Agenda Topic: HR 1 Overview and Implications/ Federal Budget

Materials: Chart on Federal FY02 Funding

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Carmen Chapman Pfeiffer

Purpose of Agenda Item

• To inform the Board on the FY02 federal education budget as passed in December 2001.
• To present an overview of HR 1, the No Child Left Behind Act of 2001, and discuss its implications for the agency.

Expected Outcome(s) of Agenda Item

State Board members will understand the federal budget as it directly impacts the staff preparations for the state budget/appropriations process for 2002-03.

State Board members will understand HR 1, and be able to discuss with the State Superintendent the planning for agency implementation of the federal law.

Background Information

Funding
Attached is a chart of federal education funding increases. It appears that Illinois will be receiving the following in new funds:
• about $222.2 million in new entitlement funds from USDE and USDA; and
• special project funding of $5.1 million.
This takes into account the reduction of $42.3 million to Illinois in Urgent School Repair funds (one-time only funding in FY01). This is about a 12% increase over last year’s record increase in federal education funding. Working closely with the firm of Barbour, Griffith, and Rogers, Inc., the Washington DC-based firm (under contract to the Illinois State Board of Education, Board of Higher Education, and Community College Board), funds were secured to allow Illinois to proceed forward with its mission of being Second to None.

Referencing the Report on Federal Education Funds in Illinois (now final due to closure on the federal appropriations in late December), Illinois will continue to receive: the
ongoing base of entitlement funds available in FY01 ($1.2 billion); ongoing competitive grants, which are currently at $87.5 million; and related funding to other agencies (e.g., Adult Education to the Community College Board, Head Start funds to the Department of Human Services, Medicaid Matching Funds to the Department of Public Aid), at $438 million. We will also have the opportunity for any additional funds available from HR 1 on a competitive basis later this year and/or in future years (e.g., Early Reading First).

The implications of these funding levels, in part reiterated below, will be the need for:

- Staff in the agency to create certain new state competitive grant applications (e.g., Reading First, 21st Century);
- Ongoing agency-wide implementation of the law regarding accessing funds, such as applications or consolidation plans, being cognizant of upcoming timelines; and
- working with the FY02 special project funding which will consume time as staff in prepare the paperwork for USDE use and funding, and then our funding in turn to the named local districts.

HR 1

Board members should have received a compact disc containing HR 1. If not, the web site is http://edworkforce.house.gov/issues/107th/education/nclb/conference/leglanguage/leglanguage.pdf (do not download due to length).

The following information is shared by the US Department of Education on a state-by-state basis:

**Stronger Accountability for Results**

- Provides the most sweeping reform of the Elementary and Secondary Education Act (ESEA) since it was enacted in 1965 by turning federal spending on schools into a federal investment in improved student performance
- Redefines the federal role in K-12 education for an estimated 2 million students in Illinois by requiring all states to set high standards of achievement and create a system of accountability to measure results
- Insists that states set high standards for achievement in reading and math — the building blocks of all learning — and test every child in grades 3 through 8 to ensure that students are making progress

**Greater Flexibility and Local Control**

- Offers school districts powerful tools to provide the best possible education to all children – especially those most in need – by cutting federal red tape, reducing the number of federal education programs, and creating larger, more flexible programs that place decision-making at the local level where it belongs
- Trusts local parents, educators and school boards to make the best decisions for their children
• Frees local school districts to spend up to half their federal education dollars however they see fit

**Expanded Options and Choice for Parents**

• Empowers parents by providing unprecedented federal support for children from disadvantaged backgrounds who are trapped in low-performing schools
  • Students in failing schools may transfer to higher-performing public schools or get help such as tutoring
  • Students in persistently dangerous schools may transfer to safer public schools
• Informs parents by requiring states to provide annual report cards of school performance and statewide progress
  • Requirement arms parents with information about the quality of their children’s schools, the qualifications of teachers, and their children’s progress in key subjects

**Emphasis on Teaching Methods that Work**

• Supports reading instruction based upon research-based methods that work to ensure that every child in Illinois public schools reads at or above grade level by third grade
• Strengthens teacher quality for an estimated 4,290 public schools in Illinois by investing in training and retention of high-quality teachers

**In Illinois, the No Child Left Behind Act**

• Increases federal education funding for Illinois to more than $1.7 billion to help local schools ensure that no child is left behind – nearly $230 million more than last year, and a 34.2 percent increase over 2000 levels
• Provides more than $32.8 million in funding for Reading First to ensure that every public school child in Illinois learns to read at or above grade level by the third grade
• Requires every classroom in Illinois to have a highly-qualified teacher and provides more than $115.5 million to train and retain skilled educators
• Provides an estimated $12.5 million to fund after-school programs for at-risk children in Illinois
• Provides more than $12.3 million in funding to help Illinois school districts assess how well children are learning and schools are teaching

*What does Illinois need to do [differently] to implement the law?*

**Student Progress**

• Add to the state assessment system state tests in reading or language arts and math in grades 4, 6 and 7;
• Maintain a state assessment in science at three points during grades 3-12; and
• Participate in the NAEP assessments in grades 4 and 8 in reading and math.

School Progress
• Establish a state starting point on defining student proficiency, and defining annual measurable objectives in equal increments to determine adequate yearly progress (AYP) over the next 12 years.
• Develop and maintain a statewide accountability system regarding AYP for all schools and all students; and
• Provide technical assistance to schools defined as needing improvement, and their districts.

Public Reporting
• Provide report cards at the school and district level with all of the requirements:
  o information on the performance of LEAs regarding making adequate yearly progress (AYP), including the number and names of each school identified for school improvement on the school report card
  o Information on the incidence of school violence, drug abuse, student suspensions and expulsions and the percentage of students completing advanced placement tests.
  o Description of the state’s accountability system.
  o Two-year trend in student achievement in each subject area and for each grade level for each assessment
  o Disaggregated student information by race, ethnicity, gender, migrant status, economically disadvantaged, or subject matter.
  o Information regarding quality of teachers and percentages of teachers teaching with emergency or provisional credentials.
• Provide information to USDE as required.

High Quality Personnel
• LEAs ensure that all new teachers in these programs are highly qualified as of 2002-03;
• SEA plan must ensure that all teachers teaching in core subjects are highly qualified no later than 2005-06;
• LEAs with Title I funds shall ensure that all new aides meet set qualifications imminently;
• LEAs with Title I funds shall ensure that all current aides meet set qualifications as of 2005-06; and
• Each LEA use federal funding in part to ensure all teachers are highly qualified as of 2002-03, with a minimum prescribed funding percentage.

Changes in Law and Rules
• Section 2-3.64 of the School Code on assessment currently mandates reading and math assessments for all pupils enrolled in grades 3, 5 and 8, and science and social study assessments for all students in grades 4 and 7, plus testing at the high
school. Section 2-3.64 further limits the maximum amount of time allowed for all testing during the school year to 25 hours.

- Section 10-17a of the School Code on report cards may need to be modified to conform to the data collection requirement of HR 1.

There will need to be numerous rule changes as a result of HR 1, only some of which are known at this time. An example of rule changes is the school designation system.

**Change in Policies**

Illinois needs to have a state policy on School Choice for Safety. The State must establish and implement a statewide policy requiring that a student attending a persistently dangerous public elementary and secondary school or who becomes a victim of a violent criminal offense while in or on the grounds of a public elementary or secondary school that they attend must be allowed to attend a safe public school within the district.

**Tasks for Staff Time**

Beyond understanding the law, informing the public, analyzing the needs, and planning, the agency must prepare various state plans/applications, in consultation with the Governor:

- Title I/consolidated plan (which includes a plan to ensure that all teachers teaching within Illinois are highly qualified by 2005-06)
- Reading First application -- Reading Academy will be held in February 2002.
- Teacher Quality plan
- State Flexibility Demonstration plan, with 4-10 districts

**Superintendent’s Recommendation**

The State Superintendent will:

- Establish a permanent cross-agency HR 1 Implementation Work Group. The group should be convened by the agency's Federal Liaison, Randy Burge, and be comprised of members involved in implementation, e.g., grants, assessment, accountability, legal, school improvement, reading, professional preparation, Title I.
- Ensure that necessary law changes, policies, rules, applications, plans and processes to implement HR 1 will occur in a timely fashion;
- Work with external partners on the implementation of HR 1 as appropriate; and
- Ensure that periodic reporting on the agency’s implementation of HR 1 will be made to him as well as the Board.

**Next Steps**

Implement the above actions. The necessary policy on school choice for safety will be addressed at a future meeting.

Attachment (federal education budget information)
## 2002 Federal Education Funding

### Entitlement Grants

<table>
<thead>
<tr>
<th>Grant</th>
<th>FY01</th>
<th>FY02</th>
<th>Increase/Change</th>
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<tr>
<td><strong>DEPARTMENT OF EDUCATION</strong></td>
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<tr>
<td><strong>Title I, Improving Academic Achievement</strong></td>
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<td>Basic Grants</td>
<td>$366.7 MILLION</td>
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<td>Capital Expenses</td>
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<td>Even Start</td>
<td>$9.22 MILLION</td>
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<td>Reading First*</td>
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<td>Migrant</td>
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<td>Neglected &amp; Delinquent</td>
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<td>Comprehensive School Reform</td>
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<td><strong>Title II, Teacher Quality</strong></td>
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<td>Class Size Reduction</td>
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<td>Eisenhower Prof. Dev.</td>
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<td>State Grants**</td>
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<td>Technology Literacy</td>
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<td><strong>Title III, English Language Acquisition and Language Enhancement (was Title VII)</strong></td>
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<td>Language Acquisition***</td>
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<td>Emergency Immigrant</td>
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<td><strong>Title IV, 21st Century</strong></td>
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<td>Safe and Drug Free</td>
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<td>21st Century****</td>
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<td>Community Service for Expelled and Suspended Youth</td>
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<td><strong>Title V, Innovation and Flexibility (was Title VI)</strong></td>
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<td>Innovative Education</td>
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<td>State Assessments</td>
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<td>Funding Category</td>
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<td>FY01 Amount</td>
<td>FY02 Amount</td>
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<td>--------------</td>
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<td>Rural and Low Income Schools</td>
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<td>Homeless Services</td>
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<td><strong>Other</strong></td>
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<td>Voc Ed -- Basic</td>
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<td>Voc Ed -- Tech Prep</td>
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<td>IDEA -- State Grants</td>
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<td><strong>DEPARTMENT OF AGRICULTURE</strong></td>
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<tr>
<td>Child and Adult Care Food Program*****</td>
<td>$350 million</td>
<td>$373 million</td>
<td>$23 million</td>
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</table>

**TOTAL TO DATE**                      |              |              | $222,219,479 |

* = Reading Excellence Act of $10.9 M in FY00, FY01 and FY02 continues on; Early Reading First will be a competitive grant, separate from these funds.
** = Teacher Quality Enhancement grant continues on; Troops to Teachers is part of Teacher Quality now Transition to Teaching grant continues on.
Hold harmless incorporates Eisenhower and Class Size Reduction prior funding into this program.
*** = Combines bilingual education, foreign language assistance and emergency immigrant assistance funding.
**** = USDE will continue to pay for Year 2 and Year 3 grants to LEAs. It is estimated that the entitlement grants in this line to ISBE will grow, reaching about $38.8 million when all of the funding would be from the state level to the local level. Those local payments in Year 2 and Year 3 would be about $21 million.
***** = Includes the after school snacks and suppers aspect.

In addition to these entitlement funds, Illinois will receive the special project funding appropriated to Illinois (see next page. $5.4 M) and current ($87.5 M) as well as future FY02 competitive grants.
## FY2002 Special Projects

<table>
<thead>
<tr>
<th>Congressional District</th>
<th>Illinois State Board of Education Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rep. Jackson (2\text{nd}) $400,000</td>
<td>South Cook Consortium - $400,000</td>
</tr>
<tr>
<td>Rep. Lipinski (3\text{rd}) $440,000</td>
<td>Personnel Recruitment - $440,000 for Lyons Township District #204/statewide need</td>
</tr>
</tbody>
</table>
| Rep. Biggert (13\text{th}) $500,000 | • Induction and Mentoring - $500,000 for Downers Grove #99 ($250,000) and Joliet #86 ($250,000)  
  • Title I Targeted Grants funded as part of Title I |
| Speaker Hastert (14\text{th}) $1,850,000 | • At Risk – Alternative Learning - $200,000 for Aurora East Unit School District #131  
  • Illinois Virtual High School -- $1,500,000  
  • Induction and Mentoring - $150,000 for Elgin School District #46 |
| Rep. Johnson (15\text{th}) $200,000 | Reading Improvement -- $200,000 for Kankakee #111 ($100,000) and Champaign #4 ($100,000) |
| Rep. Manzullo (16\text{th}) $500,000 | Reading Improvement - $500,000 for Rockford District #205 ($250,000) and Freeport #145 ($250,000) |
| Rep. LaHood (18\text{th}) $400,000 | • Reading Improvement - $100,000 for Springfield District #186 ($50,000) and Peoria District #150 ($50,000)  
  • Community Tech -- $300,000 for Springfield and Peoria Boys and Girls Clubs |
| Rep. Phelps (19\text{th}) $500,000* | • Math Improvement - $300,000 for Decatur #61  
  • At Risk - Alternative Learning - $200,000 for Christopher #99 ($100,000), and Grayville #1 ($100,000) (plus assistance with Mt. Vernon [see below]) |
| Rep. Shimkus (20\text{th}) $400,000* | • IL Century Network - $200,000 to Federation of Independent Colleges and Universities  
  • At Risk - Alternative Learning - $200,000 for Mt. Vernon ($200,000) (in cooperation with Rep. Phelps [see above]) |
| **TOTAL** | **$5,190,000** |