in raising student achievement. For example, schools which fail to make adequate yearly progress (AYP) for two consecutive years must use 5 percent of their Title I allocation to support public school choice and use 10 percent to support high quality professional development for teachers and principals. See *NCLB Bulletin #1 -- Accountability for Failure to Make Progress in Raising Student Achievement*, and *NCLB Bulletin #4: Title II – Funding for Teacher and Principal Recruitment and Training*.

Table I
Funds for Formula-Allocated Federal Aid Programs for New York State Schools

	2001 Appropriation	2002 Appropriation	Change	% Change
ESEA Title I--Grants to Local Educational Agencies	844,562,951	1,027,695,868	183,132,917	21.7%
ESEA Title I--Reading First State Grants	-	68,450,886	68,450,886	
ESEA Title I--Even Start	21,491,771	22,331,486	839,715	3.9%
ESEA Title I--Migrant	8,934,954	9,544,050	609,096	6.8%
ESEA Title I--Neglected and Delinquent	3,182,142	3,218,581	36,439	1.1%
ESEA Title I--Comprehensive School Reform	20,152,895	21,828,999	1,676,104	8.3%
ESEA Title I--Capital Expenses for Private School Children	911,645	-	(911,645)	-100.0%
Impact Aid--Basic Support Payments	15,434,411	18,323,727	2,889,316	18.7%
Impact Aid--Payments for Children with Disabilities	192,248	194,958	2,710	1.4%
Impact Aid--Construction	51,840	218,035	166,195	320.6%
Impact Aid--Payments for Federal Property	659,468	2,083,387	1,423,919	215.9%
Title II--Teacher and Principal Recruitment and Training Grants	-	229,429,488	229,429,488	
Class Size Reduction	141,545,044	-	(141,545,044)	-100.0%
Eisenhower Professional Development State Grants	34,064,695	-	(34,064,695)	-100.0%
Title IV--Safe and Drug-Free Schools and Communities State Grants	33,579,917	38,197,613	4,617,696	13.8%
State Grants for Community Service for Expelled or Suspended Students	-	4,172,479	4,172,479	
21st Century Community Learning Centers	- 1	29,274,520	29,274,520	
Title II--Educational Technology State Grants	42,421,720	60,907,113	18,485,393	43.6%
Title V--State Grants for Innovative Programs	23,070,200	23,835,537	765,337	3.3%
Fund for the Improvement of Education--Comprehensive School Reform	3,035,548	4,704,203	1,668,655	55.0%
State Assessments and Enhanced Assessment Instruments	-	16,459,780	16,459,780	
Education for Homeless Children and Youth	3,420,665	4,990,814	1,570,149	45.9%
Rural and Low-Income Schools Program	-	3,339,185	3,339,185	
School Renovation Grants	105,104,824	-	(105,104,824)	-100.0%
Indian Education--Grants to Local Educational Agencies	1,544,761	1,623,159	78,398	5.1%
Language Acquisition State Grants	-	38,868,080	38,868,080	
Immigrant Education	19,551,103	-	(19,551,103)	-100.0%

Table I, continued
Funds for Formula-Allocated Federal Aid Programs for New York State Schools

	2001 Appropriation	2002 Appropriation	Change	% Change
Special Education--Grants to States	429,667,970	509,305,853	79,637,883	18.5%
Special Education--Preschool Grants	34,473,989	34,473,989	-	0.0%
Special Education--Grants for Infants and Families	22,830,440	25,063,710	2,233,270	9.8%
Vocational Education State Grants	52,486,933	56,418,524	3,931,591	7.5%
Vocational Education--Tech-Prep Education State Grants	5,246,770	5,293,494	46,724	0.9%
English Literacy and Civics Education State Grants	10,344,946	10,138,931	(206,015)	-2.0%
State Grants for Incarcerated Youth Offenders	1,082,717	1,082,717	-	0.0%
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GRAND TOTAL	1,911,777,204	2,306,707,283	394,930,079	20.7%

1/ Prior to fiscal year 2002, funds for 21st Century Community Learning Centers were not allocated by formula.

SOURCE: http://www.ed.gov/offices/OUS/Budget03/03StateTables/New_York