

Student Growth
Rigorous
Transparency
Annual Assessments
Reauthorization
Standards
Progress
Innovation
Flexibility
Competitive Grants
Transferrability
Achievement
Teacher Incentive Fund
History
Tight-loose

Briefing Book

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Executive Summary

President Obama and congressional leaders have vowed to take action this year on the Elementary and Secondary Education Act (ESEA), most recently reauthorized and rebranded as the No Child Left Behind Act of 2001. While most observers remain skeptical that we'll actually see a signing ceremony in 2011, it does appear likely that at least one house of Congress will produce a bill.

In this “briefing book,” we identify the ten key issues that policymakers must resolve in order to get reauthorization across the finish line, and explore the major options under consideration for each one.

The ten issues—which fall under the areas of standards and assessments, accountability, teacher quality, and flexibility and innovation—are these:

Standards and Assessments

1. **College and career readiness.** Should states be required to adopt academic standards tied to college and career readiness (such as the Common Core)?
2. **Cut scores.** What requirements, if any, should be placed upon states with respect to achievement standards (i.e., “cut scores”)?
3. **Growth measures.** Should states be required to develop assessments that enable measures of individual student growth?
4. **Science and history.** Must states develop standards and assessments in additional subjects beyond English language arts and math?

Accountability

5. **School ratings.** Should Adequate Yearly Progress (AYP) be maintained, tweaked, or scrapped?
6. **Interventions.** What requirements, if any, should be placed on states in terms of rewarding and sanctioning schools and turning around the lowest performers?

Teacher Quality

7. **Teacher effectiveness.** Should Congress regulate teacher credentials (as with the current Highly Qualified Teachers mandate) and/or require the evaluation of teacher effectiveness?
8. **Comparability.** Should school districts be required to demonstrate comparability of services between Title I and non–Title I schools, and if so, may they point to a uniform salary schedule in order to do so?

Flexibility and Innovation

9. **Flexibility.** Should the new ESEA provide greater flexibility to states and school districts to deviate from the law's requirements?
10. **Competitive grants.** Should reform-oriented competitive grant programs, including Race to the Top and Investing in Innovation, be authorized in the new ESEA?

For each of these questions, we offer our own recommendations. These suggestions are meant to point federal education policy in the direction of what we've termed "Reform Realism": a pro-school reform orientation leavened with realism about what the federal government can and cannot do well in K-12 education.

Reform Realism embodies these core principles:

- **"Tight-loose."** Current federal policy is loose about what students should know and be able to do but very tight about what happens when schools fall short. This equation should be flipped. There should be greater national clarity about expectations for student learning (à la the new Common Core state standards), and these should be linked to the real-world demands of college and employment; but there should be much greater flexibility in how states, communities, and schools get their students to meet these expectations.
- **Transparency in lieu of accountability.** Results-based accountability throughout the education system is vital, but it cannot be successfully imposed or enforced from Washington. Indeed, the No Child Left Behind experience has shown federal "accountability" in this realm to be a charade. The federal government can't force states and districts to turn around failing schools or offer students better options. What Uncle Sam can do is ensure that our education system's results and finances are transparent to the public, to parents, and to educators.
- **Incentives over mandates.** Whenever federal officials want to promote a particular reform—school turnarounds, teacher evaluations, school choice, etc.—they should encourage action by offering incentives (via competitive programs) instead of by imposing compliance mandates. The former is much more likely to result in positive change than the latter—and with fewer unintended consequences.

In the end, we propose a radical rethinking of the federal role in education. That role should be much more limited and focused than it is currently, and it should be tailored to Uncle Sam's capacity and expertise. More specifically, the federal government should do the following:

- Expect states to adopt rigorous standards and assessments and to maintain sophisticated data systems so that student achievement results and school-level finances are transparent to the public;
- Eliminate AYP and allow states much greater leeway in how they rate their schools;
- Allow states complete flexibility in deciding when and how to intervene in failing schools, determining the qualifications that teachers must meet, deciding whether to adopt teacher-evaluation systems, etc.; and
- Whenever possible, and with the exception of the main Title I program, turn reform-oriented formula grant programs into competitive ones.

Congress may not arrive at these same conclusions. But we do feel confident that the ten issues discussed here are those that it will debate in the weeks and months to come.

Preface

Welcome to the Thomas B. Fordham Institute’s Elementary and Secondary Education Act (ESEA) “briefing book,” which resembles the briefing books that staff on Capitol Hill and in the Department of Education prepare for members of Congress and senior administration officials. It identifies the key issues to be addressed if ESEA reauthorization is to get across the finish line, and for each issue lists the major options available, as well as the advantages and disadvantages of adopting them.¹

This briefing book is meant to serve two purposes:

- To clarify—for members of the media, policy analysts, and other interested parties, as well as for policymakers themselves—the major issues facing Congress with respect to ESEA reauthorization; and
- To provide our own recommendations on these issues, in line with what we call “Reform Realism.”

We first introduced the concept of Reform Realism in December 2008 in an open letter to the new administration and Congress. As we wrote at the time, Reform Realism is meant to be an alternative to the three main (and problematic) visions of federal policy that were dominant then—and remain dominant today. We described the three camps in this way:

- **The system defenders.** These folks—the teacher unions, other established education groups, and their friends on Capitol Hill—believe that the public education system is fundamentally sound but needs additional resources in order to be more effective. Their vision of the federal role resembles the current version, with its many programs, formulas, rules, and complexities—albeit with a lot more money and a lot less accountability.
- **The army of the Potomac.** These folks—including civil rights groups such as the Education Trust, “New Dem” bastions such as Education Sector and the Progressive Policy Institute, and nominally bipartisan initiatives such as the Aspen Institute’s Commission on No Child Left Behind (NCLB)—hold generally sound instincts about reform. They see unions and school boards as barriers to improvement and equity; they favor holding schools accountable for public dollars; they believe in empowering parents, at least within the realm of public education; and they focus laser-like on closing achievement gaps and promoting educational equality. Their Achilles’s heel is their near-boundless faith in Washington’s ability to accomplish significant positive change in K–12 education. Even though the federal government is three or four steps removed from schools (and contributes only a very small portion of the schools’ revenue dollars), they remain confident that the right mix of carrots and sticks, suitably engineered by selfless policymakers and implemented by tireless technocrats, can lead to an educational

¹ In addition to the administration’s “Blueprint for Reform” of ESEA, options have been culled from recommendations by the Aspen Institute’s Commission on No Child Left Behind, the Education Trust, Democrats for Education Reform, the National Council on Teacher Quality, the Council of Chief State School Officers, the National Governors Association, and the National Association of State Boards of Education.

utopia. They downplay the unintended consequences of NCLB (and other well-intended federal education laws); indeed, most of them would ratchet up Uncle Sam's pressure on states and local schools.

- **The local controllers.** These folks, led by conservative and libertarian think tanks such as the Heritage Foundation and the Cato Institute, want Uncle Sam, for the most part, to butt out of education policy—but to keep sending money. They see NCLB as an aberrant overreach, an unprecedented (and perhaps unconstitutional) foray into the states' domain. Many within this faction also favor reform, particularly greater parental choice of schools, but at day's end their federal policy position resembles that of the system defenders. They want to keep federal dollars flowing, albeit at a much more modest rate than those on the left; but they want to remove the accountability that currently accompanies these monies. They have given up on Uncle Sam as an agent for positive change, period. And they have enormous confidence that communities, states, and parents, unfettered from and unpestered by Washington, will do right by children.

The Reform Realist Perspective

Reform Realists share some core assumptions with both the army of the Potomac and the local controllers, though we don't have much in common with the system defenders. Like the army, we embrace standards, assessment, and accountability; we believe America's achievement gaps are morally unacceptable, socially divisive, and politically unsustainable; and we recognize that for the United States to remain secure and prosperous in a dangerous but shrinking and flattening world, our education system must be far more effective and productive than it is today. Like the local controllers, we favor school choice in almost all its forms; we understand that most of the policy action in K–12 education is vested in states (as is most of the funding); and we realize that individual communities, schools, educators, and families have differing needs and priorities across this big and diverse land.

Like the army of the Potomac, we abhor the notion of spending billions of taxpayer dollars without demanding improved results in return. But we agree with the local controllers that federal action too often yields unintended, undesirable consequences, and that policymakers would be wise to adopt the medical profession's maxim of "first, do no harm."

Thus we believe in a targeted and strategic federal role in K–12 education, with Uncle Sam sticking to important elements that he can do well (and that others do less well)—but leaving the rest to states, communities, educators, and families. And when Uncle Sam cannot resist promoting particular reforms, we believe that he should almost always use carrots instead of sticks.

In the pages that follow we apply the principles of Reform Realism to the ten key issues at hand for ESEA reauthorization. (In the conclusion, you'll see what our blueprint looks like when all of our recommendations are added up.) Regardless of whether you agree with Reform Realism or not, we hope you find this briefing book to be a fair distillation of the debates ahead.

Issues Not Addressed

This briefing book examines ten challenging issues facing Congress as it considers ESEA reauthorization. We shared this list with colleagues on the Hill and in the Department of Education, and found general agreement that they are indeed key topics. But we recognize that there are many others—including some tough ones—with which policymakers will have to wrestle. These include:

- **Formulas, particularly for Title I.** Formulas are always tricky for Congress, because any changes result in clear winners and losers. However, Congress might choose to address whether the current Title I formulas adequately focus funds where they need to go, given that 95 percent of all districts continue to receive them. The proportion of Title I funds flowing to high-poverty districts increased only two percentage points since the last reauthorization.
- **Details of program consolidations.** We strongly support consolidating the vast majority of ESEA programs into a few funding streams. The specifics of consolidation, however—how to consolidate which programs—are beyond the scope of this report.
- **Issues related to special populations, such as achievement standards and alternate assessments for students with significant cognitive disabilities, and assessments and accountability for limited English proficient (LEP) students.** These pose many complexities that must be resolved to ensure that all students are full participants in the new system of college- and career-ready standards and assessments.
- **Other programs (many of them candidates for inclusion in our proposed revamping of Title II), including:**
 - **Parts B-H of Title I** (Reading First, Early Reading First, Even Start, Migrant Education, National Assessment of Title I, Comprehensive School Reform, Advanced Placement programs, School Dropout Prevention)
 - **Title III** (Grants for language instruction for LEP students)
 - **Title IV** (Safe and Drug Free Schools, 21st Century Community Learning Centers)
 - **Charter school programs**
 - **Title V** (which contains a number of small competitive grant programs, most of which are slated for consolidation in the administration's FY 2012 budget request)
 - **Title VII** (Indian, Native Hawaiian, and Alaska Native Education)
 - **Title VIII** (Impact Aid)

Acknowledgments

The Thomas B. Fordham Institute is a nonprofit organization that conducts research, issues publications, and directs action projects in elementary and secondary education reform at the national level and in Ohio, with special emphasis on our hometown of Dayton. It is affiliated with the Thomas B. Fordham Foundation, and this publication is a joint project of the Foundation and the Institute. For further information, please visit our website at www.edexcellence.net or write to the Institute at 1016 16th St., NW, 8th Floor, Washington, D.C. 20036. The Institute is neither connected with nor sponsored by Fordham University.

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Special thanks go to Christine Wolfe, a longtime congressional aide and George W. Bush administration official, who served as our consultant for this project. She provided tremendous assistance in identifying the key issues for consideration, describing the leading options under discussion, and helping to analyze their pros and cons. But in fairness to Ms. Wolfe, we do not implicate her in our conclusions!

Academic Standards and Assessments

Issue #1: *Should states be required to adopt academic standards tied to college and career readiness (such as the Common Core)?*

Current Law

Title I of ESEA (Section 1111(b)(1)) requires each state to demonstrate that it has adopted challenging academic-content standards that apply to all schools and students, at least in reading/English language arts and math (and, beginning in 2005–06, in science), and has met certain other criteria.

Background

In recent years, policymakers, analysts, and others have grown concerned that most states' academic standards for K–12 education are not aligned with the demands of college or the workplace. To address this problem—and to bring greater consistency to expectations across state lines—the Council of Chief State School Officers and the National Governors Association Center for Best Practices came together to create the Common Core State Standards Initiative (CCSSI). To date, forty-four states plus the District of Columbia have voluntarily adopted these standards, which were found by the Fordham Institute to be as rigorous as or more rigorous than those that had been in place in almost all of the states.²

For ESEA reauthorization, one of the key questions is what role these Common Core standards should play, if any, in eligibility for federal funds. Should Congress mandate that every state participate in the CCSSI? If not, should states be required to adopt other rigorous standards that ensure that students are ready for college or the workforce upon graduation?

² Sheila Byrd Carmichael, Gabrielle Martino, Kathleen Porter-Magee, and W. Steven Wilson, *The State of State Standards—and the Common Core—in 2010* (Washington, D.C.: Thomas B. Fordham Institute, 2010), <http://www.edexcellence.net/publications-issues/publications/the-state-of-state.html>.

Options

Option 1A: Require states to adopt the Common Core standards in reading and math as a condition of receiving federal Title I funds.

Pros	Cons
<ul style="list-style-type: none">• Ensures that states have consistent and rigorous standards	<ul style="list-style-type: none">• Federalizes what has been a state-developed initiative, effectively adopting these standards as national standards• Could lead to a backlash against the entire CCSSI

Option 1B: As a condition of receiving federal Title I funds, require either that states adopt consortium-developed reading and/or math standards, OR that they develop their own standards in conjunction with their four-year public university systems, which will have to certify that mastery of the standards guarantees students' ability to perform college-level coursework upon admission. (Administration's proposal)

Pros	Cons
<ul style="list-style-type: none">• Gives states the option of how to upgrade standards and does not federalize the Common Core	<ul style="list-style-type: none">• Potentially requires states wishing to receive federal dollars to expend significant effort upgrading standards if they choose not to participate in the Common Core• Could easily be gamed by non-Common Core states if their university systems are willing to certify questionable standards

Option 1C: As a condition of receiving federal Title I funds, require states to adopt the Common Core standards in reading and math, OR to demonstrate that their existing standards are just as rigorous as the Common Core. Standards developed apart from the Common Core initiative would be peer reviewed at the federal level by a panel of state officials and content-matter experts; the panel itself (not the secretary of education) would have the authority to determine whether a state’s standards are rigorous enough.

Pros	Cons
<ul style="list-style-type: none"> • Allows states to choose how to upgrade standards and does not federalize the Common Core • Via external peer review, can help to ensure that standards are as rigorous as the Common Core; it is less likely to be gamed than an intrastate solution 	<ul style="list-style-type: none"> • Potentially requires states wishing to receive federal dollars to expend significant effort upgrading standards if they choose not to participate in the Common Core • Could be technically difficult to determine whether standards are “just as rigorous” as the Common Core

The Reform Realism Position: Option 1C

Our “tight-loose” formulation of federal policy holds that policymakers should be “tight” about what students are expected to know and be able to do. While mandating the Common Core is tempting, it would lead to significant political backlash—and for good reason, since it would represent an unwarranted intrusion by the federal government into state matters. Still, states that want no part of the Common Core, but do want Title I dollars, should be required to make their case, to an external body, that they have equally rigorous standards in place.³

As a condition of receiving federal Title I funds, require states to adopt the Common Core standards in reading and math, OR to demonstrate that their existing standards are just as rigorous as the Common Core. Standards developed apart from the Common Core initiative would be peer reviewed at the federal level by a panel of state officials and content-matter experts; the panel itself (not the secretary of education) would have the authority to determine whether a state’s standards are rigorous enough.

³ It is important that the peer review process not be controlled by federal officials. Various ways of structuring it can mitigate this risk. For example, the state having its standards (or tests, cut scores, etc.) reviewed might nominate two members of a seven-member panel; the secretary of education might nominate two members from other states; and the four initial nominees must agree on the three remaining members. Any recommendation emanating from such a panel must have at least five of the seven members voting in favor.

Issue #2: What requirements, if any, should be placed upon states with respect to achievement standards (i.e. "cut scores")?

Current Law

NCLB requires each state to demonstrate that it has adopted challenging academic-achievement standards (cut scores) that describe at least two levels of high achievement (proficient and advanced) and one additional level (basic). The content and rigor of those achievement standards are left to each state.

Background

As most states work together to develop common assessments to accompany the Common Core standards, they are also committed to developing common cut scores. That makes sense; there's little point in creating common standards and tests if students in different states can "pass" those tests at discrepant levels. Furthermore, the cut scores are where the rubber will (or will not) meet the road in terms of aligning K–12 standards with a meaningful definition of college and career readiness.

But should common cut scores be mandatory for purposes of Title I funding? And what about states that don't participate in the Common Core initiative? Particularly because most states currently set their cut scores quite low, is there a federal role in ensuring that the bar is set high and that state standards really are pegged to college and career readiness?

More fundamentally, with an increasing focus on student growth, is there even a need to set achievement levels?

Options

Option 2A: Require states participating in state assessment consortia to adopt common achievement standards.

Pros	Cons
<ul style="list-style-type: none">• Ensures that states not only have common assessments, but also have common definitions of what it means to be on track for college and career readiness at graduation• Ends NCLB-era practice of dumbing down state expectations of proficiency	<ul style="list-style-type: none">• Could be seen as redundant—states participating in the assessment consortia have already agreed to adopt common achievement standards, so there is no need for a further federal mandate• Could prevent states that want to set higher expectations for their students from doing so

Option 2B: Don't require states to set proficiency or achievement levels on their assessments.

Pros	Cons
<ul style="list-style-type: none"> • Allows states the flexibility to develop accountability systems focused entirely on student growth • Removes an incentive to narrowly focus on students just above or just below the “proficiency” (or “college- and career-ready”) line 	<ul style="list-style-type: none"> • Obscures the current performance levels of individual students, schools, and districts • Makes it impossible to know how many graduating students are college- and career-ready (because it doesn't require at least twelfth-grade achievement levels)

Option 2C: As a condition of receipt of Title I funds, require states to set achievement standards such that students will be college- and career-ready by the time they graduate from high school. Require states to back-map achievement standards down to at least third grade, so that passing the state assessment in each grade indicates that a student is on track to graduate from twelfth grade ready for college or a career. States that opt out of the state assessment consortia funded by Race to the Top (RTT) would have their standards peer reviewed at the federal level by a panel of state officials and content-matter experts. The panel itself (not the secretary of education) would have the authority to determine whether a state's standards are adequately tied to college and career readiness. No state would be required to adopt achievement standards developed by the Common Core assessment consortia.

Pros	Cons
<ul style="list-style-type: none"> • Strengthens current law by anchoring achievement standards to real-world expectations • Helps ensure that all states are setting sufficiently high expectations for their students so that they are college- and career-ready by the time they graduate 	<ul style="list-style-type: none"> • Doesn't address potential difficulty of determining whether achievement levels represent college and career readiness at various grade levels

The Reform Realism Position: Option 2C

We are tempted to allow states to opt out of achievement standards altogether; there's a legitimate case for building accountability systems on student growth alone, and/or for reporting current performance levels in terms of percentiles rather than against a static (and questionable) standard. But if achievement levels are to be mandated from Washington, they should be pegged to college and career readiness—and a peer review panel should be asked to certify that any state's cut scores are set adequately high.⁴

As a condition of receipt of Title I funds, require states to set achievement standards such that students will be college- and career-ready by the time they graduate from high school. Require states to back-map achievement standards down to at least third grade, so that passing the state assessment in each grade indicates that a student is on track to graduate from twelfth grade ready for college or a career. States that opt out of the state assessment consortia funded by Race to the Top (RTT) would have their standards peer reviewed at the federal level by a panel of state officials and content-matter experts. The panel itself (not the secretary of education) would have the authority to determine whether a state's standards are adequately tied to college and career readiness. No state would be required to adopt achievement standards developed by the Common Core assessment consortia.

⁴ It is important that the peer review process not be controlled by federal officials. Various ways of structuring it can mitigate this risk. For example, the state having its standards (or tests, cut scores, etc.) reviewed might nominate two members of a seven-member panel; the secretary of education might nominate two members from other states; and the four initial nominees must agree on the three remaining members. Any recommendation emanating from such a panel must have at least five of the seven members voting in favor.

Issue #3: Should states be required to develop assessments that enable measures of individual student growth?

Current Law and Background

Current law does not require states to develop assessments that can measure individual student growth from one year to the next. In fact, current Title I accountability requirements exclude measures of individual student growth from measures of Adequate Yearly Progress (AYP), though the Department of Education has allowed states to include them, under certain conditions and within specified parameters. The assessments being developed by both of the Common Core testing consortia will—if done as promised—measure individual student growth.

Options

Option 3A: Do not require states to develop assessments that enable measures of individual student growth.

Pros	Cons
<ul style="list-style-type: none"> • Allows flexibility for states to develop accountability systems that best meet their own needs • Reduces the cost burden placed on states, since moving to a growth model requires costly, sophisticated data systems 	<ul style="list-style-type: none"> • Without the ability to measure student growth, risks having states misidentify some schools as low-performing even though their students are making big gains

Option 3B: Require states to develop assessments that enable measures of individual student growth as a condition of receipt of federal assessment-development dollars. (Administration’s proposal)

Pros	Cons
<ul style="list-style-type: none"> • Allows flexibility for states to create assessment systems that best meet their own needs, since they may opt out of this requirement if they don’t want the assessment-development dollars • Offsets the cost of developing the data systems by offering federal funding 	<ul style="list-style-type: none"> • Will perpetuate inaccurate rating systems if states opt out of this requirement

Option 3C: Require states to develop assessments that enable measures of individual student growth as a condition of receipt of Title I funding.

Pros	Cons
<ul style="list-style-type: none">• Ensures that states have the capacity to measure school progress and teacher effectiveness• Allows for more accurate school ratings, plus can allow states to build accountability systems that focus on the progress of students across the achievement spectrum—not just those near the “proficiency” line	<ul style="list-style-type: none">• Represents a significant new federal mandate around assessments, since few if any states will forego Title I funding

The Reform Realism Position: Option 3C

In the spirit of “tight-loose” and transparency, we think it’s reasonable for the federal government to require, as condition of Title I funding, that states be able to measure student growth. Otherwise it will be impossible for states to offer an accurate assessment of their schools, including schools that have many low-achieving students but are making rapid gains over time. It’s essential that parents, educators, and the public know how schools are fostering—or failing to foster—student growth.

Require states to develop assessments that enable measures of individual student growth as a condition of receipt of Title I funding.

Issue #4: Must states develop standards and assessments in additional subjects beyond English language arts and math?

Current Law and Background

Current law requires states to develop science standards and assessments for each grade span, though these assessments do not “count” in AYP determinations. And while many states have history/social studies standards in place (most of which are of mediocre quality or worse, according to a recent Fordham review⁵), few test that subject, and even fewer make use of the results in their accountability systems. These policies create perverse incentives for schools to ignore the teaching of science and history, and there’s some evidence that, in the elementary grades at least, time spent on these subjects is indeed getting squeezed out.⁶

Options

Option 4A: Maintain current law. For math and English language arts, grade-level standards and tests are required in grades three through eight (plus one test in high school); grade-span standards and tests are required for science (but the results on those tests do not count as part of NCLB accountability). There are no requirements for history/civics/geography standards or assessments.

Pros	Cons
<ul style="list-style-type: none"> Doesn't additionally burden states and districts, which already face the challenge of implementing new, more rigorous standards in English language arts and math (adding more requirements might impede existing efforts) 	<ul style="list-style-type: none"> Maintains the perverse incentive for schools to ignore history and downplay science

⁵ Sheldon M. Stern and Jeremy A. Stern, *The State of State U.S. History Standards 2011* (Washington, D.C.: Thomas B. Fordham Institute, 2011), <http://www.edexcellence.net/publications-issues/publications/the-state-of-state-us.html>.

⁶ Martin West, “Testing, Learning, and Teaching: The Effects of Test-based Accountability on Student Achievement and Instructional Time in Core Academic Subjects,” in *Beyond the Basics: Achieving a Liberal Education for All Children*, ed. Chester E. Finn, Jr., and Diane Ravitch (Washington, D.C.: Thomas B. Fordham Institute, 2007), 45–61, <http://www.edexcellence.net/publications-issues/publications/beyondthebasics.html>.

Option 4B: Require states to develop grade-level science standards; for history (or history/civics/geography), require standards in at least three grade bands. Require annual testing in science and at least one test in history in each of the elementary, middle, and high school levels.

Pros	Cons
<ul style="list-style-type: none">• Raises the profile of science and history and reduces the incentive for schools to ignore these subjects• Creates the opportunity for state accountability systems to incorporate the results from science and history exams	<ul style="list-style-type: none">• Amounts to a new testing burden on states and districts at a time of strained resources• Might draw the federal government into controversial debates about the content of science and history standards

The Reform Realism Position: Option 4B

Few would dispute that science and history should be valued parts of the school curriculum or that teachers, schools, and districts should be held accountable for improving student learning in these key areas, too. Thus, in the spirit of transparency—and to make the “tight” part of the “tight-loose” formula meaningful—we think it’s reasonable for federal leaders to mandate the expansion of testing in these critical subjects. “Common” standards for science are beginning to be developed (under the aegis of Achieve) and assessments will likely follow. There’s a risk in mandating the testing of history, of course, considering how weak are most states’ standards in this subject; but the additional importance assigned to the subject, and the additional attention to student performance in it, are apt to push states to strengthen their academic expectations for history, too.

Require states to develop grade-level science standards; for history (or history/civics/geography), require standards in at least three grade bands. Require annual testing in science and at least one test in history in each of the elementary, middle, and high school levels.

Additional Issues Regarding Standards and Assessments

While the following topics don't rise to the level of top-tier issues for this briefing book, they will surely also be tackled by Congress in reauthorization:

- **Alternate academic achievement standards for students with the most significant cognitive disabilities.** Current law requires each state to demonstrate that it has adopted academic-content standards and achievement standards that apply to all students and schools. The law does not make any exceptions for students with disabilities. Congress is expected to consider codifying the Department of Education's regulations that permit states to develop alternate academic-achievement standards for students with the most significant cognitive disabilities.
- **Modified academic-achievement standards for students with disabilities who will not achieve grade-level proficiency within the year covered by their individualized education program (IEP).** The Department of Education recently indicated its intention to reverse this policy, which allows a small group of students with disabilities (no more than 2 percent of all students) to be assessed based on modified achievement standards aligned to grade-level content standards.⁷
- **Assessment of LEP students.** In 2006, the Department of Education issued regulations that permitted states to exempt recently arrived LEP students from one test administration. Since the current statute does not address recently arrived LEP students, the reauthorized ESEA might address when recently arrived LEP students should be assessed.
- **Quality and rigor of science and history standards and tests.** We envision above a system for ensuring that states' English language arts and math standards and tests are pegged at a high level. But what about science standards and tests? (As noted above, "common" science standards are in the early stages of development, but it remains unclear how they will turn out, much less what sorts of assessments will need to be developed to align with them or how that alignment will be handled.) And what about history, if Congress chooses to mandate standards and tests in that critical subject? Without a Common Core for those subjects, it's not clear what role the federal government should play. Congress might want to figure that out.

⁷ Department of Education, "Secretary Duncan Vows to 'Move Away' from the 2 Percent Rule in Assessing Students with Disabilities," March 15, 2011, <http://www.ed.gov/news/press-releases/secretary-duncan-vows-move-away-2-percent-proxy-rule-assessing-students-disabili>.

Accountability: AYP and Sanctions for Low-Performing Schools and Districts

Issue #5: Should AYP be maintained, tweaked, or scrapped?

Current Law

The requirements for Adequate Yearly Progress are set forth in Section 1111(b)(2)(C) (Title I). AYP is both a school rating system (schools either “meet” or “do not meet” AYP goals each year) and a trigger for a series of consequences. Prior to NCLB, AYP applied only to schools receiving Title I funds. Since 2001, states have been required to have one definition of AYP that applied to all schools in a state (though AYP triggers consequences only in Title I schools). The new definition has both a “status” and a “progress” component. More recently, the Department of Education has permitted states to incorporate growth models as part of their AYP definitions. Here’s some more nitty-gritty:

- **Performance targets (status).** States are required to include annual statewide measurable objectives for improved achievement in reading/English language arts and math for all students as well as for specific groups, including economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, and students with limited English proficiency. The overall goals are set so that all students will meet the “proficient” level by the end of the 2013–14 school year. AYP is based primarily on state assessments; one additional academic indicator is required (graduation rates in high school and typically attendance rates in elementary and middle school) and other indicators are permitted, but they may not be used to change the identity of schools otherwise subject to improvement under Section 1116. Each student group must meet the statewide achievement goal for a school to make AYP. At least 95 percent of each group must participate in state assessments.
- **Safe harbor (progress).** In cases where a group does not meet the state goal, the school can be considered to have made AYP if over the course of the year it reduces by at least 10 percent the number of students in that group not reaching the proficient level. Because of this safe harbor provision, schools can continue to make AYP, even if they do not reach, or even come close to, 100 percent proficiency.
- **Growth models.** Regulations issued by the Department of Education in 2008 codified the Growth Model Pilot Program, which was launched in 2007. These regulations allow states to request waivers in order to incorporate growth into their definitions of AYP, so long as they meet certain conditions. For example, states could not expect different subgroups to make progress at different rates. Growth models that require only a year’s growth in a year’s time are also not adequate, since they would not result in sufficient growth toward the proficiency goal.⁸ By 2010, seventeen states had implemented growth models, and thirteen were in the process of developing them.⁹

⁸ For more information on the detailed requirements for growth models, see Secretary Spellings’s policy letter to chief state school officers, August 18, 2008, <http://www2.ed.gov/policy/gen/guid/secletter/080818.html>.

⁹ Sarah D. Sparks, “Study Flags Drawbacks in Growth Models for AYP,” *Education Week*, April 6, 2011, <http://www.edweek.org/ew/articles/2011/04/01/27growth.h30.html>.

Background

There is widespread consensus that AYP needs to be fixed, if not scrapped. Here are some of the major complaints:

- **Too many ways to fail.** AYP is currently a pass/fail system: Either schools make AYP, or they don't. But because AYP is measured separately for reading and math, and every subgroup must meet performance targets, there are dozens of ways for schools not to make AYP. While states have had flexibility to tailor interventions differently for schools that miss AYP due to one subgroup (as opposed to schools that miss it because the vast majority of students are not proficient), the perception has been that once a school misses AYP it is a “failing” school.
- **Incentive to keep standards low.** Congress recognized that there would be a built-in incentive for states to lower their proficiency standards in order for schools to make AYP, which is why it required states to participate in the National Assessment of Educational Progress (NAEP). The idea was that the rigor of state expectations—or lack of rigor—would be transparent, thus providing an incentive for states to aim high. Still, while there hasn't been an out-and-out “race to the bottom,” there is reason to believe that AYP has discouraged states from defining “proficiency” at a high level.¹⁰
- **Possibility of gaming the system.** States have the flexibility to set annual measurable objectives. Some have chosen a linear tack to 100 percent proficiency, while others are waiting until the very end to make the most gains. States also can have significant impact on the effect of AYP targets through their “minimum group size” and “confidence interval” decisions. States decide whether particular subgroups of low-income or LEP students, for instance, are large enough that their test results are counted separately for determining their school's AYP status, in addition to being counted within the general school population. A low minimum group size would mean that more schools would be held accountable for the achievement of subgroups. States can also apply confidence intervals (margins of error) to schools' proficiency rates, which means that schools can make AYP even if they do not come close to meeting their performance targets.¹¹

In short, AYP's complexity makes it hard to understand—and hard to trust.

¹⁰ John Cronin, Michael Dahlin, Deborah Adkins, and G. Gage Kinsbury, *The Proficiency Illusion* (Washington, D.C.: Thomas B. Fordham Institute, 2007), <http://www.edexcellence.net/publications-issues/publications/theproficiencyillusion.html>.

¹¹ For a discussion of these issues, see John Cronin, Michael Dahlin, Yun Xiang, and Donna McCahon, *The Accountability Illusion* (Washington, D.C.: Thomas B. Fordham Institute, 2009), <http://www.edexcellence.net/publications-issues/publications/the-accountability-illusion.html>.

Options

Option 5A: Maintain the basic structure of current AYP requirements, but allow for growth models that ensure that students are on track to achieve proficiency within three years. Add science to AYP measures. Eliminate or postpone the 2014 deadline.

Pros	Cons
<ul style="list-style-type: none"> • Allows for individual measures of student growth, making the identification of truly “failing” schools (those with low test scores <i>and</i> making little progress) more accurate • Maintains the current law’s focus on the performance of subgroups—which can encourage schools and districts to focus on children who had previously been “left behind” 	<ul style="list-style-type: none"> • Maintains AYP’s Rube Goldberg-like complexity • Continues to provide dozens of ways for schools to fail to make AYP • Maintains an incentive to keep proficiency cut scores low (since it is easier to show progress toward these scores)

Option 5B: Set a new goal, to be met by 2020, that all students will graduate from high school ready for college or a career. Require states to set performance targets (based on whole-school and subgroup achievement) to ensure that schools are on track. Include a measure of student growth. Require states to include math and reading results and graduation rates in their accountability measures. Require science achievement and growth to be reported. (Administration’s proposal)

Pros	Cons
<ul style="list-style-type: none"> • Allows for individual measures of student growth, making the identification of truly “failing” schools (those with low test scores <i>and</i> making little progress) more accurate • Maintains a sense of urgency with the 2020 deadline 	<ul style="list-style-type: none"> • Seems to create a predicament similar to that created by the 2013–14 proficiency goal—that is, the 2020 goal of college and career readiness for all graduates encourages states to define weak “readiness” targets • Maintains most of the current law’s complexity

Option 5C: Eliminate AYP altogether. Instead, require states (as a condition of Title I funding) to adopt a school rating system (pegged to college and career readiness and, for high schools, graduation rates) that provides transparent information to educators, parents, and taxpayers alike. Require state systems to include the following elements:

1. **Annual reporting.** States must rate all schools on their effectiveness every year.
2. **Multiple labels.** State rating systems cannot be pass/fail, but should indicate a range of effectiveness. States could adopt an A–F rating system, for example.
3. **College and career readiness.** The primary benchmark in school ratings should be their effectiveness in preparing all students to be college- and career-ready. High schools should be judged, in part, by how many of their students graduate ready for college or a career (as determined by state assessments). All schools should be judged, at least in part, by how many of their students are on a trajectory to reach college and career readiness by the end of the twelfth grade. States should have the flexibility to determine how to develop these trajectories.
4. **Student growth.** Individual student growth must feed into a school’s rating system, though states should have the flexibility to determine the specifics of this requirement. States must have data systems that make this possible.
5. **Tested subjects.** States must report separately their schools’ reading, math, science, and history scores.
6. **Disaggregated data.** Data must be reported by disaggregated subgroups (racial/ethnic groups, low-income, etc.) as required by current law. In addition to releasing “proficiency rates” by subgroups, states should also release scale scores and percentile rankings for these groups, as well as data on student progress. (This will enable watchdog groups to develop their own school rating and reporting systems and to monitor the state systems.)
7. **Subgroup performance.** State rating systems must incorporate subgroup performance into school ratings. Schools may not receive the highest rating if any of their subgroups is performing poorly.
8. **Participation rates.** Schools must continue to report aggregate and disaggregated student participation rates on tests.
9. **Graduation rates.** States, districts, and schools must report an adjusted cohort graduation rate, as required by current regulations.
10. **NAEP.** Schools must participate in state NAEP exams, as required by current law; they should also be required to participate in science and U.S. history NAEP exams.
11. **Peer review.** State systems should be subject to federal peer review to ensure that all requirements are being met.
12. **Penalty.** Title I funds may be withheld if a state is determined not to have met transparency requirements.

Pros	Cons
<ul style="list-style-type: none">• Focuses on transparency and ensuring that data are clear and understandable to parents, teachers, and the public• Removes the perverse incentives to lower expectations, because it leaves the details to the states and focuses on “transparency” instead of “accountability”• Puts responsibility fully on the states—no more blame shifting or gaming a federal system• Allows for a new age of innovation in accountability systems	<ul style="list-style-type: none">• Ensures that similar schools will continue to be treated differently across state lines• Assumes sophisticated state data systems, which may be hard to build during this time of limited financial resources• Doesn’t prevent states from making questionable decisions that let schools off the hook for the poor performance of some students

The Reform Realism Position: Option 5C

AYP has outlived its usefulness. Designed to force states to make public the performance of schools’ neediest students, it has become a straitjacket that prevents rating systems from evolving and getting smarter. We propose to replace the current version of “accountability” with “transparency.” In return for federal funds, states should provide reams of data on student performance, sliced and diced in every way imaginable, and pegged to standards and tests that are meaningful. When it comes to turning those data points into school ratings, states should have plenty of flexibility. In turn, state and national watchdog groups should be able to get the data and offer their own assessments—including those that could be consistent across state lines (at least for states participating in the Common Core assessments). And states should continue to participate in NAEP as an external check.

Eliminate AYP altogether. Instead, require states (as a condition of Title I funding) to adopt a school rating system (pegged to college and career readiness and, for high schools, graduation rates) that provides transparent information to educators, parents, and taxpayers alike. Require state systems to include the following elements:

1. **Annual reporting.** States must rate all schools on their effectiveness every year.
2. **Multiple labels.** State rating systems cannot be pass/fail, but should indicate a range of effectiveness. States could adopt an A–F rating system, for example.
3. **College and career readiness.** The primary benchmark in school ratings should be their effectiveness in preparing all students to be college- and career-ready. High schools should be judged, in part, by how many of their students graduate ready for college or a career (as determined by state assessments). All schools should be judged, at least in part, by how many of their students are on a trajectory to reach college and career readiness by the end of the twelfth grade. States should have the flexibility to determine how to develop these trajectories.
4. **Student growth.** Individual student growth must feed into a school's rating system, though states should have the flexibility to determine the specifics of this requirement. States must have data systems that make this possible.
5. **Tested subjects.** States must report separately their schools' reading, math, science, and history scores.
6. **Disaggregated data.** Data must be reported by disaggregated subgroups (racial/ethnic groups, low-income, etc.) as required by current law. In addition to releasing "proficiency rates" by subgroups, states should also release scale scores and percentile rankings for these groups, as well as data on student progress. (This will enable watchdog groups to develop their own school rating and reporting systems and to monitor the state systems.)
7. **Subgroup performance.** State rating systems must incorporate subgroup performance into school ratings. Schools may not receive the highest rating if any of their subgroups is performing poorly.
8. **Participation rates.** Schools must continue to report aggregate and disaggregated student participation rates on tests.
9. **Graduation rates.** States, districts, and schools must report an adjusted cohort graduation rate, as required by current regulations.
10. **NAEP.** Schools must participate in state NAEP exams, as required by current law; they should also be required to participate in science and U.S. history NAEP exams.
11. **Peer review.** State systems should be subject to federal peer review to ensure that all requirements are being met.
12. **Penalty.** Title I funds may be withheld if a state is determined not to have met transparency requirements.

Issue #6: What requirements, if any, should be placed on states in terms of rewarding and sanctioning schools and turning around their lowest performers?

Current Law

Rewards and Sanctions

Section 1116 contains a number of requirements for sanctions on the basis of how many years a school or a local education agency (LEA) misses AYP. Table 1 shows the various phases through which a school passes in six years of missing AYP.

Table 1. Sequence of Sanctions for Schools missing AYP

School Year	School Status
By end of school year 1	School does not meet AYP
By end of school year 2	School does not meet AYP
Beginning of school year 3	School enters Phase 1: school improvement (planning)
By end of school year 3	School does not meet AYP
Beginning of school year 4	School enters Phase 2: school improvement
By end of school year 4	School does not meet AYP
Beginning of school year 5	School enters Phase 3: corrective action
By end of school year 5	School does not meet AYP
Beginning of school year 6	School enters Phase 4: restructuring (planning)
By end of school year 6	School does not meet AYP
Beginning of school year 7	School enters Phase 5: restructuring

Once a school is identified for improvement, the law requires it to develop an improvement plan, and requires the school district to offer students the opportunity to transfer to a public school that has not been identified for improvement. If the school fails to make AYP the next year, then the school district must offer its needy students free supplemental educational services.

Once a school is identified for restructuring, it is required to implement a plan that must include one of the following “alternative governance” arrangements for the school, consistent with state law:

- Reopen the school as a public charter school;
- Replace all or most of the school staff, including in some cases the principal, who are relevant to the school’s inability to make AYP;
- Enter into a contract with an entity selected through a rigorous review process, such as a private management company with a demonstrated record of effectiveness, to operate the school as a public school;
- Turn the operation of the school over to the state education agency (SEA) if this action is permitted under state law and the state agrees; or
- Implement any other major restructuring of the school’s governance arrangement that is consistent with the NCLB principles of restructuring.

Districts that do not make AYP are also subject to identification for improvement and corrective action. The law requires LEAs that have been identified for improvement to implement a district improvement plan to improve their curricula, instruction, professional development, and other activities. Corrective action is imposed on schools that, having been identified for improvement, do not make AYP in either of the next two years; this step requires SEAs to implement interventions at the district level from a menu of options that includes changing curricula, withholding funds for administration, or abolishing the LEA.

Differentiated Accountability Pilot

In 2007, Secretary Spellings announced the creation of a pilot program that permitted up to ten states to propose their own methods for categorizing low-performing schools and determining the interventions required for each category, as long as certain “bright line principles” were met.¹² Nine states were approved to participate in this pilot.

2008 Title I Regulations—Restructuring

Concerns that the “other major restructuring” category was leaving too many schools off the hook for real reform, the Department of Education issued regulations in 2008 that tried to toughen it. The department clarified that the “other” category meant “any other major restructuring of a school’s governance arrangement that makes fundamental reforms, such as significant changes in the school’s staffing and governance, in order to improve student academic achievement in the school and that has substantial promise of enabling the school to make AYP. The major restructuring of a school’s governance may include replacing the principal so long as this change is part of a broader reform effort.”

School Improvement Grants

The School Improvement Grants (SIG) program is authorized by Section 1003(g) of ESEA. It’s designed to get extra funding to the lowest-performing schools in order to help them with their turn-around efforts. No funds were appropriated for that program until 2007.

¹² For more information on this topic, see the Department of Education’s webpage on differentiated accountability, <http://www2.ed.gov/admins/lead/account/differentiatedaccountability/index.html>.

Then, in 2009, the Department of Education issued new requirements for SIG to accompany a \$3 billion infusion into the program under the American Recovery and Reinvestment Act (ARRA). The regulations required a state to identify, in general, the lowest-achieving 5 percent of its Title I schools already identified for improvement, subject to corrective action, or undergoing restructuring as its “persistently lowest achieving schools.” Furthermore, the department stipulated that one of four intervention models was to be implemented in these schools: restart, school closure, transformation, or turnaround. The department has provided extensive guidance regarding the identification of eligible schools and the implementation of appropriate interventions. Funds are awarded by formula to states and competitively within states.

Background

One of the major issues for reauthorization is whether states should be required to implement any particular sanctions on the basis of assessment results, and if so, whether only their lowest-performing schools should be subject to sanctions. Focusing on the lowest-achieving schools, as proposed in the administration’s “Blueprint for Reform” of ESEA, allows states to concentrate their resources on a much smaller pool of schools. On the other hand, it means backing away from strict accountability for the vast majority of schools.

A related issue for ESEA reauthorization is whether to tweak, overhaul, or scrap the SIG program. Current SIG requirements are complex—there are a hundred pages of guidance just explaining how to identify schools and allocate funds. Additionally, there is the question of whether SIG should continue to require the use of one of its four models, given the limited research on the effectiveness of each.

The requirement of public school choice and supplemental services has also been a contentious issue. Participation in these initiatives has been disappointing, in part because school districts have done a terrible job alerting parents about their opportunities. The administration’s proposal is silent on what role, if any, these initiatives would play. Whether they should continue to be mandated is an important issue.

Options

Option 6A: Maintain basic components of current law, but require districts to identify only (up to) the bottom 10 percent of “schools in need of improvement” for restructuring. A school eligible for restructuring but not in the bottom 10 percent would remain in corrective action. Permit states to identify schools on the basis of the same subgroup missing AYP for two consecutive years, not any subgroup. Fine-tune restructuring requirements to ensure that LEAs can’t opt out by using the “other” provision in current law. Maintain the requirements for public school choice and supplemental services (with a few tweaks).

Pros	Cons
<ul style="list-style-type: none"> • Ensures that LEAs aren't overwhelmed with a large number of schools in restructuring • Keeps up the pressure on schools to improve the achievement of their subgroups 	<ul style="list-style-type: none"> • Remains very prescriptive at the federal level • Does not solve a key problem—that the feds are powerless to actually enforce any of this, turning the law into a paper tiger • Contains restructuring options that have shown little evidence of working • Depends entirely on AYP, the shortcomings of which were made clear above

Option 6B: Require states to develop a system of sanctions and rewards. Require them to focus interventions on the lowest-achieving schools, or “challenge schools,” defined as the lowest-performing 5 percent of schools in each state (based on achievement, growth, and graduation rates) that are not making progress. Require states to implement one of the four turnaround models in these schools. Require them to place the next 5 percent of lowest-performing schools in a “warning” category, and oblige states and districts to implement locally determined strategies to improve each school. Maintain the SIG program and required models. (Administration’s proposal)

Pros	Cons
<ul style="list-style-type: none"> • Frees states to focus resources on the lowest-achieving schools • Gives states flexibility in determining interventions for schools not at the bottom • Represents a more modest and focused federal role, more in line with the federal government’s capacity 	<ul style="list-style-type: none"> • Lets the vast majority of schools “off the hook” from federal accountability, which might lead to backsliding in student performance • Makes use of the SIG models, whose effectiveness is questionable • Sets a bottom threshold, which creates issues when schools enter and exit the bottom from one year to the next

Option 6C: Instead of prescribing specific remedies and interventions from Washington, rely on transparency to foster rigorous accountability strategies at the state and local levels. Don't mandate any rewards or sanctions or specific interventions in low-performing schools (including public school choice and supplemental educational services). Leave "accountability" to the states and—via transparency—to the public.

Pros	Cons
<ul style="list-style-type: none">• Keeps the federal focus on transparency• Acknowledges the federal government's limited authority and capacity to enforce accountability requirements• Allows states to experiment and innovate with different approaches to accountability• Aligns with the spirit of American federalism, which entrusted the operation of K–12 education to the states	<ul style="list-style-type: none">• Opens the door to backsliding in terms of reform and student achievement—especially for schools' neediest students• Does not offer states the political cover from Washington that might empower them to take on low-performing schools and districts

The Reform Realism Position: Option 6C

The "loose" part of the "tight-loose" bargain primarily comes down to this: States should be responsible for determining what to do about their low-performing schools. To write policy that says otherwise is to ignore the overwhelming evidence that the federal government lacks the capacity to enforce accountability requirements in states, districts, or schools. It is also an act of hubris, or worse, to pretend that there is evidence about the "best" course of action for addressing school failure. The field needs room to experiment and innovate—and turning this set of issues over to the states is the best way to provide that room. The federal government should focus on transparency (as detailed in Issue #5); accountability should be left to the states.

Instead of prescribing specific remedies and interventions from Washington, rely on transparency to foster rigorous accountability strategies at the state and local levels. Don't mandate any rewards or sanctions or specific interventions in low-performing schools (including public school choice and supplemental educational services). Leave "accountability" to the states and—via transparency—to the public.

Additional Issues Regarding Accountability

While the following topics don't rise to the level of top-tier issues, they will probably be tackled by Congress in reauthorization:

- **Achievement scores based on alternate or modified achievement standards.** As noted above, Congress needs to address whether the use of alternate and modified achievement standards for students with disabilities will continue, and if not, whether all of those students will be assessed based on grade-level standards. If assessments based on alternate or modified achievement standards are allowed, the statute might address the treatment of scores to ensure that these assessments are part of state accountability systems, and that there is not an incentive to test too many students on the basis of modified or alternate achievement standards.
- **Achievement scores of former LEP students.** Current regulations permit students to be considered LEP for accountability measures for one year after they attain English proficiency. The reauthorized ESEA will need to address whether states should continue to have this flexibility for purposes of accountability.
- **LEA accountability.** Current law contains accountability requirements for districts, but there's little evidence that they've resulted in any meaningful changes. Congress will likely debate what, if any, accountability mandates to place on school districts and how if at all these are to be carried out, monitored, and enforced.

Teacher Quality

Issue #7: Should Congress regulate teacher credentials (as with the current Highly Qualified Teachers mandate) and/or require the evaluation of teacher effectiveness?

Current Law

ESEA required all teachers of core academic subjects to be highly qualified by the end of the 2005–06 school year. Additional flexibility was provided in 2004 to rural teachers, veteran teachers of multiple subjects, and science teachers.¹³ The deadline was extended a year for states that submitted plans to achieve this goal to the secretary of education.¹⁴ Since 2007 little has been done by the Department of Education to monitor and enforce the implementation of this requirement.

The Highly Qualified Teacher (HQT) definition requires a teacher of core academic subjects to meet the following requirements:

- Possesses state certification or licensure;
- Has a bachelor's degree or higher; and
- Demonstrates knowledge of the subjects he or she teaches.

States must provide the following options for teachers to demonstrate their subject-matter knowledge:

- For a new teacher who began teaching after enactment of NCLB: a state-designed or -implemented assessment; or a major in the subject he or she teaches.
- For a veteran teacher who was teaching before enactment of NCLB: a state-designed or -implemented assessment; a major in the subject he or she teaches; or a state-defined review process called HOUSSSE (High, Objective, Uniform State Standard of Evaluation).

The 2004 reauthorization of the Individuals with Disabilities Education Act (IDEA) modified HQT requirements for teachers of special education. Under IDEA, special education teachers are “highly qualified” if they are certified by the state as a special education teacher, or as follows:

- Those who teach children assessed against alternate standards (that is, children with the most significant cognitive disabilities) may use the elementary school generalist exam to demonstrate their ability in reading, writing, and mathematics.
- Those who teach multiple subjects may use the HOUSSSE process to demonstrate their subject-matter competency in the core academic subjects they teach, as long as they teach only

¹³ For more information, see Secretary Paige's policy letter to chief state school officers, March 31, 2004, <http://www2.ed.gov/policy/elsec/guid/secletter/040331.html>.

¹⁴ For more information, see Assistant Secretary of Elementary and Secondary Education Henry Johnson's policy letter to chief state school officers, March 21, 2006, <http://www2.ed.gov/programs/teacherqual/cssoltr.doc>.

students with disabilities. New special education teachers have two years to use the HOUSSE process for the subjects they teach, as long as they are already highly qualified in at least one of the following subjects: mathematics, science, or language arts.

In addition, Race to the Top requires participating states to make major changes to promote teacher effectiveness. Proposals were encouraged to address these goals:

- Providing high-quality pathways for aspiring teachers and principals;
- Improving teacher and principal effectiveness based on performance;
- Ensuring equitable distribution of effective teachers and principals;
- Improving the effectiveness of teacher and principal preparation programs; and
- Providing effective support to teachers and principals.

States were not even eligible to compete for RTT funds if there were any “legal, statutory, or regulatory barriers at the State level to linking data on student or student growth to teachers and principals for the purpose of teacher and principal evaluation.” This led several states to eliminate such barriers.

Background

One key concern with the HQT mandate is that, even if teachers meet the statutory requirements, it doesn't mean they are effective in practice. Teacher certification does not appear to be a strong predictor of student success. Moreover, states have set differing cut scores to determine subject-matter mastery, lowering expectations for what teachers need to know in order to teach. In 2010, the vast majority of states required teachers to score at only the 16th percentile or higher on licensing exams. Only Massachusetts required a score at or above the 50th percentile.¹⁵

Like student proficiency and school-level accountability requirements, HQT has allowed states to create the illusion of improving the caliber of their teachers, when the reality is that many teachers have been rushed through a meaningless bureaucratic exercise to get the HQT stamp of approval, or, even worse, that states have lowered licensing standards.

In order to address these concerns, the administration and various organizations have proposed reworking this definition to encompass teacher effectiveness, using measures of student growth linked to individual teachers. These groups have also proposed developing a definition of effective principals, or requiring states to establish their own definitions.

Another concern about the HQT mandate is that it requires schools to jump through meaningless hoops that don't help them to be more effective. The mandate is particularly problematic for charter schools (which must implement the subject-matter mastery part of the requirement) and other innovative schools with nontraditional approaches to teaching.

15 National Council on Teacher Quality, “2009 State Teacher Policy Yearbook, 2010 Updates,” www.nctq.org/stpy09/updates/primaryFindings.jsp.

Options

Option 7A: Maintain the current HQT mandate in statute, with additional flexibility for rural teachers and teachers of multiple subjects.

Pros	Cons
<ul style="list-style-type: none"> • Has already been implemented by states • Sets a “floor” for teacher qualifications 	<ul style="list-style-type: none"> • Enables states to maintain the illusion that all of their teachers are well qualified and effective • Continues to force schools to jump through meaningless hoops instead of letting them hire the people they think can do the job best

Option 7B: Require states to develop definitions of “effective” and “highly effective” teachers and principals based on student growth and other measures, such as classroom observations of practice. Require states to have plans in place that ensure the equitable distribution of teachers and principals with at least an “effective” rating. Oblige district-level evaluation systems to differentiate teachers and principals on the basis of effectiveness across at least three performance levels. As states transition to new definitions of effectiveness, maintain current HQT requirements, with additional flexibility, particularly for rural schools and teachers of multiple subjects. (Administration’s proposal)

Pros	Cons
<ul style="list-style-type: none"> • Pushes states to develop teacher-evaluation systems linked to student achievement gains • Eliminates relying solely on certification and state licensing tests to determine a teacher’s capacity to teach 	<ul style="list-style-type: none"> • Is much more complex to implement, monitor, and enforce at the federal level than current law • Has limited research basis to draw on for demonstrating how best to measure and define teacher effectiveness • Keeps schools tied up in meaningless red tape as they maintain the HQT requirements during the interim

Option 7C: Eliminate the HQT mandate outright. Don’t require states to develop new teacher-evaluation systems but do provide competitive grants for states and districts that want federal assistance in doing so.

Pros	Cons
<ul style="list-style-type: none"> • Gets the federal government out of a role for which it has limited capacity and expertise (mandating the hiring of certain staff) • Keeps federal pressure from perverting what is currently a promising development (the move to rigorous teacher-evaluation systems) • Gives states the freedom to innovate without the burden of demonstrating federal compliance 	<ul style="list-style-type: none"> • Makes it possible for schools to return to their bad practices of hiring unqualified teachers or placing teachers in subjects they are not prepared to teach • Might slow down the adoption of rigorous teacher-evaluation systems • Removes political cover for states working to create rigorous evaluation systems

The Reform Realism Position: Option 7C

Issues related to teacher credentialing should be left to the states, as a key part of the “loose” half of the “tight-loose” bargain. We understand the desire of NCLB’s architects to demand that states raise the floor for who should be allowed to teach, but we see little evidence that the HQT mandate has actually increased the quality or effectiveness of the teaching force. Moreover, while we see much promise in the development of rigorous teacher-evaluation systems, we worry that a federal mandate for states to adopt them will only lead to disappointing outcomes. This is an area that calls for flexibility and innovation at the state and local levels.

A better approach is to create a competitive program (within Title II; see our proposal under Issue #10) that will provide strong incentives for states and districts to innovate and implement far-reaching teacher reforms. As we’ve learned from the very successful Teacher Incentive Fund, states and districts are more likely to follow through with their reform efforts if they commit to them in order to win competitive grants, rather than if they are forced to adopt them as a condition of receiving formula funding.

Eliminate the Highly Qualified Teachers mandate outright. Don't require states to develop new teacher-evaluation systems but do provide competitive grants for states and districts that want federal assistance in doing so.

Issue #8: Should school districts be required to demonstrate comparability of services between Title I and non-Title I schools, and if so, may they point to a uniform salary schedule in order to do so?

Current Law

The purpose of federal Title I dollars is to augment services for poor students; school districts are not permitted to use federal dollars to supplant local spending. Thus school districts may receive funds under Title I only if they are able to demonstrate that they provide comparable services Title I and non-Title I schools prior to the addition of federal dollars to school budgets. This requirement is often referred to as the “comparability” provision.

The simplest way for districts to demonstrate that they meet this requirement is by having a district-wide salary schedule along with policies that ensure comparable curriculum and teachers. School districts are not required to provide school-level budget data demonstrating that spending is actually the same across schools once true teacher salaries are taken into account.

In addition to comparability requirements, contained in Section 1121 of the current law, there is an additional requirement that obliges states to take steps to “ensure that poor and minority children are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers” and to publicly report on their progress (Section 1111(b)(8)(C)).

Background

The primary issue with respect to comparability is not the underlying goal, but how districts can demonstrate compliance with it. Because they can ignore the salaries that actual teachers earn, they can consider a new teacher with a bachelor’s degree as equal to a twenty-year veteran with a master’s degree, even though these teachers represent very different costs. This practice can easily create the illusion that Title I students are receiving comparable services, when, in fact, significant funding disparities remain between high- and low-poverty schools within a district.

Local spending data confirm the illusory nature of comparability as “enforced” by current law. One study of California school districts found that low-poverty schools received \$2,570 per student in unrestricted teacher expenditures, while high-poverty schools received \$1,973 per student—the result of paying lower salaries and employing fewer teachers than the low-poverty schools.¹⁶ Other analyses have confirmed that, when looking at the school-building level and not district averages, significant disparities can be found.¹⁷ Teacher salary gaps of \$1,000 per student amount to differences of hundreds of thousands of dollars between schools. While federal funds may compensate for some of the differential, the purpose of Title I is to provide additional funds, not to cover a deficit.

¹⁶ Maguerite Roza, “What if We Closed the Comparability Loophole?” in *Ensuring Equal Opportunity in Public Education* (Washington, D.C.: Center for American Progress, 2008), 66, http://www.americanprogress.org/issues/2008/06/pdf/comparability_part3.pdf.

¹⁷ Daria Hall and Natasha Umhosky, *Close the Hidden Funding Gaps in Our Schools* (Washington, D.C.: Education Trust, 2010), <http://www.edtrust.org/dc/publication/close-the-hidden-funding-gaps-in-our-schools>.

Unfortunately, most school districts do not calculate, let alone make public, real expenditures at the school-building level. Analysts looking into finance equity issues have to create school-level data from LEA budgets. Unless parents and the public have these numbers, they are in the dark as to whether resources are being equitably distributed among the schools in their district.

The policy conundrum, however, is that if districts are not permitted to demonstrate compliance through the mechanisms of current law, including a districtwide salary schedule, what, if anything, should replace it? Any new framework for demonstrating that resources have been equitably distributed has significant potential for unintended consequences. Requiring districts to allocate equal funding to every school could result in personnel shifts oriented around salary rather than teacher effectiveness. (That is, districts could shift older, more expensive teachers to high-poverty schools in order to meet the mandate—regardless of whether those teachers are actually effective.) Even requiring an equal distribution of effective teachers would be difficult, at least in the absence of forced transfers that would be hugely unpopular and likely quite impractical. Moreover, documenting comparability would take considerable resources and would be very difficult for the federal government to monitor adequately.

Options

Option 8A: Require that per-student allocations in Title I schools be equal to allocations in non-Title I schools before federal funds are added. Require districts to consider actual teacher salaries in their calculations.

Pros	Cons
<ul style="list-style-type: none"> • Eliminates comparability “illusion” that allows districts to comply with statute through districtwide salary schedules • Could lead to a more equitable distribution of teachers and other resources across high- and low-poverty schools 	<ul style="list-style-type: none"> • Is very difficult to monitor and enforce at the federal level, which could result in the creation of a new comparability fiction • Is likely to result in unintended consequences as districts reallocate staff on the basis of salaries and not teacher effectiveness • Represents an enormous new federal intrusion into the operations of local school districts

Option 8B: Require that schools have an equitable balance of effective teachers, or provide the principal with the equivalent in discretionary dollars.

Pros	Cons
<ul style="list-style-type: none"> • Eliminates comparability “illusion” that allows districts to comply with statute through districtwide salary schedules • Could lead to a more equitable distribution of teachers and other resources across high- and low-poverty schools • Offers a little more flexibility than option 8A in terms of how districts can meet the requirement 	<ul style="list-style-type: none"> • Is very difficult to monitor and enforce at the federal level, which could result in the creation of another form of comparability fiction • Still represents an enormous federal intrusion into the affairs of local school districts

Option 8C: Phase in another transparency requirement whereby districts must annually report school-level budget data, including actual staff and teacher salaries, as well as all nonpersonnel expenditures. Ask the National Center for Education Statistics (NCES) to develop a common chart of accounts and related standards for reporting these data. At the same time, eliminate the comparability requirement so that districts don’t have an incentive to lie about their school-level spending.

Pros	Cons
<ul style="list-style-type: none"> • Ensures that parents and the public have information they need to determine whether resources are being equitably distributed within a school district • Removes the charade of “comparability” while empowering local reformers with data 	<ul style="list-style-type: none"> • Involves giving many districts the time and guidance needed to develop and report school-level budgets

The Reform Realism Position: Option 8C

This option enables parents and the public to know where money is going—down to the school-building level. With that information, they can determine how best to address inequities—whether by empowering principals to hire personnel, letting the labor market set appropriate salaries to attract the teachers needed for particular schools, or creating smaller incentive programs to address inequities in teacher staffing.

We recognize that collecting and reporting school-level financial data will be a big lift for most school districts. Still, under the ARRA and recent civil rights regulations, districts are already required to report some of this information. Substantial guidance will need to be provided from NCES. We would support allowing Title I dollars to be spent on this task—and think it would be well worth the effort.

Phase in another transparency requirement whereby districts must annually report school-level budget data, including actual staff and teacher salaries, as well as all nonpersonnel expenditures. Ask the National Center for Education Statistics (NCES) to develop a common chart of accounts and related standards for reporting these data. At the same time, eliminate the comparability requirement so that districts don't have an incentive to lie about their school-level spending.

Additional Issues Regarding Teacher Quality

While these topics don't rise to the level of top-tier issues, they will probably be tackled by Congress in reauthorization:

- **Consistency of IDEA with ESEA teacher-quality requirements.** Since IDEA includes language on teacher quality that was based on NCLB, legislation should include amendments to IDEA to ensure that language on teacher quality is consistent.
- **Title I paraprofessionals.** To address concerns related to poorly trained personnel, particularly in high-poverty areas, current law requires Title I-funded paraprofessionals to meet certain requirements. The statute requires new Title I paraprofessionals to have, at a minimum, an associate's degree or higher, or to have met some other "rigorous standard of quality" through a formal state or local assessment.
- **Accountability for teacher-training programs.** The administration and some organizations, including the National Council on Teacher Quality (NCTQ) and Democrats for Education Reform (DFER), have varying proposals that address holding teacher-training programs accountable for the performance of their graduates and creating the data systems necessary for such accountability. For example, NCTQ has proposed aggregating and reporting value-added data for graduates of approved programs.

Flexibility and Innovation

Issue #9: Should the new ESEA provide greater flexibility to states and school districts to deviate from the law's requirements?

Current Law

1. **Transferability.** This authority permits local school districts to transfer up to 50 percent of funds from one ESEA formula program to another. Funds may not be transferred out of Title I, but they may be transferred into it.
2. **Local-Flex.** Under local performance agreements, local school districts may consolidate and use formula federal funds for any educational purpose authorized under the ESEA. Unlike the school-district performance agreements under State-Flex (which are between state departments of education and local school districts), the flexibility agreements under Local-Flex are directly between the U.S. Department of Education and local districts.
3. **State-Flex.** The state flexibility authority is a program that authorizes the secretary of education to grant flexibility authority to as many as seven eligible states. With this authority, a state may (1) consolidate and use federal funds reserved for state administration and state-level activities for any educational purpose authorized under the ESEA; (2) specify how school districts in the state use Innovative Program funds under Part A of Title V; and (3) enter into performance agreements with four to ten districts in the state, permitting those districts to consolidate certain federal funds and to use those funds for any ESEA purpose consistent with the state's State-Flex plan.
4. **Ed-Flex.** This authority permits states to approve waiver requests from school districts without seeking approval from the U.S. Department of Education. It also permits states to issue "statewide waivers" of certain requirements.
5. **Secretarial waivers.** Under Title IX, states may apply to the secretary to waive certain ESEA provisions. The statute specifies which types of waivers may not be granted, such as waiving within state formula allocations of Title I.
6. **Rural-Flex (REAP-Flex).** REAP-Flex allows eligible rural districts to consolidate their non-Title I formula grant programs and use them for any purpose authorized under Titles I-V of ESEA.
7. **Title I schoolwides.** The schoolwide authority permits Title I schools with at least 40 percent low-income students to consolidate all federal funds, including IDEA, at the building level to upgrade the quality of the entire school.
8. **Consolidation of state and local administrative funds.** ESEA permits states and local districts to consolidate their administrative funds under ESEA programs. Local districts must obtain permission from their states first.
9. **Consolidated applications.** Districts and states may submit one application to receive all formula funds under ESEA, rather than filling out a separate application for each program.

Background

In 2001, President Bush proposed, as part of NCLB, significant program consolidations and flexibility. At the end of congressional negotiations, however, few programs were eliminated, and the new state flexibility authority was significantly scaled back.

Nevertheless, there were quite a few new authorities (listed above) that did allow for significant new flexibility for states and school districts. Since 2002, some states and districts have taken advantage of the flexibility options, but not nearly as many as are eligible. Table 2 shows the extent to which states and districts did and did not make use of the options during the 2005-06 school year.¹⁸

Table 2. Use of New Flexibility Authorities Created by NCLB 2005-06 School Year

Participants	State Flex	Local Flex	Transferability	REAP
States (number)	None ¹⁹	None	8	None
School Districts	None	1 LEA (Seattle Public Schools)	12 to 20 percent (estimate)	51 percent (4,781 LEAs)

The Department of Education has studied the use of these flexibility provisions to gain insight into why they were, or were not, useful to states or districts. Many districts reported that using REAP or transferability enabled them to better tailor federal funding levels to the needs of the districts. In particular, they used funds to help schools meet AYP goals.²⁰ Those that did not use REAP or transferability reported that they lacked information from their state, or found that they didn't need the authorities to meet their goals—that is, they already had sufficient flexibility. Many LEAs were confused about which authorities allowed transfers or consolidation.

In the case of Local-Flex, which provided the most significant flexibility option to nonrural districts, many officials reported that the application requirements were too daunting. Furthermore, completely consolidating federal program dollars would have required potential accounting changes at the state and local level. Seattle was the lone district that stepped up to the plate to use Local-Flex to better target federal dollars to its districtwide strategic plan. According to Seattle, Local-Flex has “changed the way the district focused on strategic planning, helped to deploy resources to the schools and students most in need through expanded programs, and encouraged greater collaboration within the district office and with public and private schools.”²¹

18 The data in the table are from U.S. Department of Education, Office of Planning, Evaluation and Policy Development, Policy and Program Studies Service, *Evaluation of Flexibility Under No Child Left Behind: Volume I— Executive Summary of Transferability, REAP Flex, and Local-Flex* (Washington, D.C.: U.S. Department of Education, 2007), 3–4, <http://www2.ed.gov/rschstat/eval/disadv/flexibility/index.html>.

19 Florida applied for and was granted a State-Flex agreement, but then decided to withdraw from the program.

20 U.S. Department of Education, *Evaluation of Flexibility Under No Child Left Behind*, 6.

21 *Ibid.*, 7.

One common characteristic of the current flexibility authorities is the focus on program consolidation or moving funds between programs. Local-Flex and REAP allow for complete consolidation of formula funds for use for any purpose authorized by ESEA. However, none of the authorities permits states to change within-state allocation of funds, or in general change how money flows from a state to the school level, particularly for Title I.

It takes a fair amount of initiative to think outside the box and use flexibility. While states and districts often speak of wanting increased flexibility, specific examples of what they would do with such flexibility are hard to come by. In order to create incentives for states and districts to step out of the “safety” of federal formula funding streams, and their accompanying fiefdoms and regulations, the flexibility they gain must be worth the effort.

Several proposals have been made to significantly expand flexibility. Senator Lamar Alexander proposed legislation in 2007 to expand flexibility through a pilot that could include up to twelve states. To participate in the pilot, a state would have to agree to make its standards more challenging than they are now. The standards would need to be aligned to national and international exams, or to the admissions requirements of the state’s public universities. (This was before the development of the Common Core standards; conceivably those would count.) States would then be allowed to determine their own measures of AYP, as well as how the state would intervene in schools that failed to meet AYP goals. (Under our proposal for accountability—see Issues #5 and 6—all states would have these flexibilities.)

Also in 2007, Senators DeMint and Cornyn and Representative Hoekstra introduced similar legislation called the A-PLUS Act. This legislation exempted states from ESEA formula grant requirements in exchange for describing how those states would improve achievement and narrow achievement gaps, maintain current standards and assessments, meet reporting transparency requirements, and comply with fiscal requirements such as maintenance of effort. Plans would have to be approved by the governor, state legislature, and the SEA.

Options

Option 9A: Maintain all flexibility options while improving outreach and technical assistance to states and districts.

Pros	Cons
<ul style="list-style-type: none"> Retains transferability and REAP, which have been useful to many districts 	<ul style="list-style-type: none"> May not go far enough to encourage uptake by states and districts Doesn't allow for flexibility in accountability requirements, teacher-quality mandates, or within-state allocations of funding—the key issues where states and districts might want to innovate

Option 9B: Authorize performance agreements similar to legislation proposed by Senators Alexander, DeMint, and Cornyn. States would be permitted to enter into flexibility agreements that allow them to consolidate funds and exempt them from formula grant requirements in exchange for holding schools accountable for improving achievement, narrowing achievement gaps, reporting disaggregated data, improving academic achievement, and meeting other requirements to ensure transparency.

Pros	Cons
<ul style="list-style-type: none"> • Provides states with significant flexibility in the use of federal dollars • Focuses federal dollars on state priorities 	<ul style="list-style-type: none"> • Does not ensure that funds continue to flow to high-need districts and schools

Option 9C: Permit states to apply for “flexibility contracts” that would enable them to consolidate non–Title I formula funding streams at the state level to use for any purpose under ESEA, and to alter their within-state allocation of Title I funds to increase the proportion of funds going to higher-poverty districts and charter schools. Permit states to retain additional funds (perhaps up to 10 percent) for statewide initiatives that support reform in five key areas: standards and assessments; teacher effectiveness; state data systems; school choice and charters; and low-performing schools. Only states with standards and assessments in place that meet new requirements for ensuring college and career readiness and that have met Title I accountability transparency requirements (described in Issue #5) would be eligible to apply for this flexibility.

Pros	Cons
<ul style="list-style-type: none"> • Creates significant flexibility for states to tailor the use of federal dollars to their priorities while ensuring that they have critical components in place: college- and career-readiness standards and assessments, and a transparent accountability system • Empowers states to implement statewide reforms regardless of whether RTT is part of ESEA 	<ul style="list-style-type: none"> • Offers new flexibility only to SEAs • Does not include Title I—by far the largest source of federal funds—in programs that states can consolidate • Shifts funding from needy schools to broader purposes through the set-aside for state-level reform

The Reform Realism Position: Options 9A and 9C

Options 9A and 9C build on flexibility that is working well for districts while significantly expanding the current menu of options. In particular, unlike current law, option 9C would give states unprecedented flexibility: Funds could be reallocated within a state to increase allocations to high-poverty areas, as well as to provide additional funding for statewide initiatives that can improve the educational outcomes of disadvantaged students. This option would permit the consolidation of non-Title I programs while maintaining a focus on improving the education of disadvantaged students through Title I. While this flexibility is only for states, LEAs could continue to have the option of applying for Local-Flex. And while it doesn't go quite as far as the DeMint bill (which raises questions about within-state allocation of Title I dollars), it pushes on the same themes: providing flexibility and empowering states.

Maintain all flexibility options while improving outreach and technical assistance to improve use by states and districts. Permit states to apply for "flexibility contracts" that would enable them to consolidate non-Title I formula funding streams at the state level to use for any purpose under ESEA, and to alter their within-state allocation of Title I funds to increase the proportion of funds going to higher-poverty districts and charter schools. Permit states to retain additional funds (perhaps up to 10 percent) for statewide initiatives that support reform in five key areas: standards and assessments; teacher effectiveness; state data systems; school choice and charters; and low-performing schools. Only states with standards and assessments in place that meet new requirements for ensuring college and career readiness and that have met Title I accountability transparency requirements (described in Issue #5) would be eligible to apply for this flexibility.

Issue #10: Should reform-oriented competitive grant programs, including Race to the Top and Investing in Innovation, be authorized in the new ESEA?

Current Law

1. **Race to the Top.** The RTT program was created as part of the American Recovery and Reinvestment Act of 2009. The Department of Education awarded \$4 billion to twelve states in two rounds of competitions on the basis of state plans for significant reforms in four key areas:
 - Adopting standards and assessments that prepare students to succeed in college and the workplace and to compete in the global economy;
 - Building data systems that measure student growth and success, and inform teachers and principals about how they can improve instruction;
 - Recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed most; and
 - Turning around the lowest-achieving schools.
2. **Investing in Innovation Fund (i3).** The ARRA also created a competitive grant fund designated for funding researched-based innovative projects implemented by LEAs and nonprofits with a demonstrated track record of improving student achievement and narrowing achievement gaps. The department awarded \$643.5 million to forty-nine grantees in September 2010.

Other competitive grant programs that are included in the current ESEA include various charter school initiatives, the Teaching Incentive Fund—which supports local differentiated compensation plans—and more.

Background

The administration has proposed, as part of its “Blueprint for Reform” of ESEA, to codify RTT and i3 programs. It is also seeking to expand RTT so that districts may apply, placing a priority on those districts that can demonstrate that they are “efficient” in the use of funds.

Options

Option 10A: Do not authorize RTT or i3.

Pros	Cons
<ul style="list-style-type: none"> Reflects the likelihood that states with the highest-quality proposals from the last round may not be willing to go through the arduous application process again, especially if funding is significantly reduced 	<ul style="list-style-type: none"> Leaves no option for states that made necessary policy changes to compete for RTT grants but were not awarded grants, and that may want another opportunity to apply Eliminates i3, which had garnered significant interest in terms of applications, and had provided a vehicle for funding research-based innovations

Option 10B: Authorize an RTT program in ESEA, and expand to include districts, giving priority to “efficient” districts. Authorize i3 in the new ESEA. (Administration’s proposal)

Pros	Cons
<ul style="list-style-type: none"> Gives states that were not awarded an RTT grant in Phase 1 or 2 another chance to receive funds Could create incentives for districts to push the reform envelope, as some states did last year Gives LEA and nonprofits another opportunity to apply for funds, since 1,700 applications were received in the i3 competition and only forty-nine were funded 	<ul style="list-style-type: none"> Runs the risk that, without significant funds available, states may not want to go through the trouble to apply to RTT again Continues unproven programs; we have yet to see whether current grantees are successful or the degree to which the Department of Education will enforce state plans; it’s also not yet clear whether i3 succeeded in funding true “innovations” versus the “usual suspects” Is based on the assumption that the Department of Education has the capacity to adequately review a large number of RTT applications from districts while employing the same rigorous peer review process that has been previously required

Option 10C: Turn Title II into the “reform title” of ESEA and include in it major competitive grant programs, including RTT, i3, charter school initiatives, a competitive version of School Improvement Grants, and an expanded Teacher Incentive Fund, as well as other worthy reform-minded initiatives that may be fostered with federal funds, such as other forms of school choice.

Pros	Cons
<ul style="list-style-type: none">• Offers Congress the opportunity to promote reform without relying on mandates, via competitive grants• Clarifies that Title I is meant to promote transparency, rather than “reform” per se• Continues the reform momentum built by RTT, i3, and other programs	<ul style="list-style-type: none">• May be difficult to find funds for competitive grants in the current fiscal environment• Punishes states and/or districts that lack the capacity to submit strong applications• Continues programs—specifically RTT and i3—that have yet to prove their mettle• May face a lack of consensus on which reform ideas warrant federal funding

The Reform Realism Position: Option 10C

One pillar of Reform Realism is that the federal government should maintain a pro-reform posture. That means supporting the expansion of school choice and charter schools, the rigorous evaluation of teachers, the scaling-up of promising innovations, and serious efforts to turn around failing schools. But our realism comes from the hard-earned insight that when reform is mandated by Uncle Sam, it almost never goes well on the ground.

Policymakers should build on the momentum developed by RTT to support large-scale competitive grant programs that continue to push the envelope for states and districts that volunteer to participate. And rather than continue to waste scarce dollars on the current formula-based Title II (which supports a broad range of teacher-related activities), why not encourage meaningful reform instead? We would include in that title, at the least, the following: Race to the Top; Investing in Innovation; charter school programs; Teacher Incentive Fund (expanded to support teacher-evaluation work, too); School Improvement Grants (reconfigured as a competitive grant program); and initiatives to promote school choice and supplemental services.

Turn Title II into the “reform title” of ESEA and include in it major competitive grant programs, including RTT, i3, charter school initiatives, a competitive version of School Improvement Grants, and an expanded Teacher Incentive Fund, as well as other worthy reform-minded initiatives that may be fostered with federal funds, such as other forms of school choice.

Additional Issues Regarding Flexibility and Innovation

While these topics don't rise to the level of top-tier issues, they will probably be tackled by Congress in reauthorization:

- **Program consolidations.** The Department of Education has proposed consolidating numerous categorical programs into broader funding streams.²² While we strongly support such consolidations, most observers view them as politically challenging. Congress will need to make a decision about them.
- **Expanding existing flexibility authorities.** Consideration might be given to streamlining the Local-Flex application process and expanding flexibility offered. The cap on funds that was moved to different programs under "transferability" could be raised to a higher percentage (even 100 percent) and more programs could be made eligible for transfers.

22 See the proposed FY 2012 budget summary at <http://www2.ed.gov/about/overview/budget/budget12/summary/edlite-section3.html#descriptions>.

Conclusion: Reform Realism in Action

By now, readers should have a clear understanding of Reform Realism as it can (and we think should) be applied to real education-policy dilemmas, at least to the ten big issues facing Congress as it considers ESEA reauthorization. But how do the ten issues add up? Let’s examine three key principles: “tight-loose,” transparency over accountability, and incentives over mandates.

Table 3 shows what’s “tight” and what’s “loose” under our proposal. In essence, we’re proposing that transparency requirements associated with standards and outcomes be “tight,” and that everything else—approaches to interventions, teacher credentials, etc.—be “loose.” We recommend that, in return for Title I funding, states commit to ambitious academic standards and to serious transparency when it comes to student achievement results and school-level spending. For transparency to be real and trustworthy, the data to be collected and released must be based on rigorous standards, solid assessments, and sophisticated analytical tools (such as value-added analyses).

Table 3. The “Tight” and “Loose” of Reform Realism’s ESEA

Issue	Tight	Loose
1. Common Core standards (or their equivalent)	X	
2. Adoption of rigorous cut scores	X	
3. Mandatory use of growth measures	X	
4. Science and history testing	X	
5. Prescriptions concerning school ratings		X
6. Interventions for failing schools		X
7. Requirements concerning teacher quality or effectiveness		X
8. Title I comparability		X
9. Flexibility options		X
10. Competitive grants, including Race to the Top and i3		X

Developing such a data infrastructure is no small task, but we think federal taxpayers have a right to know where their dollars are going and what they are buying in terms of student learning.

What we don't think is wise is for Congress to pretend that it can mandate "accountability"—interventions for failing schools, or even school choice options for the kids stuck in them—from Washington. The Department of Education lacks the capacity, tools, and know-how to enforce such a federal accountability system, and it's an overreach of a proper federal role anyway.

We applaud the Obama administration's call for more funding to flow competitively. Thus our support for turning Title II into a series of competitive programs to promote teacher reforms, charter schools, school choice, innovation, school turnarounds, and more—and to authorize the Race to the Top and i3 programs. While competitive programs have their drawbacks—especially for states and districts without the capacity to submit strong applications—they are the best vehicle for operationalizing the reform instincts of Congress.

To be clear, our vision for the federal role in education is a significant departure from No Child Left Behind. It would mean a greater federal role in prescribing standards, tests, cut scores, and data systems, and much less federal say-so about sanctions, teacher quality, and everything else. It would mean greater transparency for student achievement and school spending and less accountability for raising test scores. It would mean more competitive programs and less formula funding. Still, it's not so out of step with the Obama administration's "Blueprint," and it's certainly the direction that Republicans on Capitol Hill are heading.

In other words, Reform Realism might be a realistic way forward, after all.

Appendix: Ten Steps to a Better ESEA

Issue	Recommendation
<p>1. College and career readiness. Should states be required to adopt academic standards tied to college and career readiness (such as the Common Core)?</p>	<p>As a condition of receiving federal Title I funds, require states to adopt the Common Core standards in reading and math, OR to demonstrate that their existing standards are just as rigorous as the Common Core. Standards developed apart from the Common Core initiative would be peer reviewed at the federal level by a panel of state officials and content-matter experts; the panel itself (not the secretary of education) would have the authority to determine whether a state's standards are rigorous enough.</p>
<p>2. Cut scores. What requirements, if any, should be placed upon states with respect to achievement standards (i.e., "cut scores")?</p>	<p>As a condition of receipt of Title I funds, require states to set achievement standards such that students will be college- and career-ready by the time they graduate from high school. Require states to back-map achievement standards down to at least third grade, so that passing the state assessment in each grade indicates that a student is on track to graduate from twelfth grade ready for college or a career. States that opt out of the state assessment consortia funded by Race to the Top (RTT) would have their standards peer reviewed at the federal level by a panel of state officials and content-matter experts. The panel itself (not the secretary of education) would have the authority to determine whether a state's standards are adequately tied to college and career readiness. No state would be required to adopt achievement standards developed by the Common Core assessment consortia.</p>
<p>3. Growth measures. Should states be required to develop assessments that enable measures of individual student growth?</p>	<p>Require states to develop assessments that enable measures of individual student growth as a condition of receipt of Title I funding.</p>
<p>4. Science and history. Must states develop standards and assessments in additional subjects beyond English language arts and math?</p>	<p>Require states to develop grade-level science standards; for history (or history/civics/geography), require standards in at least three grade bands. Require annual testing in science and at least one test in history in each of the elementary, middle, and high school levels.</p>

Issue	Recommendation
<p>5. School ratings. Should Adequate Yearly Progress (AYP) be maintained, tweaked, or scrapped?</p>	<p>Eliminate AYP altogether. Instead, require states (as a condition of Title I funding) to adopt a school rating system (pegged to college and career readiness and, for high schools, graduation rates) that provides transparent information to educators, parents, and taxpayers alike. Require state systems to include the following elements:</p> <ol style="list-style-type: none"> 1. Annual reporting. States must rate all schools on their effectiveness every year. 2. Multiple labels. State rating systems cannot be pass/fail, but should indicate a range of effectiveness. States could adopt an A–F rating system, for example. 3. College and career readiness. The primary benchmark in school ratings should be their effectiveness in preparing all students to be college- and career-ready. High schools should be judged, in part, by how many of their students graduate ready for college or a career (as determined by state assessments). All schools should be judged, at least in part, by how many of their students are on a trajectory to reach college and career readiness by the end of the twelfth grade. States should have the flexibility to determine how to develop these trajectories. 4. Student growth. Individual student growth must feed into a school’s rating system, though states should have the flexibility to determine the specifics of this requirement. States must have data systems that make this possible. 5. Tested subjects. States must report separately their schools’ reading, math, science, and history scores. 6. Disaggregated data. Data must be reported by disaggregated subgroups (racial/ethnic groups, low-income, etc.) as required by current law. In addition to releasing “proficiency rates” by subgroups, states should also release scale scores and percentile rankings for these groups, as well as data on student progress. (This will enable watchdog groups to develop their own school rating and reporting systems and to monitor the state systems.)

Issue	Recommendation
	<p>7. Subgroup performance. State rating systems must incorporate subgroup performance into school ratings. Schools may not receive the highest rating if any of their subgroups is performing poorly.</p> <p>8. Participation rates. Schools must continue to report aggregate and disaggregated student participation rates on tests.</p> <p>9. Graduation rates. States, districts, and schools must report an adjusted cohort graduation rate, as required by current regulations.</p> <p>10. NAEP. Schools must participate in state NAEP exams, as required by current law; they should also be required to participate in science and U.S. history NAEP exams.</p> <p>11. Peer review. State systems should be subject to federal peer review to ensure that all requirements are being met.</p> <p>12. Penalty. Title I funds may be withheld if a state is determined not to have met transparency requirements.</p>
<p>6. Interventions. What requirements, if any, should be placed on states in terms of rewarding and sanctioning schools and turning around the lowest performers?</p>	<p>Instead of prescribing specific remedies and interventions from Washington, rely on transparency to foster rigorous accountability strategies at the state and local levels. Don't mandate any rewards or sanctions or specific interventions in low-performing schools (including public school choice and supplemental educational services). Leave "accountability" to the states and—via transparency—to the public.</p>
<p>7. Teacher effectiveness. Should Congress regulate teacher credentials (as with the current Highly Qualified Teachers mandate) and/or require the evaluation of teacher effectiveness?</p>	<p>Eliminate the Highly Qualified Teachers mandate outright. Don't require states to develop new teacher-evaluation systems but do provide competitive grants for states and districts that want federal assistance in doing so.</p>

Issue	Recommendation
<p>8. Comparability. Should school districts be required to demonstrate comparability of services between Title I and non–Title I schools, and if so, may they point to a uniform salary schedule in order to do so?</p>	<p>Phase in another transparency requirement whereby districts must annually report school-level budget data, including actual staff and teacher salaries, as well as all nonpersonnel expenditures. Ask the National Center for Education Statistics (NCES) to develop a common chart of accounts and related standards for reporting these data. At the same time, eliminate the comparability requirement so that districts don't have an incentive to lie about their school-level spending.</p>
<p>9. Flexibility. Should the new ESEA provide greater flexibility to states and school districts to deviate from the law's requirements?</p>	<p>Maintain all flexibility options while improving outreach and technical assistance to improve use by states and districts. Permit states to apply for "flexibility contracts" that would enable them to consolidate non–Title I formula funding streams at the state level to use for any purpose under ESEA, and to alter their within-state allocation of Title I funds to increase the proportion of funds going to higher-poverty districts and charter schools. Permit states to retain additional funds (perhaps up to 10 percent) for statewide initiatives that support reform in five key areas: standards and assessments; teacher effectiveness; state data systems; school choice and charters; and low-performing schools. Only states with standards and assessments in place that meet new requirements for ensuring college and career readiness and that have met Title I accountability transparency requirements (described in Issue #5) would be eligible to apply for this flexibility.</p>
<p>10. Competitive grants. Should reform-oriented competitive grant programs, including Race to the Top and Investing in Innovation, be authorized in the new ESEA?</p>	<p>Turn Title II into the "reform title" of ESEA and include in it major competitive grant programs, including RTT, i3, charter school initiatives, a competitive version of School Improvement Grants, and an expanded Teacher Incentive Fund, as well as other worthy reform-minded initiatives that may be fostered with federal funds, such as other forms of school choice.</p>

