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The Federal Role in Education—A Look Forward and a Look Backward COMMENTARY

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This is a watershed era in education as the states and the nation move from the "old equity" of basic skills and minimums to the "new equity" of excellence for all children at all schools and the achievement of the national education goals. This historic shift is being driven by the requirements of the knowledge society and global economy, and is reflected in the education sector by two major forces: the passage of national education goals and the groundswell of school finance litigation.

For the first time in the nation's history, ambitious national education goals (NEG) have been created, adopted and codified into law. Two of the goals would bring all students to high levels of thinking and problem solving in English, mathematics, science, geography and history and have the U.S. rank first in the world in mathematics and science. At the same time, a groundswell of school finance litigation is sweeping the country and propelling school finance reform to the top of state policy agendas. Currently litigation is in process in two dozen states; state supreme courts have rendered decisions in another twelve states. The courts and litigants are calling for closing the gap between the best and the worst financed education systems within a state. They suggest remedies that would give to the many what has been reserved for the fortunate few—equal opportunities for financing excellence in education. *An overriding issue for the balance of the decade is how to link the directions of the courts with the achievement of the national education goals.*

This year the Clinton administration and Congress have an unusual opportunity to address this key issue, as virtually every federal elementary and secondary education program is being considered for reauthorization. Already the administration's major initiative for the schools enacted in the 103rd Congress, *Goals 2000: Educate America Act* (P.L. 103-227), begins to move in this direction. *Goals 2000* codifies the NEG into law, provides $400 million to states for development and implementation of a systemic improvement plan aimed at reaching the ambitious national education goals, and establishes several boards—to certify and monitor progress towards voluntary state/national standards and assessments; and to develop and certify national occupational skill standards. Title III of the Act provides grants to states for the development of: (1) *state content* standards that define what all students should know and be able to do in specific subject areas, (2) *performance standards* that define what students need to do to demonstrate proficiency under the content standards, and (3) *opportunity to learn standards* (OTL) and strategies that define the resources and services needed to assure that all students have a fair opportunity to attain the upgraded requirements. (See goals listed on page 3).

New directions related to the federal role in education, as evident in the *Goals 2000* legislation, also surround the reauthorization of the majority of federal aid programs; and are discussed further in this volume of *Educational Considerations*—including the major programs of assistance for postsecondary education and the schools, and rural/urban issues.

Most federal aid for postsecondary education is provided by the federal government in the form of student financial assistance. The lion's share of federal aid for the schools is authorized under the Elementary and Secondary Education Act (ESEA) of 1965, with 80% of the funding provided under Title I, Chapter 1 of the Act ($6.4 billion in FY 1993). Chapter 1 authorizes the compensatory education program for economically disadvantaged children and youth. Other programs authorized under the ESEA include: Title II—Eisenhower mathematics and science state grants (Title II, $246 million) and Education Block Grants for school improvement ($435.5 million); Title III—magnet schools assistance ($108 million); Safe and Drug Free Education Aid (Title V, $582.1 million), Bilingual Education assistance (Title VII, $213.4 million). Chief issues related to these programs concern how they should interact with systemic reform initiatives, what should be the federal role in these efforts, and how federal aid might promote fiscal equalization within states—to ensure federal aid supplements (not supplants) interstate resource configurations, particularly in poor districts.

Other major programs that are not in the ESEA but that are likely to be considered for reauthorization this year include: The Individuals with Disabilities Education Act (IDEA), which provides aid for children and youth with disabilities and is the second largest federal aid program for elementary and secondary education ($2.053 billion); and the Impact Aid program ($840.2 million), which compensates school districts for lost taxes due to the impact of federal activities. Chief issues related to special education include the strengths and weaknesses of "inclusion" programs, the high and growing numbers of students entering the system and the associated costs, and the gap in the federal commitment to special education assistance versus actual appropriations.

An overriding reauthorization issue related to the federal role in education relates to the amount of funding that is necessary to stimulate states and localities to upgrade the education system, achieve the national education goals, address the special educational needs of students with disadvantages/disabilities, and achieve other federal priority areas. The current fiscal context for reauthorization of federal aid to the schools is one of an expanding economy but it follows a decade of shrinking federal aid to elementary and secondary education.

Between 1980 and 1990, federal aid to education fell from 9.2% to 6.2% of total school aid from all sources. In real terms,[1] federal aid increased less than one-tenth of 1% over this time (when inflation is taken into account). Total aid to education from the federal government for the ten year period was $20 billion lower than what it would have been if it held steady at FY 1980 levels. Over the ten-year period from FY 1983 to 1993, it was $10 billion lower than what would be expected if it stayed at FY 1980 levels. Between FY 1980 and 1990, the low mark in federal aid to education was in FY 1983; FY 1981 marked the high point in federal support. (See federal aid table on page 4).

One of the persistent myths concerning federal aid to education is that because it comprises about 6% of total school aid, it represents only a small amount of revenue to the schools and limits the federal role in education. This is not the case. In fact, contrary to the implications suggested by this myth, federal aid does not provide 6 cents for every $1 of school aid because it is not spread evenly across all children and all schools. Federal aid is targeted to special population groups, numerical minorities, and other individuals that have historically been underrepresented at the state/local level, or have been left out or left behind in the realization of the American dream. It, therefore, represents a larger share of funding for these children, youth, and program priorities. Likewise, reductions in federal school aid are borne disproportionately by these special population groups and by the programmatic areas that reflect the federal interest in education. Importantly, reductions in aid have characterized federal support of education over the past decade.

Between FY 1980 and 1990, federal aid fell -14% on average (when inflation is taken into account). This compares to a real increase of 57% percent during the 1970s, and a 78% increase during the 1960s. During the decade of the 1980s, most states experienced double-digit percentage reductions, but large variations were present within and across the states. For example, total federal aid fell -30% in Massachusetts, -35% in Pennsylvania, -44 percent in North Carolina, -40% in Michigan, -37% in Nebraska, -41 percent in Arizona, and -31% in Idaho. However, federal aid rose in Vermont (40%), New York (56%), Colorado (78%), and Nevada (35%).

In per pupil terms the reductions are less drastic on average, but still substantial. This is because in certain regions and parts of the country there were reductions in the number of students entering the system, thus providing more aid behind each student. But, again, variations are present across and within the states. For example, in Arizona, federal aid per pupil fell -55%, between FY 1980 and FY 1990. Reductions were -40% in North Carolina, -33% in Nebraska, and -40% in Alaska. Again, a majority of states experienced double digit percentage reductions.

These data indicate that substantial federal aid increases will be necessary if past losses are to be restored, provisions are made for all eligible recipients, programs are fully funded, and authorizations provide for prevention in addition to remediation activities. Issues facing Congress therefore include not only federal strategies to guide and drive the achievement of equity and excellence for all students and at all schools, but also the necessary level of federal support to stimulate a state-local response to the federal interest, and the implications of the federal role for coherent policy across all levels of the education system aimed at high-quality education systems.

In the pages that follow, these and other important issues and research findings concerning the federal role in education are presented, analyzed, and discussed. The authors bring a wide range of expertise and experience to bear on the research studies reported herein. Their efforts focus on student financial aid for postsecondary education, Title I (Chapter 1) of the Elementary and Secondary Education Act (compensatory education), the Individuals with Disabilities Education Act (special education), rural and urban issues, implications of the North American Free Trade Agreement on education, and state responses to the "education reform" movement of the past decade.

I am hopeful that you will find the articles in this volume both stimulating and informative. Moreover, I am hopeful that you will enjoy this special education on the *Federal Role in Education* as much as I did when conceptualizing and editing it.

Deborah A. Verstegen, Guest Editor
Charlottesville, Virginia
September 22, 1994

Endnotes

1. Data source: National Education Association (selected years). *Estimates of School Statistics.* Adjusted by the implicit price deflator for state and local government purchases of goods and services (1980=100) using a school year index. Aggregate dollars were used to hold enrollment fluctuations constant.

NATIONAL EDUCATION GOALS[1]

The six National Education Goals adopted by the nation's Governors in 1990.

SCHOOL READINESS. By the year 2000, all children in America will start school ready to learn.

SCHOOL COMPLETION. By the year 2000, the high school graduation rate will increase to at least 90 percent.

STUDENT ACHIEVEMENT AND CITIZENSHIP. By the year 2000, all students will leave grades 4, 8 and 12 having demonstrated competency over challenging subject matter including English, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography, and every school in America will ensure that all students learn to sue their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our Nation's modern economy.

MATHEMATICS AND SCIENCE. By the year 2000, United States students will be first in the world in mathematics and science achievement.

ADULT LITERACY AND LIFELONG LEARNING. By the year 2000, every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

SAFE, DISCIPLINED, AND ALCOHOL- AND DRUG-FREE SCHOOLS. By the year 2000, every school in the United States will be free of drugs, violence, and the unauthorized presents of firearms and alcohol and will offer a disciplined environment conducive to learning.

The two additional National Education Goals included in the *Goals 2000 legislation.*

TEACHER EDUCATION AND PROFESSIONAL DEVELOPMENT. By the year 2000, the Nation's teaching force will have access to programs for the continued improvement of their professional skills and the opportunity to acquire the knowledge and skills needed to instruct and prepare all American students for the next century.

PARENTAL PARTICIPATION. By the year 2000, every school will promote partnerships that will increase parental involvement and participation in promoting the social, emotional, and academic growth of children.

[1]Six national Education Goals were originally adopted by the nation's Governors in 1990. On March 31, 1994, President Clinton signed into law eight National Education Goals as part of the *Goals 2000: Educate America Act*. The underlined text indicates language added to the original goals in the Goals 2000 legislation and the two additional goals. **Please note that one of the new goals addresses teacher education and professional development.**

Federal Aid to Education Cross Time Comparisons, 1980–90 and 1983–90

	Aggregate				Per Pupil Revenue			
	1980–1990		1983–1990		1980–1990		1983–1990	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
50 States and D.C.	45%	-14%	56%	16%	55%	-8%	43%	6%
NEW ENGLAND	41	-16	56	16	41	12	69	25
Connecticut	55	-8	37	2	90	13	49	10
Maine	84	10	64	22	106	23	67	24
Massachusetts	18	-30	62	20	53	-9	85	38
New Hampshire	35	-20	47	9	37	-18	37	2
Rhode Island	54	-8	78	32	76	5	84	36
Vermont	136	40	75	30	145	46	69	25
MID-ATLANTIC	74	4	86	38	52	23	97	46
Delaware	25	-26	39	3	33	-21	31	-2
Dist. of Columbia	23	-27	40	4	39	-2	60	19
Maryland	46	-13	47	9	62	-4	47	9
New Jersey	120	31	69	26	165	58	84	37
New York	162	56	117	61	201	80	128	70
Pennsylvania	9	-35	81	34	29	-23	96	45
SOUTHEAST	38	-18	36	1	28	-18	31	-3
Alabama	101	20	54	14	106	23	53	13
Arkansas	25	-26	29	-5	30	-22	28	-5
Florida	101	19	55	15	67	0	28	-5
Georgia	40	-17	31	-2	33	-21	23	-9
Kentucky	55	-8	25	-7	70	1	29	-4
Louisiana	31	-22	67	24	37	-19	67	24
Mississippi	27	-25	40	4	22	-28	28	-5
North Carolina	-6	-44	12	-17	1	-40	15	-15
South Carolina	28	-24	8	-20	31	-22	7	-21
Tennessee	17	-30	39	3	23	-27	39	3
Virginia	20	-29	22	-10	26	-25	21	-11
West Virginia	25	-26	30	-3	48	-12	49	11
GREAT LAKES	22	-27	34	0	29	-16	42	6
Illinois	8	-36	35	0	26	-25	42	5
Indiana	58	-6	24	-8	81	8	30	-3
Michigan	1	-40	36	1	25	-25	53	14
Ohio	66	-1	36	1	91	14	43	6
Wisconsin	30	-23	34	0	42	-15	35	0
PLAINS	31	-22	31	-2	29	-17	30	-3
Iowa	36	-19	20	-11	56	-7	27	-6
Kansas	59	-5	52	13	57	-7	43	6
Minnesota	35	-19	46	8	43	-15	42	5
Missouri	21	-28	26	-6	30	-22	26	-7
Nebraska	5	-37	2	-24	13	-33	2	-25
North Dakota	55	-8	24	-8	55	-8	23	-8
South Dakota	29	-23	44	7	36	-19	40	4
SOUTHWEST	68	0	64	22	31	-13	49	10
Arizona	0	-41	3	-24	-25	-55	17	-38
New Mexico	63	-3	36	1	60	-4	32	-2
Oklahoma	38	18	28	-5	40	-17	31	-2
Texas	89	13	91	41	63	-3	71	27
ROCKY MOUNTAINS	84	9	38	2	41	0	29	4
Colorado	199	78	44	7	189	72	39	3
Idaho	17	-31	50	11	9	-35	42	6
Montana	63	-3	-2	-27	78	6	-1	-26
Utah	64	-3	52	13	25	-25	29	-4
Wyoming	39	-17	64	22	37	-18	72	28
FAR WEST	54	-9	97	46	24	-22	72	27
Alaska	21	-28	98	47	2	-40	71	27
California	45	-14	109	55	26	-25	80	34
Hawaii	23	-27	8	-20	22	-28	-3	-23
Nevada	127	35	44	7	79	7	16	-14
Oregon	34	-21	62	21	32	-21	54	14
Washington	52	-9	86	38	43	-15	69	25

Source: Data, National Education Association, *Estimates of School Statistics,* selected years. Calculations: D. Verstegen, University of Virginia.

It appears likely that the rest of this century will witness continued erosion to the goals of access and choice [to higher education student aid]. The implications of this . . . are overwhelmingly negative.

FEDERAL STUDENT FINANCIAL AID IN THE 1990s: Crisis And Change?

Mary P. McKeown

Although the federal government has provided support for higher education since the early days of the republic, federally supported student financial aid is a 20th century phenomenon, dating from the end of World War II. In the 1940s, 1950s, and 1960s, the majority of federal aid was in the form of grants. In the 1970s and 1980s, millions of students attended postsecondary institutions, assisted by federal financial aid predominantly in the form of loans from banks and other financial institutions guaranteed by the federal government.[1] In academic year 1991–92, federal programs provided over $20 billion in student aid to over 6 million students.[2] In the mid-1990s, loans from financial institutions are to be phased out and replaced by direct loans from postsecondary institutions.

It would appear that the philosophy that has guided federal student financial aid programs has undergone remarkable change in fifty years. The first federal student financial aid programs were entitlements that promoted increased access to postsecondary education.[3] The next federal programs involved loans that provided access but were directed at disciplines perceived to be in the national interest. The 1965 programs focused on providing access for low-income, needy students through campus loans.

Changes in 1972 shifted the focus of programs to choice, and expanded entitlements, grants, and loans to students from families with higher incomes.[4] Campus, or institutional, delivery of aid was downplayed. In 1978, loan programs were expanded further to include students from all income levels, de-emphasizing grants and focusing on access, choice, and persistence to a degree. Programs of the 1980s further deemphasized choice and persistence as goals of federal aid programs, that were delivered through banks and other financial agencies, and limited eligibility for the programs. The remainder of the 1990s appear to augur continued erosion of choice, an emphasis on access through loan programs, and a re-focus on institutional delivery of aid.[5]

What has happened to change the philosophy that guided the federal government's entry into student financial aid over a half century ago? Has the underlying theory changed over time to guide practice? In which direction will federal, postsecondary student financial aid go in the remainder of the 20th century? What are the implications of these changes for students and for postsecondary institutions? This paper will address each of these issues, identify the current federal student financial aid programs, provide additional information on historical and current funding levels, and project expected funding for the rest of the century.

Historical Background

Three hundred and sixty years ago, in 1640, the first student financial aid program began at a United States college when Lady Ann Moulson presented Harvard College with an endowment for needy students.[6] Despite this long history of student financial aid programs, the federal involvement has been relatively very recent.

If the history of student financial aid since 1640 were interpreted as though it were a 24-hour day or clock,[7] then the federal entry into student aid programs occurred at about 8:20 p.m., with the passage of the G.I. Bill (the Servicemen's Readjustment Act) at the end of World War II. Aid was given to returning service men and women in the form of tuition assistance and subsistence funds; aid went directly to students after verification of enrollment by a university and was conceived of as an "entitlement." Returning service personnel were given access to postsecondary education through financial aid based on particular characteristics rather than financial need.

Contemporary federal student financial aid programs began at 9:15 p.m. (on the 24-hour, postsecondary student aid clock) with passage of the National Defense Education Act in 1958.[8] This act created the National Defense Student Loan program, later called National Direct Student Loans, and currently called Perkins Student Loans. By 1964 (approximately 9:45 p.m, in this analogy), federal student financial aid totalled about $100 million,[9] and was directed to colleges and universities to loan to needy students. In this post-Sputnik era, the federal government funded aid as a matter of national security. The legislation specifically addressed the issue of opportunity to a higher education: ". . . no student of ability will be denied an opportunity for higher education because of financial need,"[10] but the program was not perceived to be an entitlement like the G.I. Bill.

In the post-Sputnik era, the federal government became concerned with the under-supply of scientists and engineers and allocated approximately $30 million to fund 8,000 graduate fellowships and traineeships. Support was allocated to institutions to fund students who met specific criteria, in keeping with the apparent federal philosophy of access for needy students by aid delivered through institutions. Graduate aid reached its highest point during 1968–69 when 51,400 fellowships and traineeships totalling $270 million were awarded to institutions for graduate financial aid.[11] Funding for fellowships and traineeships has declined significantly since 1970, as federal priorities have shifted.

In 1965 (after 10 p.m. on the 24-hour financial aid clock), Congress passed the landmark Higher Education Act (HEA), one of the most prominent of Lyndon Johnson's "Great

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Society" programs. The Higher Education Act (HEA) under Title IV authorized the programs that comprise the foundation of federal financial aid today: the Guaranteed Student Loan (GSL), Educational Opportunity Grant (EOG), and College-Work-Study programs. The HEA of 1965 also reauthorized the NDSL program. Each of these aid programs distributed aid to institutions for re-distribution to needy students, primarily through loans. Entitlements were not a component of Title IV aid; rather, aid was delivered through institutions to the "needy." Nevertheless, each of the aid programs was intended to promote access to a higher education.[12] Over the next eight years, federal student aid grew by 900 percent.[13]

At approximately 10:30 p.m. on the 24-hour student aid clock, Congress in 1972 reauthorized the Higher Education Act, making minor adjustments to existing programs and adding the State Student Incentive Grant (SSIG) and the Basic Education Opportunity Grant (BEOG, now called Pell Grant) programs. The SSIG program provided federal funds on a one-to-one match with state dollars to create additional aid for needy students within that state.

SSIG can be perceived to have been a continuation and expansion of the apparent federal policy of granting need-based aid to students that would be delivered through existing institutions or agencies. The creation of the Pell Grant program, on the other hand, signalled a major change in federal student financial aid policy.

Basic Educational Opportunity Grant (BEOGs) or Pell Grants, were, at their conception, entitlements for needy students that replaced, or at least were intended to mitigate the need for, loans. Pell Grants were intended to be the base for packaging aid to needy students, would not have to be repaid, and would follow the student to whichever institution the student chose.[14] Because Pell Grants were an entitlement program, Congress would appropriate each year funds sufficient to cover program costs as determined by formula.

Pell Grants were a program that focused on student choice, but did provide access, since the aid was directed to the student and supported his/her choice of an institution. Thus, the 1972 Reauthorization of the Higher Education Act altered the federal role in student aid from a policy focus on access to a policy that focused on choice, with aid delivered through a combination of grants, loans, and work from institutions, but primarily delivered directly to the student. Federal appropriations for student financial aid increased over 50 percent during the next five years.

The 1978 Reauthorization of the Higher Education Act ushered in a new era of federal student financial aid. Congress passed the Middle Income Student Assistance Act of 1978, greatly expanding eligibility for Pell Grants and Guaranteed Student Loans to students from middle and upper income families. Removal of the income cap from the GSL program, increases in college enrollments and costs, and soaring inflation contributed to significant increases in federally funded student aid. Between 1978 and 1981, aid grew 200 percent from $1.6 billion to $4.8 billion.[15] Aid, predominantly in the form of loans delivered to students instead of through institutions, became focused on middle income and upper income students, moving away from low income or needy students. The huge cost of GSLs shifted funds away from the entitlement program (Pell Grants) that was to have been the federal government's primary student aid vehicle. By 1981–82, only 24 percent of the combined Pell and GSL funding came through Pell Grants.[16]

During the 1980s, despite significant initiatives by the Reagan and Bush administrations to curtail aid, actual federal student financial aid funding increased. The federal government did retreat from the policies that made nearly every student eligible for GSLs by placing restrictions on the program. The focus of aid continued to be loans directly to students; however, the concept of attendance at any college of choice was undermined for low income students because they were less likely to attend a university than a local community college or proprietary school.

During the 1980s, several entitlement programs were eliminated or severely restricted. As the majority of Vietnam War veterans completed college, veterans' educational benefits were phased down. Social security survivors' benefits for college were eliminated entirely. Thus, the focus of federal student financial aid moved away from entitlement programs and grant programs for the needy to loans with expanded eligibility. The shift to loans appeared to be consistent with the Reagan and Bush administration policy of returning financial responsibility for higher education to students and their families.[17] Of course, this shift also made it inevitable that many needy students were confronted with an additional barrier to continuing their education.

Current Programs

In the 23rd hour of the financial aid clock, the Higher Education Amendments of 1992 were signed into law by President Bush, extending authorization for the Title IV programs until 1997. Several changes were made in programs, including a change in the maximum amount of the Pell award. Technical amendments to the 1992 amendments and to the Higher Education Act itself were passed in 1993. In addition, a major change in the delivery of student loans was enacted as part of the Omnibus Budget Reconciliation Act of 1993, signalling a bellwether change in federal student aid policy. These amendments and the major current programs are detailed below. Table 1 displays information on federal student financial aid appropriations since 1965, and Table 2 arrays average aid amounts awarded.

Pell Grants (Title IV, part A, subpart 1, Higher Education Act of 1965, as amended)

The Basic Educational Opportunity Grant (BEOG) program, now called Pell Grants, is the largest of the need based grant programs of the federal government and originally was intended to be an entitlement and the centerpiece of federal student financial aid.[18] Grants were to be made to students who were determined to be eligible under an assessment that evaluated the family's ability to provide for the student's college education.

Like all of the financial aid programs authorized under Title IV of the Higher Education Act, Pell Grants were designed to provide access to a postsecondary education for needy students. Grants are awarded directly to undergraduate students based upon need, and eligibility for the program is determined by a federally determined needs test. Prior to the 1992 amendments to the HEA, the maximum Pell Grant awarded to a student could not exceed 60 percent of the total cost of attendance at the student's institution of choice, or the maximum Pell for that year, whichever was less. In 1992–93, the maximum award was $2,300, a reduction from the previous year's appropriated amount of $2,400. Pell Grants represent approximately 15 percent of all revenues received as part of tuition and fees[19] and totalled $5.2 billion during academic year 1991–92.

Pell Grants are now a discretionary program, with award levels dependent on appropriations. In tight federal budgets, the maximum award amount has been reduced to fit the available appropriations, as it was in 1992–93. In addition, when the estimation of needed funds is low, ED borrows from the following year's appropriation, creating a shortfall. The Pell shortfall was estimated to be $1.2 billion during budget negotiations in 1993.[20] Maximum Pell awards authorized in the Higher Education Act have not been appropriated. During the 1992 reauthorization, provisions to return the Pell program to

Table 1. Appropriations for Major Federal Student Financial Aid Programs 1958–1994

(dollars in thousands)

	Pells	SEOG	SSIG	GSL(FFEL)	CWS	Perkins
1959	*	*	*	*	*	10,000
1966	*		*	62,000	33,000	115,000
1971	*	144,000	*			
1973			n/a			
1975	840,200	240,300		580,000	420,000	329,449
1978						
1980	2,441,328	370,000	76,750	1,609,344	550,000	300,800
1983	2,419,040	355,400	60,000	3,100,500	590,000	193,360
1986	3,579,716	394,762	72,732	3,265,941	567,023	208,626
1989	4,483,915	437,972	71,889	4,066,828	610,097	205,507
1991	4,915,000	520,155	63,531	5,381,422	594,689	156,144
1992	5,242,000	415,000	63,000	2,285,036	616,000	180,000
1994	6,574,000	583,407	72,429	2,273,335	616,508	158,000

*indicates program not yet started, and no appropriations made.

Table 2. Average Amounts per Recipient in Major Federal Student Financial Aid Programs 1958–1992

	Pells	SEOG	SSIG	GSL(FFEL)	CWS	Perkins
1959	*	*	*	*	*	
1966	*		*			
1971						
1972						
1975	631	506	280	1,215	518	647
1978	746	489	553	1,580	555	773
1980	868	555	592	1,976	650	679
1983	937	535	530	2,238	854	884
1986	1,269	550	500	2,307	880	880
1989						
1991						
1992						

an entitlement with a maximum award level consistent with increased costs of attendance were omitted from the final legislation.[21]

The 1992 Amendments to the HEA increased the maximum Pell Grant authorized for the 1993–94 academic year to $3,700, with increases of $200 each year until the maximum Pell reaches $4,500 for the 1997–98 academic year. The minimum amount to be awarded to a student as a Pell Grant was set at $400, and students eligible for awards between $200 and $400 were authorized to receive $400. Although the maximum Pell amount of 1993–94 was authorized at $3,700, appropriations support a maximum Pell Award of $2,300, and a total Pell outlay of $6.6 billion during the 1993–94 federal fiscal year. The average award in 1980–81 paid approximately 25 percent of the costs of attendance at a four-year public institution but had dropped to less than 20 percent of the cost in 1992–93.

The 60 percent of cost of attendance limit on maximum awards was amended in 1993 to enable the poorest students attending low-cost institutions to receive up to the maximum award amount appropriated. Additionally, when the maximum award appropriated exceeds $2,400, awards above $2,400 will reflect increases in the cost of living allowance. Although these two provisions appear to assist needy students, it is unlikely that either will have much impact in the foreseeable future since Pell Grant appropriations are not expected to support an amount greater than $2,300. (In fact, it is likely that this amount will decline as the amount appropriated for FFEL increases.)

One change that will impact the program is extension of eligibility to part-time students. Prior to 1993, eligibility for the program was limited to full-time students. This requirement was perceived to discriminate against non-traditional students (i.e., those who were over 24, attended part-time, or were independent) and students attending community colleges, who are more likely to be part-time.

Supplemental Educational Opportunity Grants (Title IV, part A, subpart 2, Higher Education Act of 1965, as amended)

Supplemental Educational Opportunity Grants (SEOGs) were established as "Educational Opportunity Grants" as part of the original Higher Education Act of 1965. The College Work–Study program, Perkins Loans, and SEOGs make up what are called the "campus-based" federal student financial aid programs. Federal funds are received by institutions who administer the programs and determine which students should receive awards. Each of these three programs was designed originally to extend access to a postsecondary education to needy students.

SEOGs were designed explicitly to aid the neediest of low-income students who could not enter or continue college without grant assistance. Institutions that made these awards were required to target program funds on students from the lowest income families. As a result, SEOGs were perceived to be the most effective program in recruiting and retaining minority and economically disadvantaged students during the 1960s, and these efforts led to marked increases in minority enrollments.[22] Originally, the program required full-time enrollment, but was modified to include students who attended half-time.

Financial aid administrators at each institution participating in the SEOG program determine within federal guidelines which students will receive awards, and the amount of the award. Students may receive between $100 and $4,000 in any academic year. The federal government provided all the funds for this program until FY 1990, when participating institutions were required to fund 10 percent. The institutional share increased to 15 percent in 1991.

The SEOG program has grown from $370 million in 1980–81 and 717,000 students to $415 million for 728,000 students in 1991–92. The Reagan administration targeted SEOGs for elimination in every budget proposal from 1983 to 1988. However, Congressional proponents of this program were able to overcome the administration's proposals but relaxed the rigid targeting of funds to the very needy to consider increased costs of attendance at private institutions.

State Student Financial Incentive Grants (Title IV, part A, subpart 3, Higher Education Act of 1965, as amended)

The State Student Financial Incentive Grant (SSIG) program was created as part of the 1972 Reauthorization of the HEA to enhance state scholarship or grant programs in states that had such programs, or to encourage creation of programs in other states. Federal funds were to be allocated to meet up to 50 percent of the awards in each state for needy students. Amounts allocated to each state were determined by a formula relating higher education enrollments in the state to total national higher education enrollment. Grants were renewable only until the baccalaureate degree was awarded.

All fifty states participate in the SSIG program, and most provide state funds considerably over the federal contribution. Between 1980 and 1991, federal appropriations for the SSIG program fell from $77 million to $64 million, although the total amount of student aid available through SSIGs increased from $840 million during FY 1980 to $1.6 billion in FY 1990.

Because of the success of the program in meeting the original goal of encouraging states to have state scholarship programs, during the 1980s, the Reagan and Bush Administrations proposed elimination of the SSIG from the federal budget. The program continues because of its popularity with Congress (every Congressperson has a SSIG program that grants scholarships to constituents), and current provisions permit a maximum award of $2,500.

Guaranteed Student Loans (Title IV, part B, Higher Education Act of 1965, as amended)

The Guaranteed Student Loan Program (GSL), renamed the Federal Family Education Loan (FFEL) in 1992, provides the majority of all federal student financial aid through three different types of loan programs. Loans available to support student expenses include subsidized and unsubsidized loans for graduates and undergraduates, loans for parents of dependent students, and consolidated loans. Expenditures shown in the federal budget are for appropriations that assume loan interest, pay lenders and guarantee agencies, and repay defaulted loans. These payments are considered to be an entitlement program of the federal government.[23] Average loan amounts are shown in Table 3.

FFEL loans are made by nearly 8,000 private lenders, who use their own funds to make loans. The federal government "insures" lenders for loss resulting from borrower default, death, disability, and bankruptcy; as well as "assures" a minimum rate of return on money loaned. "Insurance" is made through guaranty agencies, most of which are state corporations like the Massachusetts Higher Education Assistance Corporation. The guaranty agencies reimburse lenders for default claims.

Stafford Loans, the original GSLs, provide loan funds to needy undergraduate, graduate, and first professional (medical, dental, veterinary, pharmacy, etc.) students at a low interest rate guaranteed and subsidized by the Federal Government. Students must demonstrate financial need, and no interest or principal payments are due while the individual is a student. Annual borrowing limits are $2,625 for the first two years of undergraduate study, $4,000 for the next three years, with a cumulative undergraduate limit of $17,250. In addition, students may borrow up to $7,000 per year for up to five years of graduate study, with a cumulative limit of $54,750 for all Stafford Loans.

Supplementary Loans for Students (SLS) and PLUS loans also are guaranteed by the Federal Government but are not need tested, have a variable interest rate, and are not subsidized unless the variable rate exceeds 12 percent. SLS generally are available to students who are defined under the HEA as "independent," while PLUS loans are available to parents of students who are under age 24 but still considered "dependent." Independent students and parents of dependent students may borrow up to $4,000 per year, up to a cumulative total of $20,000, with some exceptions for programs of short duration. SLS are not available to students at institutions whose default rates exceed 30 percent. Students or parents who borrow under the SLS or PLUS programs must begin repayment of the loans within 60 days of loan disbursement, but repayment of principal may be deferred while the student is enrolled.

In 1986, Congress made available a loan consolidation program that permitted merging of existing student loans and longer periods for repayment. Actually, the longer repayment period results in a larger total payment, and the possibility looms that the next generation will be attending college before this generation's loans have been repaid.

The GSL program is the most criticized of all the federal student aid programs. At various times, it has been labeled as too costly, as wasteful because subsidies go to middle and upper income students, as a disincentive to college saving, and as an incentive to colleges to raise tuition.[24] However, in spite of all these criticisms, loans are the most politically popular and widely used of all federal aid programs. In 1991–92, almost $11 billion in loans were made available through the Stafford Loan Program. An additional $3 billion were provided through SLS and PLUS programs.[25]

Table 3. Number of Recipients of Major Federal Student Financial Aid Programs 1958–1994

	Pells	SEOG	SSIG	GSL(FFEL)	CWS	Perkins
1959	n/a	n/a	n/a	n/a	n/a	
1965			n/a	515,400		429,000
1971			n/a	1,256,300		614,200
1974	176,000	331,000	n/a	1,030,000	556,000	655,000
1975	557,000	395,000	136,000	938,000	570,000	680,000
1978	2,027,000	499,000	217,000	973,000	845,000	795,000
1980	2,716,000	606,000	259,000	1,510,000	926,000	958,000
1983	2,579,000	641,000	278,000	2,788,000	720,000	675,000
1986	2,954,000	720,000	304,000	3,852,000	786,000	853,000
1991	3,300,000	678,000	320,000	4,502,000	876,000	804,000
1992	4,027,000	728,000	320,000	4,872,000	841,000	660,000

Note: Numbers are duplicated counts.

The original goal of all financial aid programs in the Higher Education Act of 1965 was to improve access to a postsecondary education for disadvantaged students, and thus, to reduce or eliminate poverty; GSLs were perceived to have a secondary purpose of providing aid to middle income students at a low cost to the federal government. Judged by the criterion of providing aid to middle income (or above) students, GSLs have been wildly successful, especially after passage of the Middle Income Student Assistance Act (MISAA) in 1978. MISAA removed needs tests for loans, and resulted in an explosion of loan volume from $1 billion to one million students in 1971 to over $6 billion loaned to 2.5 million students in 1981. By this time, loans were the predominant federal financial aid program, and the anti-poverty origins of the HEA had faded. In 1981, however, Congress restored the needs test for loan eligibility for students from families with incomes of over $30,000. Many students with family incomes greater than $100,000 who attended high cost private colleges remained eligible for student loans. In 1993, student loans were the "foundation" of federal student aid policy, and the federal government paid approximately 11 cents for every dollar loaned.[26]

Despite their popularity with Congress, parents, and students, federal student loan programs are being significantly revised as this article is being written. Middle class access to loans was expanded under the "unsubsidized" Stafford loan program. To offset costs, students from any income level may borrow, but must pay a 3.0 percent loan origination fee. SLS loan limits for graduate students were increased to $10,000 per year, and aggregate borrowing limits for Stafford and other SLS loans were also increased. On July 1, 1994, the SLS program will be combined with the unsubsidized Stafford program, with higher loan limits available. The PLUS program in 1994 makes available any amount a parent wishes to borrow, up to the cost of attendance, less any aid the student receives from other sources. Loans are not available through PLUS to parents with an adverse credit history.

The 1993 Budget Reconciliation Act (OBRA 93) also made numerous changes to the maximum interest rates charged to borrowers under each of the loan programs. In addition, numerous changes designed to reduce costs in the FFEL program were enacted, including reductions in the subsidies made by the federal government to lenders. Lenders now must offer graduated repayment schedules designed to reduce default rates. Special deferments on repayment of loans and interest were permitted for disadvantaged students, and certain loans were forgiven for students that attended institutions that closed. The maximum repayment period was extended to 30 years for consolidated loans.

The most important change made in 1993 to FFELs was the shift to **direct loans**. Loans will be made by postsecondary institutions directly, with the federal government providing loan capital, owning the notes, and absorbing defaults as part of the federal government's cost. This change shifts the delivery system for the majority of federal student financial aid back to the institutions, undermining choice because of the greatly reduced number of institutions that may participate in the new program. The underlying theory guiding the program has not shifted, however. This change appears contrary to the major purposes of federal student financial aid.

The 1993 legislation contained in PL 103–66, OBRA 93, directs the Secretary of Education to select schools to participate in the direct loan program so that loans at those schools will comprise 5 percent of new student loan volume for academic year 1994–95. This percentage is increased to 40 percent in 1995–96, 50 percent in 1996–97, and 60 percent in 1997–98. In November, 1993, the Secretary selected 105 schools from the 1,100 who applied to participate in this program.[27] Loan volume at these 105 schools is expected to equal the 5 percent requirement of the law, and go to over 300,000 students.

The change in the FFEL program establishes an entitlement program, in that students and their parents are entitled to loans for attendance at a participating school; however, schools do not have a right to program participation. *This provision implies that institutions with specific characteristics, and more importantly, their students, will be excluded from participation.* Loans made under the direct student loan program will be called Federal Direct Stafford Loans (FDSL) and Federal Direct Unsubsidized Stafford Loans (FDUSL), as well as PLUS loans.

A significant change in the program is that different types of repayment plans will be available to direct loan borrowers. Four alternatives must be provided by the Secretary of Education:

- standard repayment terms, under which fixed payments are made over a fixed time;
- extended repayment, under which fixed payments of at least $50 monthly are made over a longer time;
- graduated repayment, under which borrowers would pay at two or more levels; and
- an income contingent repayment, under which students annually would repay a specific proportion of their income over a period up to 25 years.[28]

There are significant numbers of proponents and opponents for this legislation. Institutions that have large numbers of out-of-state students and must deal with many guaranty agencies welcome the opportunity to streamline their financial aid burden. Smaller colleges, those whose students are predominantly in-state, and those that do not have computerized student record systems do not believe that this program will simplify the process, but rather will increase the complexity of their programs without reducing costs. The historically black colleges and universities also opposed this legislation; speculation is that default rates at these schools are high enough to exclude many of the institutions from participation. If that is the case, it is likely that this group of minority students would be denied access to the major federal student aid program, and therefore, denied access to a higher education. As could be expected, banks with high volumes of student loans also opposed the legislation.

College Work–Study (Title IV, part C, Higher Education Act of 1965, as amended)

College Work–Study (CWS) is one of the three so-called "campus-based" programs authorized by the HEA of 1965. CWS originally was part of the Economic Opportunity Act of 1964, and was assigned to the Office of Economic Opportunity before transfer in 1965 to the Office of Education. When established, this program provided funding to undergraduate students for part-time (up to 15 hours per week) employment at postsecondary institutions, or through a contract, with a public or non-profit agency. Postsecondary institutions participating in the program were responsible for administration and selection of students. Any undergraduate student showing financial need was eligible for participation.

In 1964–65, over 100,000 students at about 1,100 institutions received $33 million as work compensation. By 1980–81, 819,000 students participated in the program, and in 1991–92 728,000 students received over $790 million in compensation through CWS. Currently, any financially needy undergraduate, graduate, or professional student attending a participating institution may receive work assistance through the CWS program. Students may work on campus, in other public or nonprofit organizations, or in the for-profit sector. Jobs must pay at least the federal minimum wage, and are supposed to relate to the student's academic goals.

Costs for the program are shared by the institution and the federal government. Currently, for jobs on campus, the federal government contributes 70 percent of salaries; for jobs in community service programs, CWS pays 90 percent, while for jobs in for profit businesses, CWS funds 50 percent. The institutional share may take the form of books, scholarships, supplies, or other educationally related equipment and services. Students attending proprietary schools are eligible for participation in this program, which is thought to be among the best managed of the financial aid programs.

Perkins Loans (Title IV, part E, Higher Education Act of 1965, as amended)

Originally authorized as Title II of the National Defense Education Act of 1958, National Defense Student Loans, later called National Direct Student Loans, and currently called Perkins Loans, were the first federal student financial aid program to require a needs test for eligibility. Perkins Loans are one of the so-called "campus based" programs and were also the first program to require a contract or agreement between the institution and the federal government. The federal government provided 90 percent of funds loaned to students with demonstrated need, and the participating institution provided the remaining 10 percent. Funds repaid for interest and principal were redeposited into the fund to make additional loans.

To be eligible for a loan, students originally were required to be enrolled full-time at a participating institution, to demonstrate financial need, and to maintain good academic standing. Students enrolled in science, mathematics, teaching, or foreign languages were given preference for awards, although this provision was later withdrawn. Simple interest of 3 percent, deferred until after completion of a degree, was charged on the loans from their inception until 1980, when the rate increased to 4 percent, and then to 5 percent in 1981. Forgiveness for all or part of the loan may be granted to borrowers who teach in certain fields or in "low income" schools. Until the mid-1970s, cancellation also was granted for military service or for teaching at any level of education.

Currently, any student at a participating institution may borrow up to $4,500 for the first two years of undergraduate study, up to $9,000 in total for undergraduate study, and an additional $9,000 for graduate and professional study. Loan amounts are determined by institutional financial aid officers, within federal guidelines. Borrowers have 10 years after leaving the institution to repay the loan(s) directly to the lending postsecondary institution, unless payments are deferred or forgiven. In 1991–92, over $800 million was loaned to 660,000 students, down from 813,000 recipients in 1980–81.

Federal appropriations for Perkins Loans decreased from $300 million in FY 1980 to $151 million in FY 1990, almost a 50 percent reduction. However, the amounts loaned increased from $694 million in FY 1980 to about $860 million in FY 1990. This increase in loan activity occurred because the Perkins Loan program receives funds from three sources: new federal capital contributions, provided by the annual federal appropriation and distributed by the Department of Education to participating institutions; institutional capital contributions of $1 for every $9 appropriated by the federal government; and funds from repayment of principal and interest from prior loans.

Throughout its life, the Perkins Loan program has been plagued by high default rates. At one point during the 1970s, the average default rate had reached 20 percent, leading to calls for elimination of the program. The Reagan administration included virtually zero funding in each of its budget proposals during the 1980s; the only funds included in the administration proposals were to replace forgiven loans. Because of perceived high default rates, the 1986 amendments to the HEA revised the formula for allocating funds to participating institutions. Most institutions received at least the funding level of 1985, adjusted by a default penalty if the institutional default rate exceeded 7.5 percent. Institutions that had default rates of 20 percent or higher in 1988, 1989, or 1990, or greater than 15 percent in 1991 and thereafter were ineligible for any new federal capital contributions.

Discussion and Conclusions

Throughout the fifty year history of federal student financial aid programs, critics of these programs have lobbied for reductions and even outright elimination of programs, basing their criticisms on a variety of objections.[29] Hearn has charged federal student aid policy with lacking in philosophical coherence, having no programmatic clarity and distinctiveness, and not providing access to managerially needed information.[30] There have been ample reasons to criticize federal aid programs; yet, if judged on the basis of increases in appropriations, postsecondary student aid programs have been amazingly successful at both surviving and growing.

If federal student financial aid has specific purposes or goals that are based on a theory of financial aid, such as access, choice, manpower, financial solvency for institutions, quality of institutions, and enrollment concerns,[31] federal student financial aid "policy" can be credited with success by several criteria. Revisions to the HEA requiring satisfactory progress and accreditation of institutions for eligibility to federal aid have improved the quality of academic programs. Specific manpower needs have been met through provisions of loan programs that targeted aid to students enrolled in areas judged critical to the nation and by forgiveness clauses that eliminated loan indebtedness for employment in particular areas such as science and mathematics.[32]

The federal government's entry into the student financial aid world in the 1940s through the Servicemen's Readjustment Act changed forever higher education in the United States. To meet the needs of returning servicemen and women, thousands of new institutions of higher education were created. These institutions offered programs of a different nature than traditional higher education programs provided mainly to "children of privilege." Prior to World War II, postsecondary institutions were fairly uniform in purpose and type. Several million returning veterans with varying needs and desires caused a proliferation of academic programs and types of institutions. This diversity of programs and types of institutions to meet societal needs can be judged as a strength of higher education in the U.S. that came about because of federal student financial aid. In 1947–48, nearly 50 percent of all students enrolled in postsecondary education were veterans.[33] No other program has supported as large a share of the student population.

In the 1960s and 1970s, federal financial aid programs were extremely successful in providing access to higher education for a student population increasingly heterogeneous in terms of educational background, race, ethnicity, age, family status, and employment status. If judged by the criterion of continued success in achieving this goal of access into the 1980s and 1990s, the programs could be viewed as failures. The rest of the 1990s portend continued failure to further the goal of access, but continued existence, congressional popularity, and even growth, for federal financial aid. This issue is amplified later.

Criticism over the years has focused on the lack of a formal, enunciated federal higher education policy,[34] although the 1972 Amendments to the Higher Education Act have been perceived to set forth the principles or "charter" for federal higher education policy. According to Gladieux and Wolanin,[35] the principles related to financial aid were the following: equal opportunity underlies all higher education policy; student needs come before institutional needs; the federal government has national objectives, while states have primary responsibility for higher education; the focus of federal efforts includes non-traditional students and institutions; the federal government will encourage reform and innovation in higher education; and, legislative efforts will build on existing programs.

During debate over reauthorization of the Higher Education Act in 1992, many criticisms of aid programs were raised. These included lack of program integrity, lack of institutional accountability (including escalating default rates on loans), application complexity, reduced choice, reduction in access and persistence, and inability to achieve program goals. Each of these criticisms can be related to the charter outlined in 1972. The shift to a majority of federal aid going to higher education instead of elementary/secondary education generated significant discussion. All of these were, and continue to be, valid issues; indeed, the 1992 Amendments can be interpreted as increasing the noise level of several of these criticisms, most notably choice and access.

If the 1992 and 1993 changes in federal student financial programs were to be judged by the principles delineated by Gladieux and Wolanin, the 1992 and 1993 changes may be perceived as a retreat from adherence to the principles set down in the 1972 "Charter." Although the theory itself does not appear to have changed, the programs appear to have shifted the priorities of aid.[36] Of particular concern are the return to institutional delivery of aid and the erosion of focus on the poorest students and their access to postsecondary education. Unfortunately, this appears to be the direction for the rest of the century: increasing financial aid for middle and upper income students in the form of loans, reductions in grant programs targeted at the neediest, loss of access to federal financial aid programs at institutions that serve minorities and the neediest students, and loss of access to a post-secondary education for the neediest.[37]

In higher education, "access" and "choice" are code words. In federal financial aid parlance, "access" signifies aid programs that help public institutions and "choice" means programs that assist private institutions. The 1972 federal financial aid charter in the HEA was a major statement that provided both access to attend postsecondary institutions and also choice among types of institutions. Although these are both goals, fiscal constraints have forced these objectives to become competing priorities.

Extension of financial aid to middle and upper income students through MISAA was perceived to be a victory for choice proponents, most notably private and proprietary institutions. MISAA succeeded beyond all expectations; aid amounts skyrocketed. In the period immediately following MISAA, the profile of Pell Grant recipients shifted sharply to those students from families making more than $25,000.[38]

Inclusion of a maximum Pell award limited to 50 or 60 percent of the cost of attendance also favored private institutions whose costs were higher than public institutions. Limiting aid to full-time students also favored private institutions whose student bodies were more likely to attend full-time, and discriminated against non-traditional students and the institutions they attended. Each of these provisions were changed in 1993; however, limitations on funding make it appear unlikely that the limits will make a real difference.

The nation has been swept with a wave of nostalgia for the 1950s and 1960s; bell bottoms, love beads, slow dancing, and the Beatles are back in style. Federal student financial aid programs do not seem to be immune to this nostalgia. The primary federal financial aid program in the 1990s will be loans distributed directly by institutions, a return to the policies and programs of the 1950s and 1960s when campus-based loans also were the primary federal financial aid vehicle. This trend is especially troubling to those who perceive need based federal aid programs like Pell Grants as the primary federal financial aid programs. Every additional dollar appropriated for loans seems to mean a reduction of a dollar of need-based aid, because federal student financial aid is now a zero-sum game. Shifts to loans can be demonstrated to channel aid toward middle and upper income students and away from the most disadvantaged, eroding the federal emphasis on equality of opportunity.[39]

Reliance on loan programs as the primary vehicle for federal financial aid is perceived to discriminate against minority students who are less likely to be willing to borrow.[40] A recent study[41] concluded that higher education becomes a risky investment for low income students who are less likely to earn the higher incomes after graduation that will enable repayment of loans. For low income students, the prospect of large post-education debts reinserts the cost barriers to higher education that federal financial aid programs were designed to remove. Recent declines in the number of African–American students at U.S. institutions may be seen as the direct result of the shift of federal aid from grants to loans.

Further restrictions to access to the direct loan program for institutions with high default rates exacerbates the shifting of aid from the most needy to middle and upper income students because defaults occur disproportionately among students with the lowest incomes.[42] This undermining of the goal of access and equality of educational opportunity is troublesome.

It appears likely that the rest of this century will witness continued erosion to the goals of access and choice. Institutional delivery of aid in the form of loans will be the primary federal student financial aid program. The implications of this for the neediest students and for institutions that serve them (like the historically black and Hispanic institutions) are overwhelmingly negative. Has the dream of equal opportunity been lost?

Endnotes

1. In the Fall of 1986, nearly 70 percent of all students attending postsecondary institutions received financial aid. The most common source of this aid was the federal government, according to reports from the U.S. Department of Education.
2. M. A. Schenet, "Recent Changes in Federal Student Aid," (Washington, D.C.: U.S. Library of Congress, Congressional Research Service, December 1993).
3. "Entitlements" are federal programs for which appropriations must be made for all who qualify based on specific criteria. "Access" refers to the opportunity to an education or to participation in a program.
4. "Choice" refers to a student's ability to select an institution or academic program.
5. J. C. Hearn, "The Paradox of Growth in Federal Aid for College Students, 1965–1990," in *Higher Education: Handbook of Theory and Research*, Vol. IX,(New York: Agathon Press, 1993).
6. J. Brademas, in R.H. Fenske, R.P. Huff and Associates, *Handbook of Student Financial Aid* (San Francisco: Jossey–Bass, 1983), p. ix.
7. The 24-hour student aid clock is the creation of Robert Fenske.
8. J. W. Moore, "Purposes and Provisions of Federal Programs," in Fenske, Huff and Associates, *Handbook of Student Financial Aid*, p. 28.
9. D.A. Gillespie and N. Carlson, *Trends in Student Aid: 1963 to 1983*. (Washington, DC: College Board, 1983).
10. Public Law 85–864, September 2, 1958, p. 1.
11. Carnegie Council on Policy Studies in Higher Education, *The Federal Role in Postsecondary Education*. (San Francisco: Jossey–Bass, 1975), p. 18.
12. L.E. Gladieux and T.R. Wolanin, *Congress and the Colleges: The National Politics of Higher Education*. (Lexington, MA: Lexington Books, 1976).
13. J. C. Hearn, *Paradox of Growth*.
14. R. H. Fenske and B. D. Gregory, "The Dream Denied: Evaluating the Impact of Student Financial Aid on Low Income/Minority Students," paper presented at the annual meeting of the National Association of Financial Aid Administrators, Washington: October, 1993.

15. U.S. Department of Education, *A Self-Instruction Course in Student Financial Aid Administration.* (Washington: Office of Student Financial Assistant, Department of Education, 1988), pp. 2–4.
16. College Board, *Trends in Student Aid: 1981 to 1991.* (Washington, D.C.: College Board, 1991).
17. R. H. Fenske and B. D. Gregory, "The Dream Denied," p. 20.
18. T. W. Hartle and J. B. Stedman, "Federal Programs: A View of the Higher Education Act," in M. P. McKeown and S. K. Alexander (eds.), *Values in Conflict: Funding Priorities for Higher Education.* (Cambridge, Massachusetts: Ballinger, 1986).
19. P. M. Irwin, "U.S. Department of Education: Major Program Trends." (Washington, D.C.: Congressional Research Service, 1991).
20. J. Zook, "Education Department Given 2.4% Budget Increase, While NIH and NSF Will Fare Well in 1994," *Chronicle of Higher Education,* October 13, 1993, p. 24.
21. This defeat of proponents of returning to grants instead of loans as the primary aid vehicle (and thus to the original intent of the Pell program) has been attributed to failure to conform to the Budget Enforcement Act of 1992. M. A. Schenet, "Recent Changes in Federal Student Aid," p. 5.
22. J. W. Moore, "Purposes and Provisions of Federal Programs."
23. M. A. Schenet, "Recent Changes in Federal Student Aid."
24. M. Mumper and P. Vander Ark, "Evaluating the Stafford Student Loan Program," *Journal of Higher Education,* 62, 1 (January/February 1991).
25. The Editors of the Chronicle of Higher Education, *Almanac of Higher Education,* 1993. (Chicago: University of Chicago Press, 1993), p. 23.
26. M. A. Schenet, "Recent Changes in Federal Student Aid."
27. J. Zook, "For 1,100 Administrators, a Leap of Faith," *Chronicle of Higher Education*, October 20, 1993, p. A43.
28. M. A. Schenet, "Recent Changes in Federal Student Aid."
29. For example, every administration budget proposal since 1983 has eliminated funding for the State Student Incentive Grant (SSIG) Program. As late as June 9, 1993, the SSIG program was reported to "Appear Headed for Oblivion." (*Chronicle of Higher Education,* June 9, 1993, p. A20.)
30. J. C. Hearn, "Paradox of Growth."
31. C. E. Finn, Jr., "Why Do We Need Financial Aid? or, Desanctifying Student Assistance," in College Scholarship Service, *An Agenda for the Year 2000* (New York: College Entrance Examination Board, 1985).
32. A. P. Wagner, "Student Financial Aid in the 1980s," in M. P. McKeown and S. K. Alexander, *Values in Conflict.*
33. J. L. Bowman, J. Volkert, and J. V. Hahn, *Educational Assistance to Veterans: A Comparative Study of Three G.I. Bills.* (Princeton, New Jersey: Educational Testing Service, 1973).
34. T. W. Hartle and J. B. Stedman, "Federal Programs."
35. L. E. Gladieux and T. R. Wolanin, *Congress and the Colleges.*
36. Congressional proponents of student financial aid, most notably William Ford, have argued strongly for continued focus on low income or disadvantaged students. *Chronicle of Higher Education*, August 11, 1993, p. A24.
37. These are significant changes, but the underlying theory, as evidenced by the rhetoric surrounding federal student financial aid programs, has not changed substantially.
38. D. A. Gillespie and N. Carlson, *Trends in Student Aid.*
39. M. Mumper and P. Vander Ark, "Evaluating the Stafford Student Loan Program."
40. R. H. Fenske and B. D. Gregory, "The Dream Denied."
41. T. Mortensen, *The Impact of Increased Loan Utilization among Low Family Income Students.* (Iowa City, Iowa: American College Testing Program, 1990).
42. T. Mortensen, *The Impact of Increased Loan Utilization.*

Children who change schools frequently face many challenges to their success in school. Nevertheless, many of the children who change schools frequently may be less likely to receive . . . services than other children.

Student Mobility in the Nation's Elementary Schools[1]

Ellen Kehoe Schwartz, Veronica Scott, and Beatrice F. Birman

The United States has one of the highest mobility rates of all developed countries; annually, about one-fifth of all Americans move. Elementary school children who move frequently face disruption to their lives, including their schooling. Sadly, these children are often not helped to adjust to the disruption of a new school—new children, teachers, and principal—and to make sense of the variations in curriculum between the old school and the new. The success of children who change schools frequently may therefore be jeopardized. In addition, as the schools pay greater attention to high academic standards, advocated by national and state leaders,[2] these children may face increased difficulty in achieving success.

In response to a congressional request based on these concerns, we obtained information on children who change schools frequently: (1) their number and characteristics, (2) their success in school relative to children who have never changed schools, (3) the help that federal educational programs, such as Migrant Education and Chapter 1, provide, and (4) the help that improved student record systems could provide.

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Background

High numbers of mobile children, school officials have reported, can interfere with teachers' ability to organize and deliver instruction. While the mobility of children is often a reflection of underlying family issues, such as shortages of affordable housing, changes in marital status, or unemployment, it is the schools that must face the difficult challenge of meeting the educational needs of children who change schools frequently.

One federal program, the Migrant Education Program, provides services for one group of children who are likely to change schools frequently—children of migrant agricultural workers and fishers. About 440,000 migrant children were provided with educational, medical, or social services through this program, which was funded at about $300 million for fiscal year 1993. The program serves children who are "currently migrant"—those who have moved from one school district to another within the last 12 months—as well as "formerly migrant" children; the latter are eligible to receive services for an additional 5 years after they are no longer categorized as "currently migrant." Under the Hawkins–Stafford Elementary and Secondary School Improvement Amendments of 1988, states, in delivering services, are required to give currently migrant children priority over formerly migrant children.[3] A recent House bill proposes to limit migrant education services to migrant children who have changed school districts within the last 2 years.

Except for migrant children, little is currently done to help children whose frequent school changes affect the continuity of their schooling. It may be difficult for teachers to focus on the needs of these children, particularly those who enter after school has started, rather than on maintaining continuity for the rest of the class. When children enter classrooms after the beginning of the year, teachers may prejudge them unfavorably.[4] Teachers in schools with high proportions of children who change schools after the beginning of the year indicated that these school changes disrupt classroom instruction, and teachers must spend additional time on noninstructional tasks. Teachers may therefore not have the time to identify gaps in such a child's knowledge; moreover, these gaps may grow as the child is left on his or her own to make sense of the new curriculum and its relation to the one at the previous school.[5] Children who changed schools often, except for migrant children, did not receive specialized educational services, researchers have noted.[6]

Some children who have changed schools frequently may be eligible for federal education programs for reasons other than their mobility. If these children are low achievers, for example, they may be eligible for Chapter 1 services in subjects such as reading and math. In fiscal year 1993, the federal government appropriated over $6.1 billion for school districts to provide supplementary education services to low-achieving children in those schools and grades served by the Chapter 1 program.[7]

When children changed schools four or more times, both a Department of Education and a Denver Public Schools study found they were more likely to drop out of school. Children who changed schools four or more times by eighth grade were at least four times more likely to drop out than those who remained in the same school; this is true even after taking into account the socio-economic status of a child's family, according to the Department study.[8] Children who transferred within the district five or more times dropped out of school at similarly high rates, regardless of reading achievement scores, the Denver study found.[9] Children who have moved often were also more likely to have behavioral problems, according to a recent study.[10]

Recently, the attention of national and state leaders has been focused on meeting the National Education Goals, including developing and adopting high standards in school subjects for all children. As policymakers have focused on how all children will meet high standards, policymakers have also been examining ways to determine the progress of all children and ensure that they receive the services they need. As one way to determine children's progress, the National Education Goals Panel has recommended a voluntary student record system, which would help to monitor the progress of all children, even if they move among schools. Thus, issues related to the mobility of all children have reached national prominence on the educational policy agenda.

Scope and Methodology

Children's mobility can be measured in different ways, including changes in residence or changes in schools. In our analysis, we focus on the latter. We analyzed data, collected during school year 1990–91 by the Department of Education's Prospects Study,[11] to determine the extent to which children change schools frequently; the characteristics of these children, including their achievement rates; and the help these children receive from federal education programs. The study provided nationally representative information on third-graders; about 15,000 third-graders, in 235 elementary schools, and their parents, teachers, and school principals completed questionnaires. The data were collected using a sample that was stratified by census region and three levels of urbanization.

The Prospects Study contained a measure of a child's mobility—the number of schools that a third-grader has attended since the beginning of first grade. This measure allowed us to separate children into three groups. The first group, those who have attended the same school since first grade, we refer to as those who have never changed schools. We also provide information on a second group, those who have attended two schools since first grade. The third group, those who have attended three or more schools since first grade, we refer to as children who have changed schools frequently.

The Prospects Study also provided information on the number of times the child changed schools during that school year; however, we focused on the first measure in order to include school changes that may have occurred in previous years. We found that few children, about two percent, changed schools more than once during a school year.

The Prospects Study includes a national stratified sample of elementary school children in the first, third, and seventh grades. We chose to analyze data on third-graders rather than seventh-graders because the focus of our request was children's mobility in the elementary grades. In addition, using third-graders allowed us to minimize the chances that children would change schools as part of a group, rather than individually. For example, a child may have attended three or more schools by seventh grade because the district puts grades K–3, 4–6, and 7–9 in different schools; a child may, therefore, be changing schools with classmates from the previous grade. Such changes are likely to be less disruptive to the child than those made as a result of a change in school attendance area. Data on children in the first grade would not have allowed us to examine children's mobility in elementary schools in as comprehensive a manner as the data for third-graders.

In response to our requests for analyses, the Planning and Evaluation Service, within the Department's Office of the Under Secretary, provided us with crosstabulation tables from the Department's contractor, Abt Associates, based on our specifications. Because the data tape for the study was not available outside of the Department at the time we conducted our analysis, we were unable to conduct multivariate analyses, such as regression. In addition, estimates of sampling errors were not available to us. Overall, we have presented group differences that are relatively large and, according to our analyses, pass standard tests of statistical significance. For our examination of one group whose size was relatively small, that of migrant children, we supplemented our analyses of the Prospects Study database with analyses based on the Research Triangle Institute (RTI) study of a representative sample of migrant children.[12]

We interviewed officials from the Department of Education's Migrant Education and Chapter 1 programs to examine (1) the extent to which children who have changed schools frequently receive federally funded education program services and (2) the effect changing schools may have on children who are served by these programs.[13] We also met with officials from the National Education Goals Panel and the Council of Chief State School Officers to discuss the development and implementation of the Exchange of Permanent Records Electronically for Students and Schools (ExPRESS) system; through this exchange, elementary and secondary schools, in different localities and states, would be able to voluntarily transfer student records electronically. We interviewed officials, from one state and one district, who are conducting pilots using the ExPRESS system.

Findings

Low-income, Inner City, Migrant, and LEP Children Are More Likely to have Changed Schools Frequently

Children who are from low-income families or attend inner city schools are more likely than others to have changed schools frequently. Overall, about 17 percent of all third-graders—more than half a million—have changed schools frequently, attending three or more schools since first grade.[14] Of third-graders from low-income families—that is, with incomes below $10,000—30 percent have changed schools frequently, compared with about 10 percent from families with incomes of $25,000 and above. Overall, the percentage of children who change schools frequently decreases as income increases. (See fig. 1.)

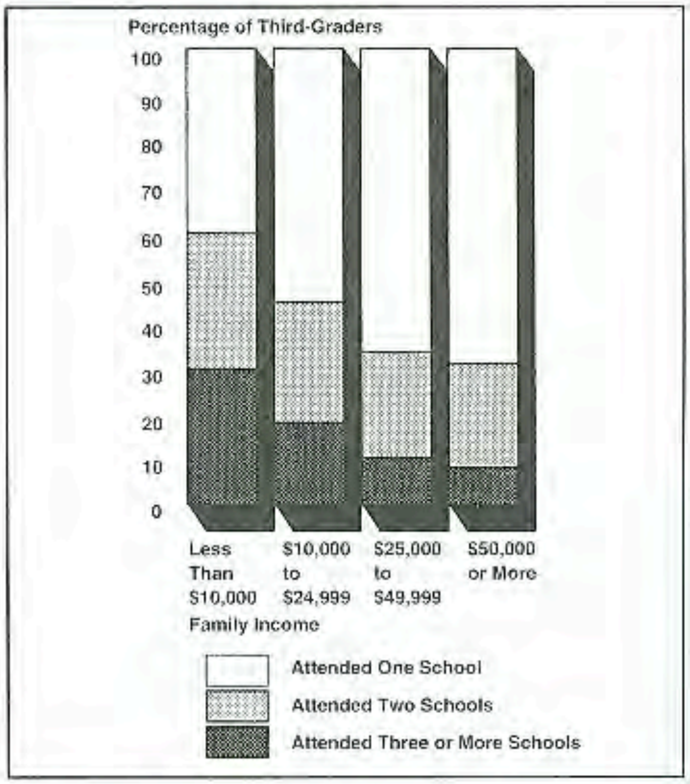

Figure 1. As Family Income Increases, Third-Graders' Likelihood of Changing Schools Frequently Decreases.
(Source: GAO analysis of Prospects Study data.)

About 25 percent of third-graders in inner city schools have changed schools frequently, compared with about 15 percent of third-graders in rural or suburban schools. An inner city child, compared with one in a suburban or rural school, may be more likely to change schools frequently, in part, because he or she is more likely to come from a low-income family. Another factor that could contribute to an inner city child changing schools is that such a child may move only a short distance, yet move into a new school attendance area; however, a child in a larger, less densely populated school attendance area—for example, in a suburban or rural school district—may move several miles and still attend the same school.

Migrant and limited English proficient (LEP) children are much more likely to change schools frequently than all children. About 40 percent of migrant children and 34 percent of LEP children change schools frequently, in comparison with 17 percent of all children. In addition, compared with 59 percent of all children, a smaller percentage of migrant and LEP children have never changed schools—28 and 38 percent, respectively.

Native American, black, and Hispanic children are more likely to change schools frequently than Asian or white children. However, these differences are less related to race or ethnicity than to differences in income and, consequently, homeownership versus renter status: renters tend to move much more frequently than homeowners. When we examined 1990 Current Population Survey data reported by the Bureau of the Census, race or ethnic differences in mobility largely disappeared after considering homeownership versus renter status.[15]

Children who have Changed Schools Frequently Are More Likely to be Low Achievers, Repeat a Grade, or Have Nutrition or Health Problems

Of the nation's third-graders who have changed schools frequently, 41 percent are low achievers, that is, below grade level, in reading, compared with 26 percent of third-graders who have never changed schools. Results are similar for math—33 percent of children who have changed schools frequently are below grade level, compared with 17 percent of those who have never changed schools. In grouping the children who have changed schools frequently into four income categories, children who change schools frequently are more likely to be low achievers—below grade level—in reading than are children who have never changed schools; however, the extent of this difference varies (see fig. 2). Overall, children from low-income families are more likely to be low achievers than those from higher income families, regardless of the frequency of school changes. The results were generally similar when we analyzed, by income group and number of schools attended, the percentage of children below grade level in math.[16]

In addition to examining the relationship between children's achievement and the number of schools attended since first grade, we also examined the relationship between children's achievement and the number of times children moved during the school year. Those children changing schools during the year are more likely to be low achievers than those remaining in the same school; those children changing schools two or more times are more likely to be low achievers than those changing schools once during the year. Few children,

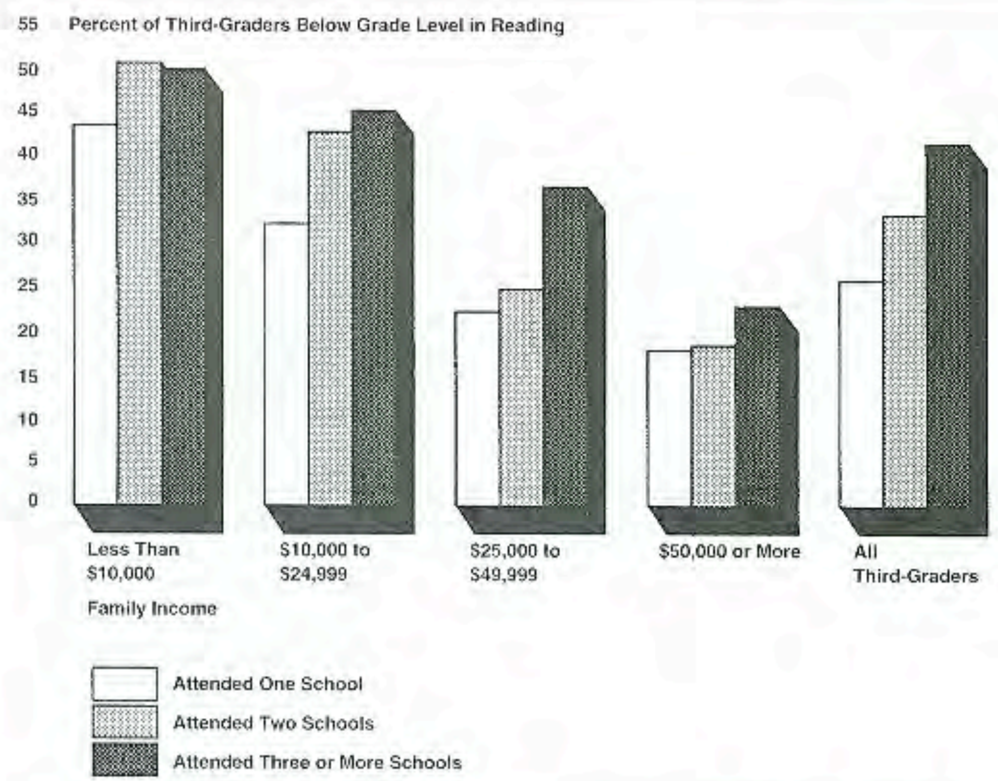

Figure 2. Third-Graders Who Change Schools Frequently Are More Likely Than Those Who Have Never Changed Schools to Be Below Grade Level in Reading, Regardless of Income
(Source: GAO analysis of Prospects Study data.)

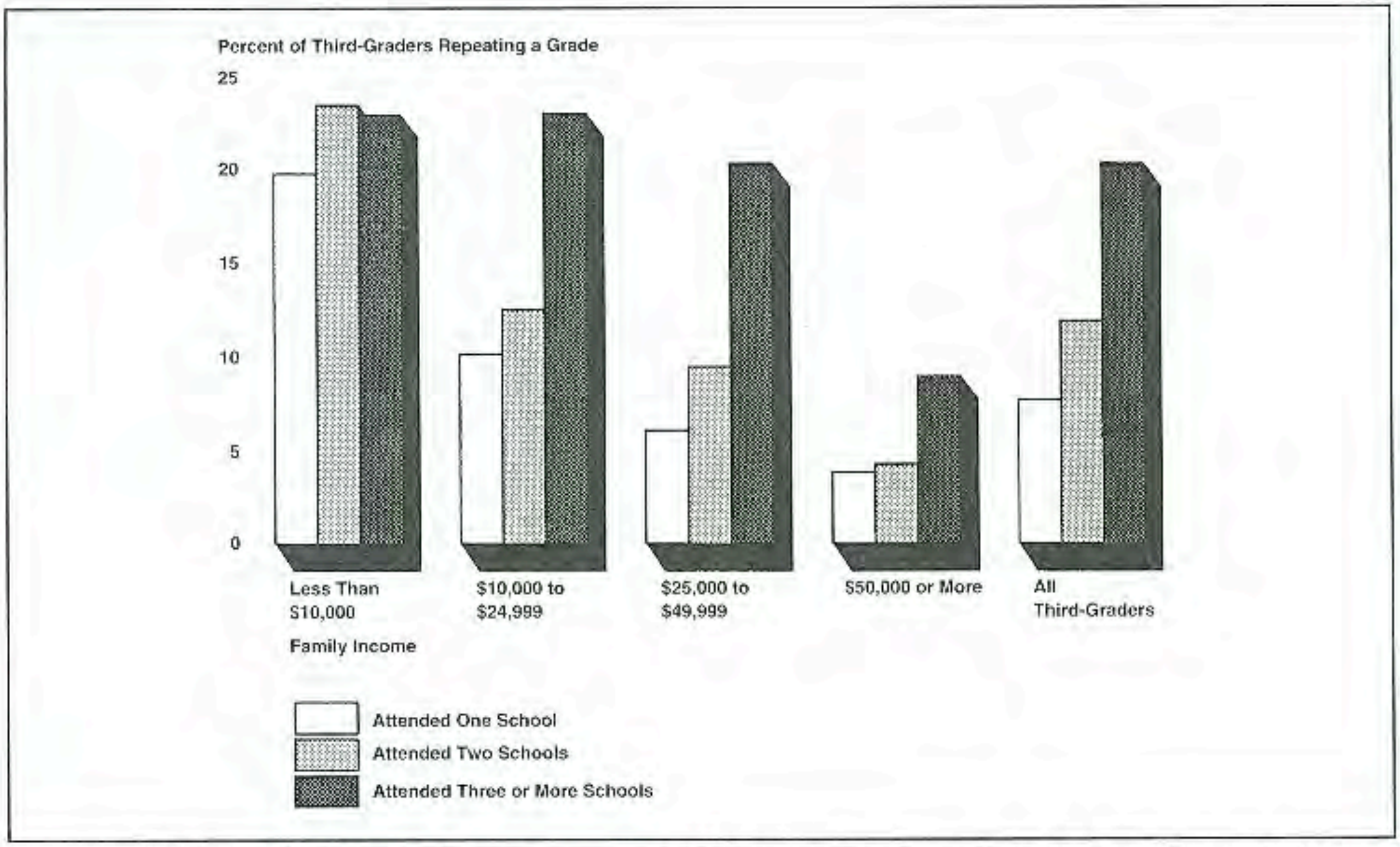

Figure 3. Third-Graders Who Change Schools Frequently Are More Likely Than Those Who Have Never Changed Schools to Have Repeated a Grade, Regardless of Income
(Source: GAO analysis of Prospects Study data.

however, move two or more times during the year. While about 11 percent of children change schools at least once during the school year, only about 2 percent of children change two or more times. In addition, children are about equally likely to change schools within the district as they are to change schools across districts. Those children who change schools within the district are slightly more likely to be below grade level in reading than those who change schools across districts; the results are similar for math.[17]

For all children, those who have changed schools frequently are more than twice as likely to repeat a grade as those who have never changed schools. Among children who change schools frequently, about 20 percent repeat a grade; in contrast, among children who have never changed schools, about 8 percent repeat a grade. In all income groups, children who change schools frequently are more likely to repeat a grade than children who have never changed schools; however, the results are most striking for those in families with annual incomes above $10,000. (See fig. 3.)

Teachers reported that children who change schools frequently, compared with those who have never changed schools, are much more likely to have problems related to nutrition or health and hygiene. Among children who change schools frequently, 10 percent are reported to have nutrition problems, compared with about 3 percent of children who have never changed schools. Similarly, teachers report that 20 percent of children who change schools frequently have health and hygiene problems, compared with 8 percent of children who have never changed schools.[18]

Children Who Change Schools Frequently Are less Likely To Receive Support From Federal Education Programs

Children who change schools frequently are less likely to receive educational support from federal programs than those who have never changed schools. For example, migrant children who change schools frequently are less likely to receive migrant education services than those who have never changed schools. In addition, low-achieving children who change schools frequently are less likely to get Chapter 1 services than those low-achieving children who have never changed schools; this is true for children achieving below grade level in reading as well as math.

Of third-graders who have never changed schools and read below grade level, 25 percent receive Chapter 1 reading services. In contrast, 20 percent of third-graders who have changed schools frequently and read below grade level receive these services.[19] In grades kindergarten through 6, approximately 90,000 additional low-achieving children who have changed schools frequently could receive Chapter 1 reading services if the program provided these services at the same rates to these children as to low-achieving children who have never changed schools. Among children who have never changed schools and are below grade level in math, 22 percent receive Chapter 1 math services, compared with 17 percent of those who change schools frequently.

Migrant Program Provisions Allow Many Children Who Have Not Changed School Districts Recently to Receive Services. Provisions of the Migrant Education Act allow services to migrant children who have not changed school districts for as many as 6 years.[20] However, migrant children who have changed school districts more recently have greater educational needs than those who have not changed school districts for 3 or more years, according to our analysis of data presented in a study conducted for the Department of Education by Research Triangle Institute (RTI).[21] For example, for reading and language arts, about 50 percent of those who have changed school districts within the last 2 years fell below the 35th percentile. In comparison, teachers estimated, about 35 percent or less of those who have not changed school districts within the last 3 years fell below the 35th percentile, about what one would expect from an average group of students.[22] Results are generally similar for math.

While states are required to give priority to currently migrant children, these children are less likely to receive either instructional or support services from the Migrant Education Program than children who are formerly migrant (80 versus 85 percent). When we look at instructional services alone, currently migrant children are more likely than formerly migrant children to be served (60 versus 50 percent). However, of all the children who receive instructional services from the Migrant Education Program, the majority (61 percent) are formerly migrant; about half of the formerly migrant children receiving instructional services have not moved within the last 3 years, according to the RTI study.

Lack of Chapter 1 Data to Explain the Lower Chapter 1 Participation Rates of Children Who Have Changed Schools Frequently.

The Department of Education has little information on children who change schools frequently and their participation in the Chapter 1 program, as well as the effects that children moving frequently from school to school have had on Chapter 1 services. Therefore, we were unable to explain why low-achieving children who have changed schools frequently may be less likely to be served by Chapter 1 than low-achieving children who have never changed schools. A 1992 Department of Education policy instructs districts to reserve adequate funds so that migrant children who are eligible for Chapter 1 services—even if they arrive late in the school year—will receive them. But nonmigrant children who change schools frequently and are also eligible for Chapter 1 services are omitted in this policy.

Timely and Comparable Student Record Systems Are One Way to Help Children Who Have Changed Schools Frequently, Including Migrants

Without student records containing recent assessment data, classroom placements may not reflect children's needs for services. In some districts with high rates of student mobility, no assessments of late entrants may be conducted because of a lack of staff time, even when no student records are available. For example, one educator, surveyed in a California study, noted that "if a student comes in our busiest time . . . without a transcript, we put her in her age-appropriate class. Sometimes it takes weeks before the teacher realizes a mistake has been made. We simply don't have time to do extensive testing anymore."[23]

According to some researchers, as well as state and district officials, timely and comparable record systems are one way to help children who move frequently, including those served by federal education programs, to better adjust to a new school.[24] Across districts and states, current student record systems vary as to (1) data elements included and (2) how the records are transferred, by mail or electronically. The most commonly used mode of transferring student records—by mail—can be cumbersome and time-consuming. In one state, local officials reported, it often takes 2 to 6 weeks before a new child's records arrive. In a school with a high mobility rate, teachers rarely used student records to place children, teachers we interviewed noted, because these records usually arrived days or weeks after the children transferred or not at all.

The MSRTS, the federal system that tracks migrant children, is slow, incomplete, and used infrequently, according to recent studies.[25] With the MSRTS, records take about 1 week, on average, from the time of a request to the arrival of a hard copy; however, it is not uncommon for records to take up to a month to arrive. Because few school districts are on-line, records must be printed out at the MSRTS center in Little Rock, Arkansas, and mailed to the school districts; sometimes, records must first go through a regional Migrant Education office. Over half of all student records lack test data and, frequently, instructional and health data. School staff working in the Migrant Education Program are much more likely to use records sent from the old school than records from the MSRTS, staff report, primarily because of the small proportion of migrant children in most school districts.

The operation of the MSRTS system is expected to be considered this year in conjunction with the reauthorization of the Migrant Education Program of the Hawkins–Stafford Elementary and Secondary School Improvement Amendments of 1988. Public Law 103-59, enacted in August 1993, extended the contract for the operation of the MSRTS until such time as the Secretary of Education determines is necessary, but not later than June 30, 1995. The cost to operate the MSRTS center in Little Rock, Arkansas, averages about $6 million annually; this does not include the cost of data entry and system maintenance at the state and local levels, which has been estimated to be over $9 million annually.

New Record Transfer System Shows Promise. California is one of a few states that have recently begun to pilot an electronic student record format, ExPRESS; it is expected to be used to transfer the records of all children, not just migrants. The format is based on common data standards for transferring student records and was developed by a group of state and local educators with experience in information management; these efforts were funded by the National Center for Education Statistics (NCES). With ExPRESS, California officials estimate, the use of these common data standards would reduce the time needed to evaluate the content of a student record—for example, to determine whether a student has taken the equivalent of a certain type of course.[26] The use of ExPRESS to electronically transfer student records may also generate savings by cutting costs of record transfer, retesting, and reimmunization, as well as reporting student data to state and federal agencies. A full evaluation to assess costs and benefits of ExPRESS has not yet been conducted, however, because ExPRESS has only been piloted in a few states and has not been fully implemented in any state.

The National Education Goals Panel believes that as states and districts adopt comparable student record systems, (1) educators will be equipped with better data to help children and (2) policymakers will be better able to monitor progress towards the National Education Goals because the progress of all children can be recorded, even that of those who change schools, school districts, or states. To help in monitoring progress towards the goals, the panel has recommended developing a voluntary, uniform state and district record system for children. The panel recommended that the data elements contained in these records be consistent with those developed by the Council of Chief State School Officers and NCES. Better student record systems may improve states' and districts' ability to determine whether children who change schools frequently are provided with the help they need.

Conclusions

Children who change schools frequently face many challenges to their success in school. Such change can cause disruption and add to the other challenges—low income, limited English proficiency, and migrant status—that make learning and achievement difficult for them. Nevertheless, many of the children who change schools frequently may be less likely to receive Migrant Education and Chapter 1 programs services than other children meeting program eligibility standards.

As the nation moves to setting high standards for all children, those who are failing by current standards may be even more likely to fail. How can low-achieving and migrant children who change schools frequently be helped to meet these high standards? One potential help is improved access to Chapter 1 services, for which such children are often eligible but not necessarily served. Another possibility is to better focus Migrant Education Program funding on the migrant children most in need of services, for example, migrant children who have changed school districts in the last 2 school years. If funding were more focused on these children, a greater proportion of these children could be served by local migrant education programs or such programs could offer those children most in need more intensive services.

Finally, another potential area of assistance is improved or new student record systems. These systems would not guarantee better delivery of services to children who change schools frequently, but they could help school personnel to make more timely and informed judgements about the services these students need, including those that federal programs might provide. In addition, improved state and local record systems, which are intended to cover all children, could make the existing separate federal record system for migrant children (MSRTS) unnecessary in the long run.

Final Note

Shortly after our related report was issued, Representative Marcy Kaptur introduced an amendment to H.R. 6, the House bill to reauthorize the Elementary and Secondary Education Act of 1965, authorizing the Secretary of Education to fund "programs designed to reduce excessive student mobility." Such programs also include those which "retain students who move within a school district at the same school, educate parents about the effect of mobility on a child's education and encourage parents to participate in school activities." This amendment was adopted by the House in H.R. 6 and included, among other activities, in Part A of Title III, related to the Fund for the Improvement of Education.

Endnotes

1. The views expressed in this article are those of the authors and do not necessarily reflect those of GAO. We would like to thank Laurel Rabin, who provided excellent editorial assistance to us in our earlier report, *Elementary School Children: Many Change Schools Frequently, Harming Their Education*, GAO/HEHS-94-45, (February 4, 1994), on which this article is based. We would also like to thank Linda Morra and Cornelia Blanchette, Director and Associate Director of the Education and Employment Issue Area, for their very helpful comments on our earlier report.
2. Early in 1990, President George Bush and the nation's governors agreed to a set of six National Education Goals for the year 2000 concerning (1) readiness for school, (2) graduation from school, (3) academic achievement and citizenship, (4) math and science achievement, (5) adult literacy, and (6) drug- and violence-free schools. The third and fourth goals, in particular, call for high academic standards in certain school subjects. In 1994, the National Education Goals Panel added two additional goals; one related to parental participation and another related to teacher education and professional development.
3. Unless otherwise noted, the term migrant children applies to both currently and formerly migrant children.
4. Joan Newman, "What Should We Do About the Highly Mobile Student?," *Research Brief* (Mount Vernon, Washington: Educational School District 189, 1988). See also, C. Sewell, "The Impact of Pupil Mobility on the Assessment of Achievement and its Implications for Program Planning" (Brooklyn, N.Y.: Community School District 17, 1982).
5. Andrea A. Lash and Sandra L. Kirkpatrick, "A Classroom Perspective on Student Mobility," *The Elementary School Journal* (Nov. 1990): 177–191.
6. According to our analyses of data from the RTI study and the 1993 *Digest of Education Statistics*, the number of elementary school children who change schools frequently is about 10 times the total number of migrant children in elementary school. Therefore, the majority of children who change schools frequently are unlikely to receive help.
7. We did not focus on smaller programs that may also serve children who change schools frequently, such as Part A of the Bilingual program, the Immigrant Education program, and the Stewart B. McKinney Homeless Assistance Act.
8. See MPR Associates, "Characteristics of At-Risk Students in NELS:88," Conducted for the National Center for Education Statistics, Office of Educational Research and Improvement, Department of Education, NCES 92-042, (Aug. 1992): 15.
9. Ridge A. Hammons and Miles C. Olson, "Interschool Transfer and Dropout: Some Findings and Suggestions," *National Association of Secondary School Principals Bulletin* (Sept. 1988): 136.
10. Children who moved frequently, that is, in the top 10 percent of families surveyed, were 77 percent more likely to have four or more behavioral problems than those with no or infrequent moves. For more information, see David Wood and others, "Impact of Family Relocation on Children's Growth, Development, School Function, and Behavior," *Journal of the American Medical Association* (Sept. 15, 1993): 1334–38.
11. The Department of Education provided us with cross-tabulation data from its Prospects Study, a congressionally mandated study to determine the short- and long-term consequences of children's participation in the Chapter 1 program.
12. Research Triangle Institute, *Descriptive Study of the Chapter 1 Migrant Education Program, Volume I, Study Findings and Conclusions* (1992).
13. We use the term Migrant Education Program to refer to services authorized in Part D, Subpart 1, Chapter 1 of Title 1 of the Hawkins–Stafford Elementary and Secondary School Improvement Amendments of 1988. We use the term Chapter 1 to refer to services authorized in Part A, Basic Programs Operated by Local Educational Agencies, of Chapter 1.
14. About one-quarter, or 24 percent, of third-graders have attended two schools; the remaining 59 percent of third-graders have remained in the same school since first grade.

15. In one school district, Rochester, New York, landlords and school officials have begun to work together to decrease the rate of mobility for elementary school children whose parents are renters by (1) providing parents with information about how mobility is related to lower achievement and (2) advertising apartment vacancies by elementary school attendance zone. See also David Schuler, "Effects of Mobility on Student Achievement," *ERS Spectrum* (Fall 1990): 17–24.
16. Unless noted, we did not control for other factors in our analysis.
17. One might expect that those students who move across districts will find a greater change in educational environment and, therefore, will be more likely to be low achieving. Those who move within the district, however, may be more likely to have characteristics that increase their likelihood of low achievement, such as being from a low-income family, as was suggested by our case study data. Thus, the net differences in rates of low achievement between the two groups may be small.
18. For a discussion of comprehensive school-based programs that may help at-risk children with education and health or behavioral problems, see *School-Linked Human Services: A Comprehensive Strategy for Aiding Students at Risk of School Failure,* GAO/HRD-94-21, (Dec. 30, 1993).
19. When we excluded those children in schools or grades where Chapter 1 reading services were not available, we found similar differences between the two groups of children: 43 percent of low achievers who have never changed schools receive Chapter 1 reading services compared with 37 percent for those low achievers who have changed schools frequently.
20. Children who have changed school districts within the year, that is, currently migrant, are eligible for migrant education services. Moreover, they may receive services as formerly migrant children for an additional 5 years, up to a total of 6 years.
21. Research Triangle Institute, *Descriptive Study of the Chapter 1 Migrant Education Program, Volume I, Study Findings and Conclusions* (Research Triangle Park, North Carolina: Research Triangle Institute, 1992). Prepared under contract to the U.S. Department of Education.
22. It is clear that (1) children who have changed school districts within the last 2 years are substantially more likely than average to be low achieving and (2) those who have not changed school districts for 3 or more years appear no more likely than average to be low achieving. However, the case is less clear for children who have changed school districts between 2 and 3 years—they are only somewhat more likely than average to be low-achieving.
23. California Student Information System, "A Study of the Feasibility of Implementing a Statewide Process for Electronically Sharing Student Information: Executive Summary," A Collaborative Effort by the California Department of Education, the Far West Laboratory for Educational Research and Development, and the California Education Data Processing Association, (Oct. 1992): 5.
24. See, for example, Andrea Lash and Sandra Kirkpatrick, "A Classroom Perspective on Student Mobility," *The Elementary School Journal* (Nov. 1990): 177–191; "Highly Mobile Students: Educational Problems and Possible Solutions," ERIC Clearinghouse on Urban Education, N.Y., N.Y. (June 1991); The Project Description of the California Student Information System, California Department of Education (Apr. 13, 1992); and Joan Newman, "What Should We Do About the Highly Mobile Student?", (1988).
25. See Research Triangle Institute, *Descriptive Study of the Chapter 1 Migrant Education Program, Volume I, Study Findings and Conclusions* (1992). See also, National Commission on Migrant Education, *Keeping Up with Our Nation's Migrant Students: A Report on the Migrant Student Record Transfer System* (MSRTS) (Bethesda, Maryland: National Commission on Migrant Education, 1991).
26. California Student Information System, "A Study of the Economic Feasibility of Implementing Electronic Student Record Transfer in California: A Benefit-Cost Analysis," A Collaborative Effort by the California Department of Education, the Far West Laboratory for Educational Research and Development, and the California Education Data Processing Association, Review Draft (Feb. 6, 1993).

The proposed Title I sets forth a goal of educational excellence and equity for all students. It sets high standards, something that has not been done in the past.

CHAPTER 1: A Time For Change

Camilla A. Heid

As background to the history of Title I, renamed Chapter 1 in 1981, one must review a series of demands placed upon the American educational system during the postwar years. These demands were unprecedented in scope and magnitude. The deferment of capital outlays for school improvement after ten years of a depression resulted in many old, deteriorating, and overcrowded buildings. The postwar baby boom placed great strains on American schools. In 1955, 1,351,000 students graduated from American high schools, by 1965, that number jumped to 2,567,000.[1] Concurrently, with the school population growth was the knowledge and technology explosion. Sputnik, in 1957, dramatized the educational shortfalls of American public schools.

Along with these demands on the American educational system, domestic decisions and legislation in the areas of civil rights and poverty provided important benchmarks in the development of the Elementary and Secondary Education Act of 1965. In 1954, with the landmark decision in *Brown v. Board of Education of Topeka, Kansas*, the Supreme Court overturned the longstanding *Plessy v. Ferguson* ruling which declared that racial segregation was permitted in "separate but equal" schools. The *Brown* ruling declared that separate facilities are inherently unequal. The *Brown* ruling also made visible the condition of the education of African–Americans in this country and further emphasized the social, economic, and educational costs of prejudice, segregation, economic deprivation, and poverty. Passage of the Civil Rights Act of 1964 was a powerful tool in advancing the Supreme Court's desegregation ruling. A consequence of this historic decision and legislation was the flight of white middle-class citizens to the suburbs as American public schools, particularly in cities, were faced with an influx of pupils unfamiliar with the traditional middle-class orientation of urban education.

By the early 1960s, poverty and cultural deprivation became key issues to the nation's economic health. Large areas of unemployment and poverty were evident in the cities and rural areas. Poverty legislation was addressed by President Johnson's Task Force on the War Against Poverty. The result was the Economic Opportunity Act of 1964 which created various programs such as the Job Corps, the Neighborhood Youth Corps, Adult Basic Education and Community Action Programs. The War on Poverty entered into the schools with the passage of the Elementary and Secondary Education Act of 1965. A major step toward alleviating poverty and cultural deprivation was Title I of the Act, which authorized more than 1 billion dollars per year to be spent on meeting the needs of educationally disadvantaged children. The purpose of Chapter 1 remains the same today to provide financial assistance to local education agencies (LEAs) to meet the special needs of educationally deprived children who live in areas with high concentrations of children from low-income families.

During the 1970s and 1980s, Title I/Chapter 1 operated at the federal and state levels essentially as a financial aid program, relying on compliance with two key statutory provisions: 1) comparability meaning that Chapter 1 schools must receive state and local resources comparable to those given other schools in the district; and 2) supplement, not supplant meaning Chapter 1 funds at the school were in addition to, not in place of, state and local funds. Students were to receive the same basic program as other children, and receive additional instruction through Chapter 1 funds. Together, these two provisions were designed to ensure that Chapter 1 students received more funds and hence more services than non-Chapter 1 students. The underlying principle was that, if you could ensure that Chapter 1 schools received their fair share of state and local resources (comparability) and that Chapter 1 funds supplemented normal services, the performance of Chapter 1 students should improve. There was no need to change the regular education program. Rather, Chapter 1 could be added to it. Federal and state efforts, therefore, were directed toward compliance with these statutory provisions, and the performance of Chapter 1 students did indeed improve but not as much as hoped.

Poverty and Achievement

Title I and Chapter 1 have been based on the premise that a relationship exists between school achievement and poverty. It is a widely held belief that poor children are more likely to experience academic difficulty in school. Lawmakers have continuously debated the issue of who should be eligible for funds, poor students regardless of their academic achievement or low achieving students regardless of their family's income level. In spite of appeals to change allocation to the basis of achievement, Congress decided to continue the procedure of the allocation of funds to schools and school districts on the basis of poverty levels,

> in part because of the dubious feasibility of implementing an achievement criterion and in part because achievement criteria would effectively reward those school districts which had large numbers of low-achieving students, thus perhaps encouraging them to teach their students less rather than more.[2]

Once school districts have been selected and services established in schools, the students are chosen on the basis of educational need rather than on the basis of the family's income level. The student who participates in Chapter 1 is there due to both circumstances and academic performance.

Research has demonstrated that the official poverty status of a family is weakly related to student achievement but a strong association exists between student achievement and the intensity of the student's poverty experience.[3] A family's official poverty status does not reflect the intensity of the poverty experience. It should be noted that Chapter 1 uses the official poverty status of a family as reported by the census data to allocate funds.

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Student achievement also declines as school poverty increases. According to the Prospects Study, the average achievement for all students in high poverty schools is about the same as the average achievement for Chapter 1 students in low-poverty schools. Chapter 1 students in high-poverty schools score below other Chapter 1 students.[4]

Current Operation

Today, Chapter 1 is the largest federal program of assistance to elementary and secondary schools. Chapter 1 now serves one in every nine school-age children in the United States.[5] In 1988, Chapter 1 of Title 1 of the Elementary and Secondary Education Act of 1965 was amended as part of the Augustus F. Hawkins–Robert T. Stafford Elementary and Secondary School Improvement Amendments (P.L. 100–297) which expired September 30, 1993. However, general education law provides an extension through September 30, 1994.

For school year 1990–91, 4.8 billion dollars in Chapter 1 funds were allocated to local school districts and 5.5 million students were served at prekindergarten through senior high school levels.[6] Chapter 1 currently serves virtually every school district in the country. Funds are allocated to every county that has more than 10 poor children as determined by census counts. Three-fourths of all public elementary schools, about one-half of middle/junior high schools and one-fourth of senior high schools participate in Chapter 1. In addition to serving more than 5 million students in 52,000 public schools, Chapter 1 serves about 168,000 students who attend private schools. The majority of private school students receiving Chapter 1 services attend Catholic schools, live in public school attendance areas served by Chapter 1, and are low achieving students. Seventy percent of Chapter 1 public schools are elementary schools, 12 percent are middle or junior high schools, 5 percent are senior high schools and the remainder are combined elementary and secondary schools (8 percent) or combined junior and senior high schools (2 percent).[7]

Reading and mathematics are the primary subjects for instruction in Chapter 1. At the elementary level, 96 percent of the schools provide reading instruction in the Chapter 1 program and 69 percent of the schools provide instruction in mathematics in the Chapter 1 program. At the middle/senior high school level, 94 percent of the schools provide reading instruction while 69 percent provide mathematics instruction. Language Arts instruction, also prominent in Chapter 1 programs, was reported in 41 percent of elementary schools and 43 percent of middle/senior high schools.[8]

Multiple instructional designs are allowable, with the selection of a design the responsibility of the local school district. The limited pullout and in-class instruction dominate Chapter 1 program design. Eighty-two percent of school districts report using the limited pullout design where students receive Chapter 1 instruction outside of the regular classroom during the regular school day. This instruction may not exceed 25 percent of the total instructional time in that subject matter. Sixty-two percent of school districts report using the in-class design where students receive Chapter 1 instruction from Chapter 1 teachers or aides in the regular classroom.[9]

Large school districts (more than 25,000 students) are more likely than smaller school districts to offer variety in program design. Similarly, high poverty school districts are more likely than low poverty school districts to offer more diversity in program design. For the school year 1990–91, the median number of students served in both the in-class and limited pullout design settings for each instructional period in both reading and mathematics was four. This is a decrease from the median of five students estimated by Chapter 1 teachers for the 1985–86 school year. The median minutes of instruction per week in the reading limited pullout program was 150. For in-class Chapter 1 instruction, the median was 135 minutes. The median minutes of instruction per week for mathematics was slightly less.[10] One should note caution in using the median number with district level data because many school districts serve few students while there are large numbers of Chapter 1 students in the big city school districts. District level data, which counts very small districts the same as very large ones, may produce distorted information.

Reform in the 1988 Legislation

The basic purpose of Chapter 1 has remained constant to provide extra educational services to low-achieving students who live in low-income neighborhoods. The debate over how to increase the program's effectiveness in improving the education of the students it serves is also constant. Thus, in preparation for the program's reauthorization in 1988, Congress mandated a study of Chapter 1's effectiveness. The report concluded that, while Chapter 1 had been effective in raising the achievement of the disadvantaged students it served, it had not been effective in closing the gap between Chapter 1 students and their more advantaged counterparts. Relying on data from a number of sources, including aggregate achievement data collected by the U.S. Department of Education, the study reported three major effects of the program on student achievement.

- Students receiving Chapter 1 services experience larger increases in their standardized achievement test scores than comparable students who do not receive Chapter 1 instruction. However, their gains do not move them substantially toward the achievement levels of more advantaged students.
- Students participating in Chapter 1 mathematics programs gain more than those participating in Chapter 1 reading programs.
- Students in early elementary Chapter 1 programs gain more than students participating in later-grade programs.[11]

These findings led to a new approach to meeting the goal of improving the education of low-achieving students from low-income neighborhoods, called program improvement, but program improvement presented a dilemma for school administrators. For the first time, the federal government required that school districts identify schools that failed to show improved achievement for the lowest achieving students and resources must be targeted for those schools which did not show improvement. The regulations issued by the U.S. Department of Education reflected the position that the federal government should not set standards for improvement, except to reinforce the stated intent of Congress that Chapter 1 students should show improvement "beyond what a student of a particular age or grade level . . . would be expected to make during the period being measured if the child had no additional help."[12]

This legislative provision mandates that a school district evaluate annually the effectiveness of its Chapter 1 program. To achieve this mandate, local school districts are required to establish realistic and measurable program outcomes. At least one of these outcome measures, aggregate achievement, must be stated in terms consistent with the national method for evaluating Chapter 1 programs, which currently uses gains in normal curve equivalent (NCE) scores derived from norm-referenced tests. A normal curve equivalent is a standard score derived by dividing the normal curve into 98 equal intervals. There are 98 equidistant NCEs between the 1st and 99th percentiles. Chapter 1's reliance on standardized tests has been the subject of considerable controversy. Cultural bias, non-alignment with the curriculum, narrowness of the test and other general criticisms of standardized tests apply to their use in Chapter 1 program evaluation. In addition, this reliance has led to the charge that, to avoid identification as schools in need of improvement, Chapter 1 has focused instruction on the low level skills which tests often measure. Thus, the test has determined what is taught, rather than the curriculum prescribing what should be tested.

Both state and local educational agencies urged that the respective agencies should establish the gain standards. The regulations subsequently adopted by the Department of Education took the position that any gain in terms of NCEs, even a fractional one, would suffice. The regulations were neutral on the setting of additional standards by state educational agencies or local school districts, although the intent of the law appears to differentiate between achievement gains on standardized norm-referenced tests and desired outcome measures. While most states have placed more emphasis on student outcomes and program improvement and less emphasis on monitoring for compliance, the majority of states have established standards which make minimal gains in achievement acceptable and, in general, few states have adopted additional outcome measures. Table 1 documents the standards in terms of gain scores used to determine aggregate performance and the state implementing the standard. Gain scores are derived by pre- and post-testing Chapter 1 students on a 12 month cycle (e.g., spring to spring), ranking the matched scores on a normal curve equivalent scale, and comparing the scores from year to year.

Table 1. Chapter 1 Aggregate Performance Standards for the 1992–93 School Year

Standard	State/Agency
NCE gain must exceed 0.	HI*, IL*, KS*, AL, AK, CA, CT, GA, ID, IA, MT, NE, NH, NJ, NM, PA, PR, TX, UT, VT, WA
NCE gains must exceed 1.	AZ, DC, DE, IN, KY, LA, ME, MA, MN, MO, MS, NY, NC, OH, OK, RI, SC, SD, VA
Gains must exceed +1 percentile.	FL
NCE gains must exceed 2.	BIA, CO, MD, NV, ND, OR, TN, WV, WY
NCE gains must exceed 2.5.	AR
NCE gains must exceed 3.	MI, WI

Source: U.S. Department of Education, Chapter 1 coordinators survey (Unpublished data), 1993.

*Note: States which use a second standard.

Hawaii— Sixty percent of the Chapter 1 students will score greater than 0 NCE.

Illinois— Twenty-five percent or more of the Chapter 1 students show 0 or less NCE gains.

More than one-third of the grade levels in individual school buildings show 0 or less NCE gains.

Kansas—More than 50 percent of the grades will have positive gains.

The legislative intent, to improve the academic achievement of Chapter 1 students, presents a dilemma that stems from other provisions of the legislation and from regulations related to program improvement. Schools which fail to make substantial progress in achieving their specified outcomes are identified as in need of program improvement. This targeting procedure promotes the establishment of low standards for student achievement so that schools can avoid the label of "in need of improvement," creating two problems. First, major effort is expended on the identification process with lesser attention on program improvement activities. Second, it leads to the false assumption that the schools not identified as ineffective but in reality, having little success in improving student performance, do not need to improve. Thus, little attention may be paid to schools which are at best marginally successful.

Linking program improvement to the identification of ineffective programs, while logical, also poses a problem for state and local education agencies when they set standards. If school administrators set high standards to comply with legislative intent, they will identify many schools for program improvement, the school district will be subject to criticism, and the states will be unable to help the large number of schools identified as in need of improvement. If administrators set low standards, they will identify few schools for program improvement, and schools with marginal gains will be perceived as effective. Thus, the dilemma emerges between the negative connotation of identification and the positive connotation of the goal of program improvement.

To further complicate the issue, the minimum standards adopted by the states are below the current average gain score in basic skills achieved by Chapter 1 students. In the 1987–88 school year prior to the 1988 amendments, the average NCE gain score for students in reading was 3.0 and for mathematics was 4.3.[13] Congress, in enacting the program improvement provisions, indicated that these gains were not acceptable and sought further improvement. However, in setting acceptable gain scores for schools, the states consistently set levels below the average gains achieved prior to the reauthorization. Thus, the states set levels for acceptable progress which Congress had already determined were not acceptable. For the 1990–91 school year, the most recent year for which national data are available, the U.S. Department of Education reported that the average gain in basic skills for Chapter 1 students in reading based on a 12-month testing cycle was 3.5 NCEs and the average mathematics gain was 4.9 NCEs.[14] Yet, only two states, Michigan and Wisconsin, set standards near the national average.

State and local education agencies identified 13,419 schools in need of program improvement during the 1992–93 school year. Twenty-five percent of all Chapter 1 schools were identified using the current standards.[15] In spite of its drawbacks, program improvement has increased accountability, since, prior to its adoption, no effort to identify and help poor performing schools was required.

The statutory provision that reauthorized Chapter 1 does not limit evaluation solely to national standards but allows state and local educational agencies to establish other desired outcomes in terms of basic and more advanced skills. The Chapter 1 policy manual for local educational agencies encourages the use of additional evaluation measures and provides specific suggestions. The policy manual also stresses that these outcomes should be consistent with those expected for all students.

Other statutory provisions were strengthened to increase the effectiveness of Chapter 1 programs. In particular, the reauthorization expanded schoolwide projects, which provided added flexibility for programs in very high poverty schools. A schoolwide project is designed to upgrade the entire educational program in a school. Schools with a high percentage of students in poverty (i.e., 75 percent or more) may initiate schoolwide projects without the pre-1988 requirement of matching funds for non-disadvantaged students. The legislation requires that schoolwide projects demonstrate that Chapter 1 eligible students are benefitting from the program. Most important, however, is that schoolwide projects, unlike other Chapter 1 projects seek to change the basic instructional program students receive rather than add to the program.

Thus, the basic program, not a Chapter 1 add-on activity, becomes the focus for Chapter 1. The original Chapter 1 focus, like Head Start, is based on the deficit model, with the students having the deficiency. Schoolwide projects, on the other hand, view the deficit within the school.

Unfortunately, schoolwide project participation has not been widely embraced by school districts. For the 1992–93 school year, only 33 percent of eligible schools were conducting schoolwide projects. More importantly, a survey of principals operating schoolwide projects for the school year 1991–92 found that the major reasons for implementing a schoolwide project were management related (e.g., can serve more students; student needs can be met more effectively; smaller class size; more flexibility, better use of materials and equipment; improved scheduling of services etc.) rather than general improvement of the instructional program in the school. Indeed, increased student achievement was rated 17th out of 23 responses to the major advantages of having a schoolwide project.[16]

The 1988 legislation also mandated that attention to advanced skills, in addition to basic skills, be part of the Chapter 1 program. Yet basic skills continue to dominate Chapter 1 programs. For the 1991–92 school year, Millsap, Moss and Gamse[17] reported that 84 percent of elementary school teachers indicated that practice in basic skills drill was a major focus of Chapter 1 reading instruction. Only 29 percent reported that development of higher order thinking skills was the major focus of the Chapter 1 reading instruction. The picture is even more dismal for mathematics. Ninety-seven percent of elementary teachers indicated that drill and practice characterized Chapter 1 mathematics instruction while only 21 percent responded that the development of higher-order thinking skills was the major focus of Chapter 1 mathematics instruction. This situation may be partially the result of the use of norm-referenced tests, which more directly measure basic skills than advanced skills as required by Chapter 1's evaluation mechanism and the determinant for "in need of program improvement."

Major issues for reauthorization

Many lessons have been learned from the Title I/ Chapter 1 experience over the years. Studies have produced significant findings to support policy change. During the 1970s, Chapter 1 focused on equal educational opportunities and basic skills. The 1970s and 1980s witnessed a decrease in the achievement gap between disadvantaged students and their more advantaged counterparts. In more recent years, progress appears to have stalled and according to the National Assessment of Educational Progress (NAEP), the achievement gap may be widening. Prospects, a longitudinal assessment of Chapter 1 students' progress, presents evidence that Chapter 1 is no longer closing the gap between disadvantaged students and their more advantaged counterparts. The study reported:

- Chapter 1 participants did not improve their relative standing in reading or math in the 4th grade or in math in the 8th grade; only 8th grade reading participants showed improvement relative to their peers.
- The progress of Chapter 1 participants on standardized tests and on criterion-referenced tests was no better than that of nonparticipants with similar backgrounds and prior achievement.[18]

In addition, the report indicated that the performance of students in the highest poverty schools (i.e., at least 75 percent poor students) actually declines as the student progresses through the grades. These students enter school academically behind their peers in low poverty schools and the achievement gap increases.

As with previous reauthorizations, a number of reports were issued with recommendations for changes in Chapter 1. A major report was issued by the Independent Review Panel of the National Assessment of Chapter 1. This panel was established by Congress in the 1990 National Assessment of Chapter 1 (P.L. 101–305). The Panel issued a list of deterrents in the Chapter 1 program which hinder the quality of education provided to the nation's disadvantaged students.

- The Chapter 1 program is strongly rooted in the notion that 30 minutes a day of individual instruction will raise a child's achievement to what is "expected" for the child's age or grade. In fact, the whole school program needs reforming.
- The highest de facto aim of the Chapter 1 program is to help children achieve low-level basic skills; the program is considered a success if children do not fall further behind. In fact, basic and higher-order skills need to be learned together, and high standards set for all children.
- The current system for allocating funds serves as a disincentive to raising the performance of participants to the highest levels they are capable of achieving, because once test scores show improvement, funds are reallocated to students and schools with lower scores. Chapter 1 funds should be allocated to eligible schools on a per-poor-pupil basis and retained to sustain academic improvement.
- Money is spread among too many districts and schools. Many high-poverty schools and very low achieving students receive no assistance, while affluent schools receive funds for some students who score above the 50th percentile. Funds need to be better targeted on schools with high concentrations of poverty.
- Testing requirements are burdensome and fail to serve any of their multiple intended purposes well. Norm-referenced, multiple-choice tests often are an impediment to good teaching and high achievement because teachers drill students on discrete items of information instead of engaging them in interpretation and problem solving. A new assessment system is needed.[19]

Concurrently, The Commission on Chapter 1, a group independent of U.S. Department of Education, convened to develop a new framework for Chapter 1. The Commission on Chapter 1 brought together a diverse group of individuals with differing experience and expertise but they shared concern on the plight of economically disadvantaged students in the public schools. Like the Independent Review Panel, the Commission also developed a list of critical deficiencies related to Chapter 1. Their list included:

- A continued focus on remediation that denies the richness of learning to those who need more, not less, of what makes education engaging and exciting;
- So much focus on accounting for dollars that attention is deflected from results;
- Resources spread too thinly to make a difference in the neediest schools;
- Methods for evaluating progress that are antiquated (and downright harmful); and
- A perverse incentive structure that discourages schools from working hard to improve student performance.[20]

The last item is in reference to Chapter 1's method of allocating dollars to schools based on educational achievement. If schools do well and have fewer low performing students, they receive less money. The Commission also added that a more basic problem with the Chapter 1 program is its add-on instructional design. Both reports included problems with instructional design, fund allocation, low standards, and testing and evaluation.

Both the Panel and the Commission issued recommendations for changes in the Chapter 1 legislation based on identified deficiencies or deterrents to the program's effectiveness. The Independent Review Panel presented 13 recommendations centered around five themes:

- Reforming the whole school, establishing high standards, and implementing new assessments;
- Preventing learning failure, intervening early, and including all students;
- Targeting to reach schools and students most in need;
- Resources required to support the new focus for Chapter 1; and
- Special Chapter 1 programs (e.g., private school students or migrant students).[21]

Closely related recommendations were issued by The Commission on Chapter 1. The Commission's Framework consisted of the following:

- Component One: Have states set clear, high standards.
- Component Two: New systems to assess progress toward standards.
- Component Three: Inform parents on how well their children are progressing toward the standards and how they can help.
- Component Four: Invest heavily in teachers, principals, and other adults in the school.
- Component Five: Match funding to need and assure equity.
- Component Six: Replace accounting for dollars with accountability for results.
- Component Seven: Integrate health and social service support.
- Component Eight: Reward schools that progress and change those that don't.[22]

The U.S. Department of Education closely reviewed these reports in preparation for the reauthorization. In addition, the Department summarized a number of problems, identified in previous evaluations and reports, to document why Chapter 1 has not achieved its intended goal and why changes must be made. The problems identified in the structure and operations include the following:

- Chapter 1 programs have reinforced low expectations.
- Chapter 1 operates as an add-on program that works on the margins.
- As a supplementary program, Chapter 1 has little effect on the regular program of instruction, where children in Chapter 1 spend almost their whole day.
- Chapter 1 frequently does not contribute to high-quality instruction.
- Chapter 1 is not generally tied to state and local reform efforts, either in assessment or in the instruction it drives.
- While the 1988 Hawkins–Stafford Amendments established new parental involvement requirements, this effort needs to be strengthened.
- Chapter 1 is not doing enough to ensure that the multiple needs of students in high poverty schools are met.
- Dollars are spread too thinly to be effective.[23]

The Department's proposal for reauthorization acknowledges the fact that the current Chapter 1 structure is not adequate to enable the nation to meet the National Education Goals or to achieve the high standard of performance envisioned by the Goals 2000: Educate America Act. The Department's proposed plan for Chapter 1 attempts to reform the program so that all students in America "will develop the knowledge, skills, and habits of mind we once expected of only our top students."[24] The proposed plan also reverts the name from Chapter 1 back to Title I.

It should be noted that it is not only Chapter 1 which is to be reauthorized by this Congress but the entire Elementary and Secondary Education Act (ESEA). The proposed program has been submitted to Congress under the title "Improving America's Schools Act of 1993." It is difficult to separate the changes in the Chapter 1 program from the other sections of the proposed Act because the themes of reform appear in each program. Thus, the Department has developed its proposal for all of ESEA around five major themes or directions:

- High standards for all children with the elements of education aligned, so that everything is working together to help all students reach those standards.
- A focus on teaching and learning.
- Flexibility to stimulate local school-based and district initiative, coupled with responsibility for student performance.
- Links among schools, parents, and communities.
- Resources targeted to where needs are greatest and in amounts sufficient to make a difference.[25]

High standards are a major priority in the Department's proposal. Under the proposal, Title 1 would be tied directly to state and local reform efforts which would include challenging performance and content standards for all children. States would develop content and performance standards as well as assessments which would ensure that the performance expectations of Title I students would be the same as other students. The proposal includes three benchmarks or levels of performance proficient, advanced and an unnamed level below proficient which would be used to determine if the lowest performing students are moving toward proficiency, but would are not at an acceptable level.

Additionally, the schoolwide projects program would be expanded in the 1995–96 school year to first include all schools with a 65 percent poverty level, and beginning in 1996–97, schools with a 50 percent poverty level would be included. This change is based on the premise that in order for students in high poverty schools to achieve high standards of performance, their entire instructional program, not simply the Title I program, must be altered.

Title I schools would be required to demonstrate sufficient yearly progress toward achievement of the high state performance standards based on state assessment systems established under Goals 2000 or for states not participating in that program under Title I. Schools failing to make sufficient progress would be identified as in need of improvement and would receive technical assistance from their school district while schools which regularly surpass state standards of progress would receive recognition. Likewise, school districts with large numbers of schools which fail to make sufficient progress would be provided technical assistance, and school districts which regularly exceed the state standards of sufficient progress would be recognized.

The proposed Title I focuses on teaching and learning through the promotion of school based decision making in conjunction with the school district in determining the most efficient use of funds to best meet the needs of students. The proposal also emphasizes intensive and on-going professional development. The professional development would facilitate the development of curriculum and instructional strategies which assist students in meeting the state performance standards. A new section in the legislation would authorize the support of demonstration projects which show exceptional promise of improving the achievement of students in high poverty schools. This section of the proposal would also provide for a national evaluation of the demonstration projects and the dissemination of effective projects for replication at new sites.

Flexibility is illustrated by the expanded schoolwide project regulations, school based decision making to allow the most efficient use of funds, and simplification of selection procedures for limited English proficient students (LEP) or students with disabilities. It is often difficult to establish that a student's limited educational progress results from a disadvantaged background rather than a disability or limited proficiency in English. This section of the proposed legislation would reduce unnecessary assessment procedures.

In addition, accountability procedures would be strengthened through the use of new state assessment systems aligned with the state content and performance standards. The standards and assessment systems would be used to measure the achievement of all students.

Linkages between schools, parents and communities would be fostered in a number of ways. Increased parent involvement would be emphasized through "1) policy involvement at the school and district level; 2) shared responsibility for high performance, embodied in school–parent compacts; and 3) building school and parent capacity for involvement."[26] Additionally, school community relations would be strengthened to better meet the needs of Title I students by encouraging the concept of integrated services with other educational agencies, particularly Head Start, and social service programs. Specifically, LEAs would be required "to ensure the provision of health screening to children in high-poverty elementary schools for early identification of health problems that hinder learning."[27]

Finally, the proposal would attempt to target resources where the need is the greatest through a revised allocation formula. The major change in the formula would be to adjust the amount of funds currently allocated to concentration grants which only are awarded to higher poverty school districts from 10 percent to 50 percent and to change the poverty threshold for concentration grants to 18 percent (the current national average) from the current 15 percent. Under the current allocation formula, the highest poverty quartile school districts receive 43 percent of the Chapter 1 funds while the lowest poverty quartile school districts receive 11 percent of the Chapter 1 funds. Under the proposed allocation formula, the highest poverty quartile school districts would receive 50 percent of the Title I funds and the lowest poverty quartile school districts would receive seven percent of the Title I funds. Forty-five percent of the nation's poor school-age children are included in the highest poverty quartile while only 10 percent of the nation's poor school-age children are included in the in lowest poverty quartile. Another requirement would mandate school districts to serve all schools with at least 75 percent of children in poverty before serving other schools. This requirement would ensure that that high poverty middle/junior high and high schools receive Title I assistance.

Conclusions

The proposed Title I sets forth a goal of educational excellence and equity for **all** students. It sets a standard for what will be expected of **all** students. It sets high standards, something that has not been done in the past. It is a Federal commitment to helping disadvantaged students achieve the national goals. Most important, it recognizes that changes must be made in the basic instructional program to improve the achievement of educationally disadvantaged students and that the basic program, not a Chapter 1 add-on program, is responsible for results. The proposal is a major step forward providing a logical approach based on research findings. However, there are unanswered questions.

- Will members of Congress from less poor areas support loss of funds in their area to increase funds for more needy areas?
- Chapter 1 funds constitute a small portion of total public school dollars. The Department's approach seeks to use Title I/Chapter 1 funds to leverage expenditure of state and local dollars. Will these funds be sufficient to promote total school restructuring?
- Do educators truly believe that **all** students can achieve high standards in the public school setting? While it may be politically correct to accept this proposition, that may be a long way from true acceptance.
- Implementation of the proposal is a major step which is not addressed. It is easy to say that **all** students will achieve high standards but very difficult to achieve. The Department's proposal may appear naive to educators who each day must confront problems far beyond the scope of the school. Who will design new instructional strategies, how will the school day be restructured to provide more time for learning, how will the multiple needs of students be addressed?

More than 25 years of experience and multiple research studies have shed much light on the needed changes. Whatever the outcome of the legislation, the result should be an improved Chapter 1/Title I the largest federal programs to public elementary and secondary schools.

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The fiscal incentives to serve students in restrictive settings must be eliminated if the integration of special education students is to be fostered in the states.

STATE FUNDING PROVISIONS AND LEAST RESTRICTIVE ENVIRONMENT: Implications for Federal Policy

Thomas B. Parrish

Introduction

This article discusses how certain types of state funding provisions create fiscal incentives for more restrictive placements of students in special education. Because such incentives run counter to federal regulations, federal action to promote more placement neutral funding systems may be warranted. The author discusses the pros and cons of several federal policy options.

Where Are Special Education Students Best Served?

Issues relating to where special education students are best served have become a major focus of virtually all discussions pertaining to best practice and reform in special education. Federal policy under the Individuals with Disabilities Education Act (IDEA) has always required that special education services be provided to students "in the least restrictive environment." However, concerns are increasingly expressed that special education services are being offered under a dual system of service provision. For example, in a recent evaluation of the restrictiveness of placements in the states, the ARC (formerly the Association for Retarded Citizens) gave failing grades to all but eight states.[1] *Winners All*, a position paper prepared by the National Association of State Boards of Education,[2] calls for "a new belief system and vision for education in the states that includes ALL students."

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Some educators argue that "all means all"; that all students should have the right to be educated with nondisabled students in regular classrooms in neighborhood schools. Others are more likely to point to the federal requirement to have a range of placement options available to special education students. However, very few policymakers see these two positions as mutually exclusive. The issue seems to be the relative balance between these two principles. Federal law requires "That special classes, separate schooling or other removal of handicapped children from the regular educational environment occur only when the nature or severity of the disability is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily."[3] The debate seems to center around the exact circumstances under which any type of separation is warranted.

Do Certain Types of State Funding Provisions Create Incentives for More Restrictive Placements?

Over the past several years, changes in special education placement trends have occurred, which have been variously referred to as "inclusion," "integration," or "mainstreaming." These trends include movement from residential to day care placements, private to public schools, special education schools to neighborhood schools, and from special education to regular education classrooms.

Recently, proponents of greater integration have become more proactive on behalf of what is often referred to as the inclusion movement. However, most provisions for state special education funding were developed prior to this enhanced focus on inclusion. Consequently, questions have arisen about the relationship of these provisions to the promotion of inclusionary practices. There is increasing concern that certain state funding provisions may indeed produce incentives for providing more restrictive services, and that in some instances more integrated service models may not even qualify for supplemental state special education aid.

Specifically, the questions to be addressed in this article are whether certain types of state funding formulas create incentives for more restrictive placements; and if yes, should the federal government attempt to remediate this situation in some manner?

All special education funding systems contain some types of placement incentives, and some reward more restrictive placements. This pattern was documented in Tennessee by Dempsey and Fuchs,[4] who tracked special education placement patterns before and after state finance reform. Dennis Kane, the state special education director in Vermont, cites years of slow progress in reducing the restrictiveness of placement patterns. However, in 1988, Vermont's funding formula was changed to become more placement neutral. The new system is primarily reliant on a block grant, and allows local decisionmakers more discretion in the use of special education funds. Kane reports that with this funding change, resistance to the greater integration of special education students "seemed to melt away."

There appears to be no evidence that states are designing their funding formulas in order to foster more restrictive placements. Rather, these types of incentives appear to be artifacts of funding systems that were much more focused on other finance issues, such as the adequacy and equity of funding and the ability to track and audit federal funds. In fact, in phone interviews recently conducted by CSEF (i.e., the Center for Special Education Finance), a number of state directors of special education indicated that the desire to promote greater integration has been a major impetus to their reform efforts. Many states are recognizing that state formulas may be fostering restrictive placements, and are actively engaged in attempting to correct this problem.

What Form Do Incentives for Restrictive Placements Take?

Incentives for restrictive placement are most likely to be found in funding systems that are tied to the location in which the services are provided. This type of incentive will occur any time that a more restrictive placement will generate more state aid in relation to local costs than its less restrictive alternative. For example, Parrish[5] found that many districts in California faced incentives to place severely emotionally disturbed students in private settings. Even though comparable services could have been provided at less cost within the public system, a dual funding system for publicly and privately provided services encouraged districts to use the more expensive private placements. Similar trends in other states have also been observed by Sage and Guarino,[6] Feldman,[7] Lay,[8] and Bloom and Garfunkel.[9]

Similar types of incentives can occur for alternative types of placements entirely within the public system. For example, if a district will receive full state support for placing a child in a high cost and more restrictive setting, but only partial or no support for a less restrictive placement, the cost to the district is minimized through the high cost placement.

Dual funding systems for special education instructional and transportation services may create disincentives to relocate special education students to their neighborhood schools. For example, it may cost more to provide comparable educational services to a student with disabilities in the neighborhood school than in a school that is already fully equipped to meet the special needs of this student. However, the cost of transporting students to these special schools may also be considerable. In certain instances, the savings in transportation will more than offset the increased cost of relocating the student. However, this cost savings may not be transferred to the district in cases of split funding. When special education transportation services are not provided, this source of state funds will be lost to the district, even though a move could create net savings and result in less restrictive services for the student. This type of incentive was positively used by the special education director of the Boston Public Schools. He reported success in moving special education students back to their neighborhood schools by offering the resulting transportation savings to local principals as an incentive.

How Can State Funding Formulas be Made More Placement Neutral?

There is no simple answer to this question that will work well in all states. As an example, however, federal special education funding under IDEA is said to be "placement neutral" because it provides flat-grant funding that is simply based on the number of students identified as special education up to a funding cap of 12 percent. Oregon also has a form of flat grant. All special education students receive twice the funding of regular education students, regardless of where they are placed or the types of services they receive. Pennsylvania and Vermont primarily fund special education services based on total district enrollment. These types of funding formulas generally do not contain incentives for more restrictive placements.

In addition, some states grant local districts a great deal of flexibility in placement by not requiring that special education funds be spent on special education students. This can foster such inclusionary practices as team teaching by special and regular education teachers to provide services to entire classes of students.

A number of special education directors are critical of federal funding policy under IDEA because it does not foster this type of flexibility in providing services. Students with special needs who are not identified and labeled as special education are not eligible for this source of federal support.

True incentives for more restrictive placement only occur when, for whatever reason, the cost of service borne by the district is greater in less restrictive placements. Theoretically, this could occur under any type of funding system. However, funding systems based on the location in which the services are provided are most likely to contain incentives for more restrictive placements.

Conversely, under some of the newly developed funding systems, as found in Oregon, Pennsylvania, and Vermont, incentives may be created for less costly placements. This may be beneficial if these lower cost services are less restrictive and remain sufficient to meet the needs of the student. However, some educators have expressed concerns that the movement toward less restrictive placements may lead to insufficient services for students with special needs. Some argue that placement in regular classrooms, without appropriate levels of funding that will ensure adequate support mechanisms, may become more restrictive for students with special needs.

What Are the Federal Policy Options?

Noting that prior federal policy regarding the need for greater integration has often been ambiguous, some state and local policymakers question federal resolve on this issue. However, the federal interest seems clear. Statutory language from IDEA [Section 614(a)(1)(C)(iv)] requires the states to have

> "established procedures to assure that, to the maximum extent appropriate, children with disabilities . . . are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily. . ."

Therefore, state funding policy containing incentives for more restrictive placements clearly conflicts with federal policy. What options, then, are available to the federal government for promoting alternative forms of state fiscal policy?

- *Make no change in federal funding policy, since many states are currently attempting to make appropriate changes to their funding formulas.* As reported above, many state and local special education directors are actively working for funding reform in order to remove incentives that reward more restrictive placements. However, they seem to be facing some important problems. First, while the relationship between funding provisions and inclusion will be clear to some state policymakers, considerable education may be needed for others. Second, even when this relationship is clear, many will have more limited inclusionary goals and may not see the current state funding formula as a problem. Third, even those who recognize it as a problem may not know exactly what to do about it. Additional difficulties will be incurred when this policy goal conflicts with other goals for state funding policy such as equity, adequacy, and accountability.
- *Require state funding provisions that are placement neutral as a prerequisite to receiving federal funds.* This approach is likely to be fraught with difficulties. Although it is not clear exactly what form an ideal state special education funding approach should take, the removal of incentives for restrictive placements clearly should be one component. But other competing concerns could result in some very complex negotiations with states over the exact nature of these incentives and the extent to which they exist. The federal government could become

embroiled in a regulatory nightmare. In attempting to affect this type of state reform, it seems likely that the "carrot" will be much more effective than the "stick."

- *Provide education and assistance.* The "carrot" most likely to lead states to change would seem to come in the form of research, education, evaluation, training, technical assistance, and the dissemination of information. CSEF interviews convey the clear impression that many states are currently in a position to make meaningful changes in the way they fund special education, but are not exactly sure what to do differently. States need assistance in assuring that the old provisions are not simply replaced with a new set of problems. They also need help in their efforts to collaboratively learn from each other.
- *Unify the federal position.* The statutory language in IDEA refers to inclusionary concepts and to the need for a continuum of services. However, federal policy regarding the need for an increased emphasis on providing services in integrated settings often appears unclear to state and local policymakers. Many argue that state policy overall appears to be ahead of the federal government on many of these issues. Clear federal policies that suggest how states should behave may be more effective in the long run than increased federal mandates. The lack of full funding for IDEA and the lack of clarity at the federal level on many of these issues remain sore points with the states. Federal policy may be more likely to affect local policy by the example it sets than by any other mechanism at its disposal.

Conclusion

The fiscal incentives to serve students in restrictive settings must be eliminated if the integration of special education students is to be fostered in the states. However, it is not clear that a single type of formula will be ideal for all states or that additional federal requirements will solve this problem. State policies that discourage more costly, restrictive placements may in fact encourage less costly, and in some cases inadequate, levels of service. In addition to concerns about the adequacy of services, provisions for placement neutrality may also conflict with other special education fiscal policy goals such as equity and accountability. The most effective federal policy may be to provide education and technical assistance to the states to help them to adopt and implement funding provisions that are consonant with overall federal and state policy goals.

Endnotes

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The challenge for federal fiscal policy remains in finding the proper balance: how to provide funding in the least obtrusive manner to accomplish the greatest good for those students who require the most assistance.

The Federal Role in Special Education

Patricia G. Anthony

Since its inception, federal special education legislation has emerged virtually unscathed from various administrations' attempts to weaken its impact in the areas of funding and delivery of services. During the Reagan and Bush administrations, efforts to consolidate its funding with other entitlement moneys were averted, as were attempts to loosen the legal requirements of the law. However, two conditions—one predicated on funding and the other on policy—are increasingly in conflict with one another. This article will discuss these two conditions, and offer recommendations towards solutions. As part of the debate, the current federal appropriations for special education will be examined.

Background on Federal Laws for Special Education[1]

On October 10, 1993, President Bill Clinton signed into law H.R. 2518, the appropriations bill for the Departments of Labor, Health and Human Services, and Education. Providing $28.8 billion to education in general, P.L. 103-112 increases the federal share of special education funding by approximately 5%, from a 1993 level of $2.96 billion to $3.1 billion for FY 1994.[2]

With the overall cost of special education approaching $20 billion, federal appropriations constitute only a modest portion of the total amounts of money expended. However, the federal role in special education looms large, with its influence cast through seminal legislation and landmark court decisions.

Section 504 of the Vocational Rehabilitation Act

In 1973, the first of two major pieces of federal special education legislation was passed. Section 504 of the Vocational Rehabilitation Act[3] prohibited discrimination of any individual with a disability by those receiving federal moneys. Requiring that students with disabilities be afforded "a free appropriate public education . . . regardless of the nature or severity of the person's handicap[,]"[4] Section 504 made it mandatory that school districts—recipients of federal funds—provide educational services for all students with disabilities or risk the danger of losing federal funding.

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Education for All Handicapped Children Act

In 1975, the Education for All Handicapped Children Act (EAHCA), P.L. 94–142, was passed by Congress.[5] Echoing Section 504's anti-discriminatory language, EAHCA provided federal funding to states willing to meet the standards the statute imposed in providing a free appropriate public education to students with disabilities. Currently, all fifty states participate in the federal funding program.

Prior to EAHCA, Congress estimated that 4 million disabled students received only part-time educational services and another 1 million received no education at all.[6] Currently, around 11% of the nation's student population has been identified as requiring special education services.[7] This percentage is expected to rise during the next decade, given the 1986 amendments to the law[8] and the escalation of societal factors conducive to the development of disabilities, i.e., parental substance abuse, poverty, child abuse and neglect, inadequate prenatal and medical care, and heroic medical procedures sustaining the lives of prematurely born and critically ill children.

Renamed in 1990 the Individuals with Disabilities Education Act or IDEA, the federal special education law contains several broad mandates. *First*, students with disabilities must be afforded a free appropriate education within a public school; or, if the school district is unable to furnish an appropriate education within the confines of its district, then the district must tuition the student out to a private school or residential setting. *Second*, any student identified as requiring special education services must be afforded those services. Special education services are defined as:

> specially designed instruction, at no cost to parents or guardians, to meet the unique needs of a child with a disability, including—(A) instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and (B) instruction in physical education. (sec.1401[a][16][A][B])

These services can be provided in any setting according to the individual needs of the child. *Third*, if the student has been identified for special education services, any other related services must be furnished free of charge, also. Special transportation, occupational, physical, or speech and language therapy, catheterization, psychiatric services, and medical diagnostic services are examples of some of the types of related services provided to students with disabilities. *Fourth*, an individual educational plan or IEP must be drawn up on each student identified as needing special education services. The IEP includes both long-term as well as short-term goals and should be representative of a comprehensive educational program for a student. At least one parent or guardian of the student must be present at the IEP meeting, and, if appropriate, the student as well. *Fifth*, to the maximum extent possible, all educational services should be provided in the least restrictive environment. This directive charges school districts with the responsibility of educating students with disabilities in settings that bring them in contact as much as possible with students who are not disabled. Most often, the least restrictive environment is the regular classroom or school. *Sixth*, the law stipulates that periodic re-evaluations must occur, and that all evaluations must be conducted in the native language of the student. *Finally*, all students falling under the law are afforded due process rights in pursuing the rights outlined in the law.[9]

Amendments to the Law

In 1986, two amendments to EAHCA provided parents of children with disabilities two additional guarantees. Further amendments to the law were made in 1990.

Early childhood amendments.[10] P.L. 99–457 extended the law's reach to preschool students with disabilities by requiring states to serve all students with disabilities from ages three to five, or lose federal moneys targeted for this age group. States had until school year 1991–92 to comply with the law. Additionally, states were encouraged to serve children from birth to two years of age through Part H of the law. Serving this population of students is optional, however, states that choose to do so receive federal funding for up to at least five years contingent upon their implementation of an early intervention system. The amount of funding each state receives depends upon the state's infant and toddler population and the state's percentage of the national total of children within this age group.

Two features of Part H are aimed specifically at early diagnosis and remediation of problems arising from disabilities. First, states participating with this age group are called upon to establish a comprehensive intervention program, which is premised upon interagency cooperation. Second, in lieu of an IEP, children covered by Part H are provided with an individualized family service plan (IFSP), emphasizing supportive services for, and the participation of, the child's entire family.[11]

Attorneys fees amendment.[12] Also enacted in 1986 was the Handicapped Children's Protection Act (HPCA), P.L. 99-372. HPCA provides that if parents prevail in litigation or in administrative hearings where the services of attorneys are involved, school districts must engender the cost of any attorneys' fees. The passage of HPCA emanated from an earlier Supreme Court decision in which parents prevailed in court, but were unable to collect for attorneys fees under the then current language of EAHCA.[13]

There are several restrictions placed upon parents right to collect. First, if parents should decide to accept a school district's offer to settle concerning the placement or services for their child prior to a ruling by the court, then parents must decide within ten days of the school district's offer. Second, if parents reject an offer by the school district to settle prior to a court ruling, then parents must prevail in the final outcome of litigation.

Amendments of 1990.[14] Amendments to the law in 1990 created two additional categories of eligible students: those diagnosed as autistic, and students who have experienced traumatic brain injury. Additionally, with the 1990 amendments, the name of the law changed from EAHCA to Individuals with Disabilities Education Act (IDEA), and services for students transitioning from high school to vocational training and/or community living were included.

Contrasts Between Section 504 and IDEA

Often eclipsed by the recognition bestowed upon IDEA, Section 504 is currently regaining its status as a useful legislative tool in delivering services to disabled students. This is primarily due to growing recognition of the limitations of IDEA as far as eligibility is concerned. Under IDEA, any child with "mental retardation, hearing impairments including deafness, speech or language impairments, visual impairments including blindness, serious emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities"[15] is eligible for services. Due to its specificity, children with other disabling conditions, i.e., AIDS, Attention Deficit Disorder, substance abuse, or childhood diseases, such as diabetes or asthma, are barred from receiving services. Under Section 504, these students are eligible for services and school districts must provide them or risk losing federal funding.

Federal Role in Funding Special Education

When the federal special education legislation was initially enacted in 1975, Congress pledged future annual appropriations amounting to 40% of the total costs of implementation. However, this amount has never been realized. Instead, appropriations have remained under 20%, leaving states and local districts with the major burden of funding special education costs. States have responded to this challenge through a variety of funding mechanisms,[16] but even so, with the acceleration of special education costs, many states are finding it difficult to fund as much of the special education costs as they have in the past.[17] Consequently, local districts are picking up more of the costs.

This year's federal appropriations are illustrative. While the overall appropriation for special education for FY 1994 rose 4.7% over the preceding year, the $3.1 billion dollar amount accounts for only 15% of the total cost of special education, leaving the other 85% for the states and local districts to fund. Table 1 provides final figures for FY 1993 appropriations, the President's 1994 funding proposal, both the House and the Senate's proposals, and the Conference Agreement finally reached.

Of the $3.1 billion, the largest amount, $2.1 billion, is earmarked under Part B, to provide funding to states for students identified for special education services. States are allocated varying amounts based upon the percentage of students identified.

The $2.1 billion earmarked for state assistance represents a 4.9% increase or an additional $97 million in Part B funding over the previous FY 1993 level of $2 billion.

The appropriation also increased preschool grants funded under Part B by $13.5 million to $339 million for FY 1994, and Part H early intervention grants by approximately $40 million to $253 million for FY 1994. One area experiencing a decrease in funding was the Chapter 1 disabled program under the Elementary and Secondary Education Act. Funded during FY 1993 at $126.4 million, this program was cut by $9.5 million to $116.9 million for FY 1994.

Aside from the federal appropriations not reaching funding level expectations, an additional fiscal problem demanding to be addressed is the intensifying need for compatibility between policy implementation and funding mechanisms. Since the law's enactment, the largest portion of the appropriations has been directed towards the state grant program (Part B). Individual state grants for this section have been premised upon headcount—the number of students identified as requiring special education services within each of the individual states. While initially this method for determining state funding allocations conformed with EAHCA's emphasis on identification of children receiving little or no services and the states' provision of services through categorical programs, recent changes in policy require a re-examination of how federal special education moneys are distributed.

The Federal Role in Policy

During the 1980s, a major policy shift occurred, initially at the grassroots level, over how services should be delivered to special education students. Pressing for the use of the regular classroom as the preferred placement for special education students rather than self-contained or pull-out programs, advocates called for an end to the "dual" system of education, i.e., one for regular students, another for special education students. By the middle of the 1980s, policymakers in the U.S. Department of Education were promoting the "Regular Education Initiative" or REI, citing its cost-effectiveness and student benefits in the form of higher self-esteem and exposure to more rigorous academic courses. Madeline Will, then head of the Office of Special Education and Rehabilitative Services, spoke of "the shared responsibility" of regular and special education teachers in working with students with disabilities.[18] Policymakers, special educators, and parents quickly aligned themselves on either side of the debate. Proponents charged that the then current system of educating special education students through pull-out

Table 1. Federal Appropriations for Special Education Under the Individuals with Disabilities Education Act Comparisons between FY 1993 and FY 1994

	1993 Appropriations	1994 President's Proposal	1994 House Proposal	1994 Senate Proposal	1994 Conference Agreement
		(dollars in thousands)			
State Assistance (IDEA)					
States Grants Program (Part B)	$2,052,728	$2,163,708	$2,108,218	$2,163,508	$2,149,686
Chapter 1 Disabled Program (ESEA)	126,394	113,755	113,755	120,000	116,878
Preschool Grants (Part B)	325,773	343,751	325,773	343,751	339,257
Early Intervention Grants (Part H)	213,280	256,280	243,769	256,280	253,152
Subtotal, State Grants	**$2,718,175**	**$2,877,494**	**$2,791,515**	**$2,883,539**	**$2,858,973**
Special Purpose Funds					
Deaf-blind Projects (Part C)	12,832	12,832	12,832	12,832	12,832
Severely Emotionally Disturbed (Part C)	4,147	4,147	4,147	4,147	4,147
Severely Disabled Projects (Part C)	9,330	9,330	9,330	9,330	9,330
Early Childhood Education (Part C)	25,167	25,167	25,167	25,167	25,167
Secondary Transitional Services (Part C)	21,966	21,966	21,966	21,966	21,966
Postsecondary Programs (Part C)	8,839	8,839	8,839	8,839	8,839
Innovation and Development (Part E)	20,635	20,635	20,635	20,635	20,635
Media Services and Captioning (Part F)	17,892	17,892	18,392	18,892	18,642
Special Education Technology (Part G)	10,862	10,862	10,862	10,862	10,862
Special Studies (Part B)	3,855	3,855	3,855	3,855	3,855
Personnel Development (Part D)	90,122	90,122	90,122	92,555	91,339
Parent Training (Part D)	12,400	12,400	12,400	12,735	12,735
Clearinghouses (Part D)	2,162	2,162	2,162	2,162	
Regional Resource Centers (Part C)	7,218	7,218	7,218	7,218	7,218
Subtotal, Special Purpose Funds	**247,427**	**247,427**	**251,195**	**249,729**	
Total, Education for the Disabled	**$2,965,602**	**$3,124,921**	**$3,039,442**	**$3,143,734**	**$3,108,702**

Source: Congressional Record—House, H7445 (October 5, 1993); Congressional Record, Daily Digest, D1146 (October 10,1993); Special Education Report, p. 4 (October 20,1993).

programs and self-contained classrooms had achieved relatively little success in providing most special education students with essential long-term skills, either academically or vocationally.[19] State and federal policymakers also argued that many students identified as needing special education services could be receiving assistance within the regular classroom, rather than through the more costlier special education programs. Citing the skyrocketing numbers of students identified as learning disabled, policymakers and educators alike, maintained that many of these students, if properly supported, would not require special education services.

Opponents countered that the REI or "inclusion" was little more than subterfuge for directing funding away from special education students and into general education programs.[20] They accused education officials of wanting to return special education to "pre-P.L. 94-142 days" by denying special education students the services to which they were entitled.

As the debate continues, many states and local districts are developing and implementing policies that focus on inclusion. However, inclusionary practices have presented policymakers with several dilemmas, both programmatically and fiscally.

Programmatic Issues to Do with REI/Inclusion

School officials restructuring their schools and classrooms to include students with disabilities find themselves faced with a three-pronged task. First, they must ensure that the students being included still receive the special education and related services outlined as in their IEPs. Second, administrators must provide on-going supportive services and professional development to regular teachers and principals who may be relatively inexperienced in working with students with disabilities. Third, both teachers and administrators must gauge the effect of inclusion upon the regular classes involved with the inclusion process.

Schools have attempted to meet these challenges, however, not without difficulty. In many school districts, regular teachers feel ill-prepared to deal with the academic, social, and physical problems accompanying some students with disabilities. With most states experiencing financial hardship in funding schools, there often is little or no money allocated for providing professional development to personnel involved in inclusion. Frequently, class size is already high and students with behavior disorders or learning disabilities are blamed for causing additional stress in the classroom.

Another problem concerns the use of special education teachers. In some districts, due to the lack of fiscal resources, special education personnel are stretched across too many classrooms, with resulting ineffectiveness. Other districts have reduced the number of special education teachers they employ and instead are replacing them with teaching aides in the regular classrooms to assist teachers. In each of these situations, there a real likelihood that students with disabilities receive a reduced level of services.

The knowledge and expertise of the chief school administrator also affects the outcome of inclusion. In schools where inclusion has been successfully implemented, the school principal has been key to its success, offering the kind of leadership that is reflective of inclusion: participatory and collaborative. In cases where inclusion has been mandated by administrative decree, rather than through group input and thoughtful discourse, the consequences have not been encouraging.[21]

Finally, research is in its infancy stages regarding the effect of inclusion upon the learning of regular students. When interviewed, however, the majority of regular students express positive feelings about inclusion, citing the additional assistance they receive in the classroom from having two teachers available, and the increased orderliness that usually accompanies the second teacher's presence, i.e., "you can't fool around so much."[22]

Initial quantitative research on the impact of inclusion upon regular students' academic achievement is guardedly positive. In a study conducted in early elementary classrooms in Boston,[23] results indicated that achievement scores for regular students did increase, but not to a point of statistical significance. However, none of the regular students lost ground academically, and achievement scores for special education students did increase significantly in inclusionary classrooms, whereas scores for special education students in self-contained classrooms did not. Further, scores measuring changes in social behavior did increase significantly for both groups of students in the inclusionary classrooms.

Fiscal Issues to Do with REI/Inclusion

Many of the problems associated with inclusion or REI emanate from the lack of financial resources. Districts strapped financially find themselves without the money to provide adequate professional staff development to teachers grappling with inclusion, or to fund the numbers of special education staff necessary for delivering services to students in the regular classrooms. Without appropriate in-services, workshops, and classes, teachers who are uncomfortable with the notion of teaching students with disabilities are not afforded the proper training necessary for being successful. Further, high student/staff ratios make it extremely difficult for the regular teacher to be successful in teaching not only students with disabilities, but the rest of the class as well. If, coinciding with large class size, special education staff are in short supply, then inclusion becomes a travesty destined to fail.

Fiscal constraint also impinges upon another aspect indigenous to successful inclusionary classrooms: collaborative planning. In districts where funds are available, teachers—regular and special education—are provided with summer stipends to effectively plan for their Fall inclusive classrooms. Financially secure districts also are able to provide time throughout the school year for teacher collaboration, either through mini-grants to fund after school-hours meetings, or through the use of paid substitutes during the day.[24]

However, the single most pivotal issue concerning the financing of special education services under a policy of inclusion pertains to the distribution of federal funds. Under the current method of distribution, Part B funds—those moneys targeted for students identified as having a disability—are distributed to the states according to the percentage of students in each state requiring services. States cannot exceed a federal government cap of 12%; and children identified must fit the federal government's eligibility requirements.

With the implementation of state-wide policies and legislation[25] subscribing to inclusion, this current method for funding special education becomes obsolete. For one of the primary goals of inclusion is to provide students with a strong supportive environment in preschool and early elementary so that the need for special education services in later grades can be averted. States with the highest percentages of students in special education are especially sensitive to the need for providing additional academic support to young students. In Massachusetts, a comprehensive pre-referral system has been implemented to assist regular teachers in coping with students' academic and behavioral problems within their classrooms rather than immediately referring them out for special education services.[26]

This goal of inclusion is laudatory, but in order for it to be achieved the necessary resources must be provided. With the current system of funding special education, federal dollars are furnished to assist states with the education of identified special education students. If states truly practice inclusion and retain in regular classrooms students who formerly would have been referred to special education for services, then states will experience a decrease in special education student populations and a subsequent decline in federal special education dollars. However, the students, whether they remain in a regular classroom or are identified for special education, require some form of support. Under the current system, federal dollars would not be available to assist those students. Thus, the amount of federal funding states would have at their disposal would shrink, making it even more difficult for states and districts to adequately serve these students. Consequently, the outcome of the policy of inclusion is a double-edged sword. By providing assistance to students who require extra supportive services in order to remain in the regular classroom, the financial support for those students is discontinued, placing a larger fiscal burden upon school districts.

Recommendations for Financing Under a Policy of Inclusion

If, at the federal level, special education programmatic initiatives are driven by a policy of inclusion, then this must be acknowledged by realigning the federal method for financing special education. This should affect three aspects of special education policy (1) the delivery of services within the regular classroom to students with disabilities; (2) the development of strong pre-referral systems in the states; and (3) the development of combined teacher education programs in our post-secondary institutions.

A Delivery of Services Weighting System

Current use of headcount as the basis for federal funding must be altered to reflect the *dual* goals of inclusion: delivery of services within the regular classroom to students with disabilities, *and* the reduction in the numbers of students requiring special education due to sound supportive assistance within the regular classroom.

While headcount can remain a basis for students who have already been identified as requiring special education services, there needs to be an adjustment in the amounts of funds allocated to reflect the increased staffing needs inclusion can generate. Depending upon individual student needs, additional staffing is often necessary in the regular classroom to ensure that all students are provided with a well-structured learning environment. Often, students with multiple disabilities require an aide or even a special education teacher to assist them if they are to succeed within a regular classroom.[27] Further, increased funding to properly support the number of specialists needed for implementing inclusion successfully does not serve the educational needs of special education students alone. Regular education students also benefit from increased teaching personnel in their classroom.[28] Additional federal monies should be targeted towards districts willing to implement inclusive practices within their schools. These monies should not take the form of supplemental or short-term grants. Rather they should be built into the existing Part B method for distribution through the use of a weight signifying the increased cost of implementing inclusion as far as personnel needs are concerned.

Support Moneys for Pre-referral Programs

The second goal of inclusion, to provide concentrated support systems within the regular classroom so that students do not have to be referred to special education, is one that is not attainable without additional moneys provided for those support systems. The federal government already provides preschool grants and early intervention moneys to states that are educating these students. However, additional funding is still needed to target students in the early elementary grades so that the appropriate supportive measures can be taken. For one of the problems with early intervention and preschool programs is that many children who need services never receive them, since it is up to the parents and or attending medical personnel to alert school officials that a child requires services. Further, not all districts are able to fund preschool programs; thus many children do not arrive at school until kindergarten or first grade. If pre-referral programs are to be successful, additional staff is necessary to provide the essential support in the regular classroom. Federal funding must reflect this need for additional support through separate funding programs targeted towards strong state pre-referral programs.

The Need for Integrated Teacher Education Programs

A radical change in the way in which teachers are educated is precipitated by the policy of inclusion. Currently, teacher education in the majority of universities and colleges operates as a dual system—one for students who desire to become regular classroom teachers, and another for students who wish to be trained as special education teachers. With the implementation of inclusion, teacher education programs must also become inclusive. The federal government is in powerful position to augment the success of inclusion by recognizing the need for a unified teacher education system. This can be accomplished by establishing grants to be allocated to colleges and universities which encourage the recasting of teacher education programs to conform with the goals of inclusion.

Concluding Thoughts

In 1992, a national longitudinal study researching the success of special education students in transitioning out of secondary school and into society published some disturbing findings: Only 57% of all special education students graduate from high school; only 49% of special education students are employed during the first two years after leaving high school; and only 13.4% of special education students live independently two years after high school.[29] Equally disturbing are other statistics published on students who are not identified as special education students, but are considered at-risk.[30]

Perhaps it is time to discuss not only how federal special education moneys must be realigned to meet changing needs, but how all federal programs developed to serve children must be modified if they are truly to be effective in meeting the challenges present today in educating this Nation's youth. In the recent past, such notions of modifying children's programs arose out of cost-cutting measures rather than needs of the students. With inclusion as the vehicle driving current special education policy, discussions around how this policy can be expanded to other federal children's programs are proceeding. The challenge for federal fiscal policy remains in finding the proper balance: how to provide funding in the least obtrusive manner to accomplish the greatest good for those students who require the most assistance. The current policy of inclusion is conceivably one building block on which to build.

Endnotes

1. For additional information on IDEA and other federal legislation, see J. F. Mead and J. K. Underwood, "The Laws Influencing Special Education: Promise, Responsibility, and Challenge," *Educational Considerations* (Fall 1993).
2. Congressional Record—House, H7445 (October 5, 1993).
3. 29 U.S.C. 794.
4. 34 C.F.R. 104.33(b)(1).
5. 20 U.S.C. sec. 1400 et seq.
6. 20 U.S.C. sec. 1400 et seq.
7. U.S. Department of Education, Office of Educational Research and Improvement, National Center for Educational Statistics, *Digest of Educational Statistics 1990.* (Washington, D.C.: Government Printing Office, 1991).
8. Individuals with Disabilities Education Act, P.L. 102-119 (1993). Originally designated as P.L. 99–457, Part H of P.L. 102–119 extends coverage of the law to infants and toddlers with disabilities and their families.
9. Individuals with Disabilities Education Act, 20 U.S.C. sec. 1400 et seq., P.L. 94-142, as amended by P.L. 99-372, P.L. 99-457, P.L. 101-476, and P.L. 102-112.
10. 20 U.S.C. 1401 et seq., as amended by 99-457.
11. For additional information on IFSPs see D. L. Montgomery, R. E. Cook, T. B. Parrish, and J. G. Chambers, "A Study of Individualized Family Service Planning in California: Benefits and Costs," *Educational Considerations* (Fall 1993).
12. 20 U.S.C. 1401 et. seq., as amended by 99-372.
13. *Smith v. Robinson*, 468 U.S. 992 (1984).
14. 20 U.S.C. 1401 et. seq., as amended by P.L. 101-456.
15. 20 U.S.C. 1401[a][1], 1990.
16. For a comprehensive explanation on the various state models for funding special education, see D. A. Verstegen and C. L. Cox, "State Models for Financing Special Education," in *Helping at-Risk Students: What Are the Educational and Financial Costs?* (Newbury Park, CA: Corwin Press, 1992).
17. For example, see W. Hartman, "Changes in Special Education Funding for Pennsylvania," *Educational Considerations* (Fall 1993).
18. M. Will, *Educating Students with Learning Problems: A Shared Responsibility.* Policy Paper for U.S. Department of Education, Office of Rehabilitative Services. (Washington, DC: Government Printing Office, 1986).

19. For example, see A. Gartner and D. Lipsky, "Beyond Special Education: Toward a Quality System for All Students," *Harvard Educational Review* 57(1987): 367–395; W. Sailor, M. Gerry, and W.C. Wilson, "Policy Implications of Emergent Full Inclusion Models for the Education of Children with Severe Disabilities," in M. Wang, H. Walberg, and M. Reynolds (Eds.), *Handbook of Special Education* (Vol. 4). (Oxford: Pergamon, 1991); M. Will, *Educating Students with Learning Problems: A Shared Responsibility.* Policy Paper for U.S. Department of Education, Office of Rehabilitative Services. (Washington, DC: Government Printing Office, 1986).
20. See J. M. Kauffman, M. M. Gerber, and M. I. Semmel, "Arguable Assumptions Underlying the Regular Education Initiative," *Journal of Learning Disabilities*, 21, 1 (1988): 6–11.
21. P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students: First Year Implementation Report: The 1990–91 School Year*, P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students: Second Year Implementation Report: The 1991–92 School Year.*
22. P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students: First Year*; P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students: Second Year.*
23. C. E. Costello, *A Comparison of Student Cognitive and Social Achievement for Handicapped and Regular Education Students Who Are Educated in an Integrated versus a Substantially Separate Classroom.* Student dissertation completed at the University of Massachusetts, Amherst, Massachusetts, 1991.
24. P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students.*
25. See, for example, the state of Vermont's Act 230, mandating the inclusion of students with disabilities in regular schools and classrooms. For additional readings on the implementation of Act 230, see G. Tanzman, "Vermont's Act 230: Special Education Reform, Revolution or Effective Education?" *Educational Considerations* (Fall 1993); D. Kane and P. Johnson, "Vermont's Act 230: A New Response to Meeting the Demands of Diversity," *Educational Considerations* (Fall 1993).
26. Massachusetts Department of Education, *Eligibility Guidelines for Special Education.* (Quincy, MA: Author, September 1992).
27. P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students.*
28. P. G. Anthony and G. B. Rossman, *Restructuring for the Integration of All Students*; C. A. Costello, *A Comparison of Student Cognitive and Social Achievement.*
29. SRI International, *National Longitudinal Transition Study of Special Education Students.* (Menlo Park, CA: Author, 1992).
30. See, for example, U.S. Department of Education, Office of Educational Research and Improvement, National Center for Educational Statistics, *Digest of Educational Statistics 1990.* (Washington, DC: Government Printing Office, 1991).

Additional federal aid to match the federal commitment to students with disabilities is needed; however . . . major infusions of aid . . . are unlikely.

The Current Federal Role in Special Education Funding[1]

Thomas B. Parrish and Deborah A. Verstegen

Federal funding under the Individuals With Disabilities Education Act (IDEA) is driven by a permanently authorized formula that ties federal financial assistance to guarantees of an appropriate education for children with disabilities.[2] Federal aid to states is based on each state's number of children with disabilities who are receiving special education programs and services, adjusted by a uniform percentage of the national average per pupil expenditure (APPE). The authorized percentages of the APPE were five percent in FY 1978, 10 percent in FY 1979, 20 percent in FY 1980, 30 percent in FY 1981, and 40 percent in FY 1982 and beyond.

However, federal aid for students with disabilities has never exceeded 12.5 percent of the national APPE, and only reached fully authorized levels during the first two years that the program was effective. In FY 1980, appropriations dropped to 12 percent of the APPE, then declined to 10.2 percent in FY 1981. In FY 1982 and FY 1983, although federal aid was authorized at 40 percent of the APPE, appropriations held steady at about 10 percent, falling to approximately 9 percent of the APPE in FY 1984. Between FY 1985 and FY 1992, appropriations ranged from 7.9 percent (FY 1990) to 9.1 percent of the APPE (FY 1987), or less than one-fourth of the authorization level.

For FY 1993, federal funding is estimated to be 8.2 percent of the APPE or $2.05 billion, approximately $7.93 billion below the authorized level of 40 percent of the APPE (see Table 1 and Figure 1). Currently, total of $9.98 billion would be required for the IDEA, Part B, State Grant Program, if authorizations matched appropriations.[3] This is nearly a fivefold increase.

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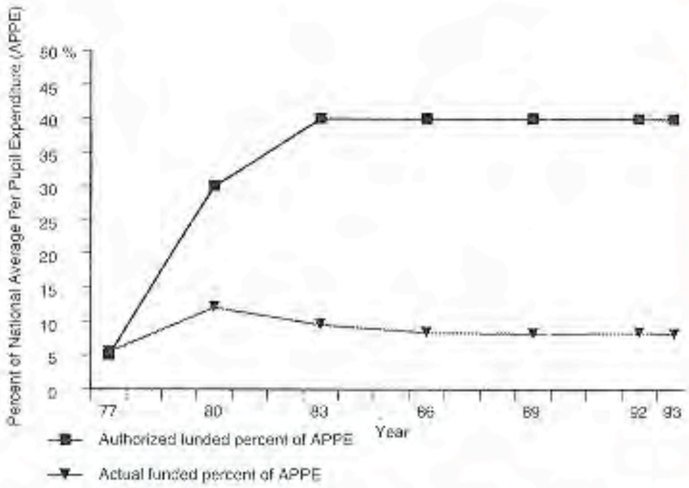

Figure 1. Idea, Part B, Grants to States: Authorized Versus Funded Percent of APPE.

The gap in the federal financial commitment to children with disabilities—as represented by the difference in funding authorized under the Individuals With Disabilities Act versus appropriations—can be interpreted to be substantially larger than these figures indicate, however. This is because the excess costs of providing special education and related services have grown. Federal funding authorized under P.L. 94-142 was based on research studies done by the National Education Finance Project in 1970, which estimated the actual cost of educating a child with disabilities to be, on average, double the cost of educating children without disabilities.[4] Federal aid was intended to act as a catalyst for state and local assistance to children with disabilities. Therefore, it was targeted to grow to a maximum of less than one-half (40 percent) of the average excess costs of educating children with disabilities by FY 1982 and succeeding years. Since enactment of P.L. 94-142 in 1975, when the permanent authorization was established, the excess costs of educating children with disabilities have increased slightly from the previous estimate of two times the cost of educating non-disabled children to 2.3 times such cost.[5] Based on this revised estimate, 40 percent of the excess costs of educating children and youth with disabilities would require an estimated support level of approximately 52 percent of the APPE. Thus, federal aid under the IDEA, Part B, is currently less than one-fifth of initial estimates of the eventual federal contribution.

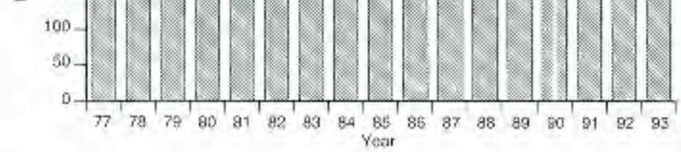

Figure 2. IDEA, Part B, Grants to States: Revenues Per Eligible Pupil Over Time (adjusted for inflation).

Table 1. Individuals With Disabilities Education Act, Part B, Section 611—Grants to States: Cross-time Changes

Fiscal Year	Children Served	Federal Funding	Share Per Child	APPE a/	Funded % of APPE Authorized Under P.L. 94-142 b/	Actual Funded % of APPE c/
1977	3,485,000	$ 251,769,927	$ 72	$1,430	5%	5.0%
1978	3,561,000	566,030,074	159	1,568	10	10.2
1979	3,700,000	804,000,000	217	1,736	20	12.5
1980	3,803,000	874,500,000	230	1,919	30	12.0
1981	3,941,000	874,500,000	222	2,168	40	10.2
1982	3,990,000	931,008,000	233	2,354	40	9.9
1983	4,053,000	1,017,900,000	251	2,640	40	9.5
1984	4,044,500	1,068,875,000	261	2,861	40	9.1
1985	4,124,000	1,135,145,000	275	3,086	40	8.9
1986	4,121,000	1,163,282,000	282	3,356	40	8.4
1987	4,167,000	1,338,000,000	321	3,510	40	9.1
1988	4,236,000	1,143,737,000	338	3,871	40	8.7
1989	4,337,000	1,475,449,000	340	4,130	40	8.2
1990	4,409,000	1,542,610,000	350	4,403	40	7.9
1991	4,557,000	1,854,186,000	407	4,704	40	8.7
1992	4,717,000	1,976,095,000	419	4,968	40	8.4
1993	4,885,000	2,052,728,000	420	5,108	40	8.2

a/ APPE = Average per pupil expenditure.

b/ P.L. 94-142 is a forward funded program, indicating that funding appropriated in a given fiscal year is available to states the last 3 months of the fiscal year in which the appropriation is made and the following 12 months. P.L. 94-142's formula went into effect the fiscal year ending September 30, 1978, which was interpreted as the school year 1977–78. Thus, an entitlement of 5 percent of the APPE had to be made available under a FY 1977 appropriation (see Fraas, 1986, p. 48, footnote a).

c/ Data provided by the Budget Office of the U.S. Department of Education (May 1994).

Table 2. Individuals With Disabilities Education Act, State Grant: Cross-Time Changes in Funding and Students Served

Fiscal Year	Children Served a/	IDEA, Part B State Grants Federal Funding a/	Share Per Child a/	Federal Funding in FY 1993 Dollars b/	Share Per Child in FY 1993 Dollars b/
1977	3,485,000	$ 251,769,927	$ 72	$ 564,953,896	$ 162
1978	3,561,000	566,030,074	159	1,199,853,742	337
1979	3,700,000	804,000,000	217	1,568,555,193	424
1980	3,803,000	874,500,000	230	1,547,305,970	407
1981	3,941,000	874,500,000	222	1,405,778,048	357
1982	3,990,000	931,008,000	233	1,397,902,560	350
1983	4,053,000	1,017,900,000	251	1,457,489,000	360
1984	4,044,500	1,068,875,000	261	1,471,943,370	359
1985	4,124,000	1,135,145,000	275	1,509,123,156	366
1986	4,121,000	1,163,282,000	282	1,501,571,814	364
1987	4,167,000	1,338,000,000	321	1,681,330,800	403
1988	4,236,000	1,431,737,000	338	1,736,435,396	410
1989	4,337,000	1,475,449,000	340	1,714,648,306	395
1990	4,409,000	1,542,610,000	350	1,717,869,307	390
1991	4,557,000	1,854,186,000	407	1,976,225,723	434
1992	4,717,000	1,976,095,000	419	2,035,878,476	432
1993	4,858,000	2,052,728,000	420	2,052,728,000	420

a/ Source: U.S. Department of Education. *Justifications of Appropriation Estimates to the Congress, FY 1995*, Vol. I., F-18.

b/ Adjusted by the Federal Budget Composite Deflator. In U.S. Department of Education (forthcoming). *Digest of Education Statistics 1994*, Table 4. Washington, DC: National Center for Education Statistics.

Another way to assess the federal commitment to assuring a free and appropriate education to children and youth with disabilities is to examine federal funding per eligible child in special education. Federal aid was $162 per eligible child in FY 1977 (adjusted for inflation), growing to $424 per child in FY 1979, but has been below that amount in each succeeding year except FY 1991 ($434) and FY 1992 ($432). Currently, federal aid per eligible child is $420 for FY 1993, or 1 percent less than in FY 1979 (adjusted for inflation). This indicates essentially no growth in federal funding for special education over the past 14 years. If federal aid met the federal commitment of 40 percent of the APPE, $2,043 would be required per eligible pupil in FY 1993 (under current assumptions). Table 2 and Figure 2 show federal expenditures for children with disabilities for each year of the IDEA authorization, in current and adjusted dollars per eligible child. Although special education costs have represented a growing share of overall elementary and secondary school spending over the past two decades, federal aid per eligible student has essentially held steady.

Table 3 shows total special education aid and the percentage of federal, state, and local expenditures for children with disabilities by state, for 1987–88.[6] The fifty states, Washington, DC, and Puerto Rico spent a total of $19.2 billion for special education and related services from federal, state, and local sources, in 1987–88. Overall, federal aid comprised 8 percent of total expenditures for special education and related services, 56 percent was derived from state coffers, and 36 percent was derived from local sources. Federal aid ranged from 65 percent of total special education expenditures in Kentucky to 3 percent of costs in Minnesota and New York. Eleven states received over 12 percent of funding from federal sources, while six states received less than 5 percent. State expenditures for special education and related sources, like federal aid, varied widely, from approximately 90 percent or more of total expenditures (in Hawaii, the District of Columbia, Idaho, Missouri, New Mexico, and Rhode Island) to 17 percent or less, of total expenditures (in Kentucky, New Hampshire, Oregon, and Virginia). Local revenues as a percent of total special education expenditures ranged from 3 percent (or less) of total (in New Mexico, Oklahoma, and Alabama) to over 70 percent (in Michigan, New Hampshire, Oregon, and Virginia).[7]

Additional federal aid to match the federal commitment to students with disabilities is needed however, pressures on federal budgets suggest major infusions of aid, at least in the short term, are unlikely. Thus, given the junior role the federal government plays and will apparently continue to play in special education funding, a major issue becomes how relatively modest levels of federal aid might best be used to provide incentives for state improvement and reform of special education. Given rising costs in a time of pressures on budgets at all levels of government, it appears increasingly imperative that these limited public resources be used as efficiently and equitably as possible. What forms of public policy might promote these objectives and how can federal resources be used to advance policy reform at the state and local level? What might be done to better harmonize federal priorities with state fiscal policies? How might federal aid for children and youth with disabilities be restructured to better meet the priorities of the 1990s and beyond, while contributing to coherent education policy at the state and local levels? These questions comprise the dominant fiscal concerns of policymakers, scholars, and others that will seek resolution as the IDEA is reauthorized in the 103rd Congress.

Endnotes

1. This manuscript was prepared for the Center for Special Education Finance, American Institutes for Research, Palo Alto, California (June 1994), under a cooperative agreement with the U.S. Department of Education, Office of Special Education Programs (H169G20002). Points of view or opinions expressed do not necessarily represent the official agency positions of the U.S. Department of Education or the CSEFs network of advisors and professional organizations.
2. J. Tweedie, "The politics of legalization in special education reform." In J. G. Chambers & W. T. Hartman (Eds.), Special education policies: Their history, implementation and finance (Philadelphia, PA: Temple University Press, 1983), pp. 48–112.
3. FY 1994 allocations are based on imputed state per pupil expenditure data for fiscal year 1991, edited data as reported by states with imputations for missing data by the National Center for Education Statistics. Child count is based on December 1, 1992, Office of Special Education, U.S. Department of Education, data.
4. Committee on Labor and Public Welfare, in U.S. Senate, Committee on Labor and Public Welfare, Subcommittee on the Handicapped. Education of the Handicapped Act as amended through December 31, 1975. (Report No. 72-611). (Washington, DC: U.S. Government Printing Office), 1977; R. Rossmiller, J. Hale, and L. E. Frohreich, Educational programs for exceptional children: Resources, configurations and costs. (Special Study No. 2). (Madison, Wisconsin: National Education Finance Project), 1970.
5. The excess cost of educating a child with a disability in FY 1994 was $6,498 (U. S. Department of Education, Justifications of Appropriation Estimates to the Congress, FY 1994, Vol. I, F-22). The national average per pupil expenditure (APPE) for FY 1994 was $4,969. For a review of special education costs, see S. Chaikind, L. C. Danielson, and M. L. Braven, "What do we know about the costs of special education? A selected review," *Journal of Special Education*, 26(4), 334–370.
6. 1987–88 is the last year for which financial data are/will be available due to repeal of the requirement to collect these data in the 1990 Amendments.
7. Variations are due in part to differences in reporting the data, i.e., some states reported combined state and local expenditures under state sources. See U.S. Department of Education (1992).

Table 3. Total Special Education Expenditures, 1987–88 (Special Education & Related Services)

	Total a/	Percent		
		Federal	State	Local
Alabama	$ 245,327,616	11.58%	85.39%	3.04%
Alaska	94,759,808	4.84	69.95	25.20
Arizona	190,541,825	11.38	44.94	43.67
Arkansas	79,743,473	16.28	56.93	26.79
California	1,760,879,250	6.20	78.60	15.20
Colorado	229,034,857	7.65	40.21	52.14
Connecticut	414,328,000	4.74	38.89	56.37
Delaware	51,678,931	12.89	62.47	24.64
Dist. of Columbia (DC)	39,032,732	10.32	89.68	na
Florida	807,441,711	5.76	61.92	32.32
Georgia	424,778,788	6.56	75.02	18.42
Hawaii	83,996,111	4.46	95.54	na
Idaho	58,549,239	10.16	89.84	na
Illinois	1,465,759,516	7.52	42.12	50.37
Indiana	251,729,322	14.98	52.55	32.46
Iowa	195,667,724	7.62	75.58	16.80
Kansas	175,397,831	6.86	51.19	41.95
Kentucky	223,524,336	65.30	11.30	23.40
Louisiana	259,438,868	6.91	69.81	23.29
Maine	78,910,940	13.90	49.72	36.38
Maryland	347,740,452	7.57	39.27	53.17
Massachusetts	671,473,211	6.88	36.49	56.63
Michigan	633,397,752	7.30	21.89	70.81
Minnesota	399,023,000	3.70	66.82	29.48
Mississippi	118,586,585	13.69	79.93	6.38
Missouri	288,736,260	9.64	90.36	na
Montana	38,943,312	10.11	71.54	18.34
Nebraska	73,514,055	11.11	78.89	10.00
Nevada	91,601,889	5.39	55..69	38.93
New Hampshire	92,815,443	5.37	17.42	77.22
New Jersey	500,491,873	10.66	78.46	10.88
New Mexico	119,614,213	8.37	90.64	0.99
New York	3,341,610,000	3.17	46.91	49.92
North Carolina	277,869,119	13.11	73.68	13.21
North Dakota	42,667,948	7.33	27.60	65.07
Ohio	1,189,440,634	4.90	56.65	38.45
Oklahoma	287,856,953	9.60	87.69	2.71
Oregon	201,238,104	8.70	17.08	74.22
Pennsylvania	717,513,364	11.03	59.47	29.50
Rhode Island	104,963,770	5.58	94.42	na
South Carolina	168,715,167	13.70	55.78	30.52
South Dakota	36,957,818	9.73	34.77	55.49
Tennessee	171,758,872	14.27	63.20	22.53
Texas	825,837,026	11.94	56.11	31.95
Utah	87,892,414	14.24	81.43	4.33
Vermont	49,953,033	9.18	41.30	49.52
Virginia	372,139,534	7.17	17.38	75.45
Washington	306,849,849	6.31	70.16	23.53
West Virginia	121,976,310	11.98	73.69	14.33
Wisconsin	468,972,759	6.12	59.21	34.67
Wyoming	51,702,710	4.46	79.07	16.47
Puerto Rico (PR)	48,234,267	30.27	69.73	na
States, DC, & PR	**$19,204,055,632**	**7.86%**	**55.88%**	**36.26%**

a/ Data Source: U.S. Department of Education (1992). *Fourteenth Annual Report to Congress to Assure the Free and Appropriate Public Education of All Children With Disabilities.* Table AH1, p. A209–210. Total funds expended may not equal the sum of special education and related services because some states only reported total funds expended.

b/ na = data not available.

It is very clear . . . that the Clinton Administration, like its immediate predecessors, does not see the need for a comprehensive urban policy.

FEDERAL EDUCATIONAL POLICY AND THE URBAN POOR: The Declining Power of Cities

James G. Cibulka

Introduction

Not since 1980 has a Democratic President been in the White House. During the incumbencies of two Republican Presidents, Ronald Reagan and George Bush, federal education policy shifted dramatically. Can we expect an equally sharp "corrective action" or even a new set of policies from President Bill Clinton?

This paper will focus on how changes in federal policy have affected urban school systems, and how the Clinton administration's education policies are likely to affect the fortunes of urban schools.

Few would argue that the 1980s witnessed sharp declines in the living conditions in America's central cities. Urban homelessness, violent crime, racial and ethnic conflict, and other grim scenarios fill American newspapers and television news daily. While racial inequality, poverty, and crime are not confined to cities, and reflect broader trends in American society, there is now a widely shared recognition that such problems are most concentrated in our cities and place the greatest demands on our governmental institutions. Few urban institutions illustrate the politics of decline more starkly than urban school systems, which suffer from high dropout rates, low student performance, gang activity, and numerous other indicators of educational distress. In many cases urban schools, which face far more severe demands than schools in more affluent areas, are far less equipped to address their educational tasks, suffering from inexperienced teachers, inadequate books and supplies, shortage of space, and so on.

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It is in this context of declining social and educational conditions in our cities that the role of the federal government should be addressed. During the last wave of federal activism from roughly 1960 to 1980, about which more will be said later, the federal government began to play a major role in aiding cities and urban school systems, principally based on the rationale that they, or the citizens residing in them, had distinct needs justifying the protection and resources of the federal government. Although this federal role was sharply diminished from 1980 onwards, with the advent of the Reagan and Bush Presidencies, that legacy was not altogether reversed. What the future of federal policy holds for urban areas, under a new President of a different political party, is therefore a key question.

In this article the focus will be primarily on the needs of urban school systems rather than cities writ large, although the systemic nature of the problem does require, it shall be argued, a comprehensive approach which reaches across such as city and school institutional boundaries. Accordingly, federal education policy will be discussed in relation to the broader domestic policy agenda of the new administration, and its overall posture toward cities.

The paper will be divided into three sections. In the first, the history of federal education policy, particularly toward cities, will be reviewed, including trends in federal revenues toward urban school systems. The legislative proposals of the Clinton administration will be examined within this historical context. In the second section, the analysis turns to the reasons for this politics of continuity, in particular the Clinton administration's policy agenda and the declining electoral strength of cities. In the third and concluding section, the paper will speak briefly to the nation's need for a comprehensive urban policy.

Three Decades of Federal Education Policy: A Brief History

There have been two major shifts in the direction of federal education policy in the post-World War II era, which reflect broader developments in our society during these periods. These two major shifts divide into three time periods, the first extending from roughly 1945 to 1960, the second from 1960 to 1980, and the third from 1980 to the present.

A Marginal Federal Role: 1945–1960

During the post-War period ending with the Eisenhower Presidency, Americans were preoccupied in foreign affairs with the emergence of a Cold War and at home, with providing the fruits of affluence to an expanding population. The role of the federal government continued to expand in many areas of American life, extending the New Deal legacy of the Roosevelt–Truman periods, despite Eisenhower's nominally Republican affiliation. However, in the area of elementary and secondary education, that federal role remained very marginal. While federal grants-in-aid to local school districts, they remained a small portion of the overall budgets of school systems. Moreover, many school districts, including urban ones, were reluctant to become too dependent on such aids; indeed, some routinely turned down federal aid because of their fear of federal control.

During the second half of the 1950s, national security concerns dominated the federal role in education. Public concern mounted that public schools were not preparing a scientifically literate population to compete with the Soviet Union, leading to the passage of the National Defense Education Act in 1958.

Perhaps the federal action which would have the greatest long-term impact on reshaping American education was still scarcely appreciated. The Supreme Court's 1954 *Brown* decision would redefine race relations not only in our public schools but in all the nation's institutions.

A New Federal Activism in Education 1960–1980

The first major shift in federal policy after World War II came with the advent of John F. Kennedy's Presidency. Kennedy campaigned on the platform of "getting America moving again." Some of this challenge was cast in pure Cold War logic, such as closing the so-called (imagined, it has since been revealed) "Missile Gap." Yet Kennedy was disturbed by Appalachian poverty, whose societal dimensions had been documented in Michael Harrington's compelling book *Poverty in America*. Racial strife also was on the rise, and Kennedy, at first reluctantly and haltingly, sought to use the power of the federal government to address problems of racial segregation. The War on Poverty is normally credited to his successor Lyndon Johnson, but its outlines were conceived and planned by the Kennedy "Brain Trust."[1] Head Start was also conceived in this period. Kennedy saw public education as an important tool for addressing poverty and discrimination, and in this sense set a new course for federal education policy.

President Johnson, of course, extended and operationalized that philosophy, securing successful passage of such landmark legislation as the Civil Rights Act of 1964 and the Elementary and Secondary Education Act of 1965, as well as the so-called War on Poverty legislation. Because of his personal philosophy about the importance of education, it became a cornerstone of Johnson's domestic policy unmatched by any subsequent president. This new period of federal activism in public education led to a number of well-known changes in the intergovernmental arrangements among school districts, states, and the federal government. First, local school districts increasingly turned to the federal government for the burgeoning number of grants-in-aid programs, and federal revenues grew as a percentage of school budgets.

Second, Washington increasingly provided direct aid to local governments, bypassing state officials; the theory behind this effort was that states were obstacles to reform.

Third, many pieces of federal legislation were aimed at helping categories of individuals such as the educationally disadvantaged, the handicapped, and limited-English speaking pupils. Each program developed extensive—and equally important—separate regulations, bureaucratic enforcement mechanisms, and Congressional oversight committees. Compliance with federal mandates became an important preoccupation of federal policy makers, and as well as recipients of federal aid.

Third, closely related to the foregoing, federal laws evolved from grants-in-aid as subsidies to local and state governments to what has been termed "regulatory federalism."[2] Regulatory federalism involves use of federal commerce and spending powers, as well as the 14th Amendment of the U.S. Constitution to regulate these lower governments. Federal regulation frequently is combined with grants-in-aid, such as is the case in E.S.E.A. or P. L. 94-142. Thus, there is a "carrot" to accompany the "stick." Regulatory federalism, however, can be purely regulatory; an example is the Rehabilitation Act of 1973 (Section 504).

The sweep of this sea-change in federal policy after 1960 was so enormous that it transcended the tenure of Democratic Presidents. While Presidents Richard Nixon and Gerald Ford sought to reverse the growth of federal power through a "New Federalism," much important categorical aid continued to be passed in their administrations. The reauthorized Bilingual Education Act of 1974, Family Educational Rights and Privacy Act of 1974, Rehabilitation Act of 1973 (Section 504), Education Amendments of 1972 (Title IX) and Education for All Handicapped Children Act of 1975 (P. L. 94-142) are examples. The ideology of federal activism was certainly one factor explaining this persistence. Another factor leading to institutionalization was that categorical programs served members of Congress quite as effectively for dispensing constituent favors as did the purely pork-barrel grants-in-aid, requiring constant trouble-shooting and complaint resolution.[3] Consequently, with some ebb and flow and modest changes in direction from Presidential administration to administration, this period of "creative federalism" continued unabated through the Carter Presidency.[4]

Federal Deregulation and Retrenchment 1980–Present

Ronald Reagan's ascendancy to the Presidency in 1980, of course, brought the second major realignment of federal power in the post-War period. Reagan had campaigned on reducing federal power by returning responsibility to state and local governments, a theme first raised by Richard Nixon's "New Federalism." Reagan, however, took deregulation a step further by promising to eliminate or reformulate many governmental functions which he believed could be addressed through privatization of service provision and market self-regulation. In the area of education policy, this philosophy of devolution led to reduced enforcement of regulations in federal categorical programs, including those pertaining to civil rights. His administration made unsuccessful efforts to aid private schools and voucherize the federal Chapter 1 program.

Perhaps his most notable success was to achieve eliminate and consolidate numerous categorical programs into a block grant, which came to be known as Chapter 2. This was all the more remarkable because of the poor track record of previous Presidents in instituting block grants.[5] To be sure, Reagan's victory was a partial one; the old Title I of E.S.E.A. politically survived this reorganization, and became Chapter 1.

This strategy of devolution had its most notable success in Reagan's first term as President, but was never reversed by his Democratic opponents in the Congress. Urban school systems were big losers in this reorganization because so many federal programs served student groups which exist in disproportionate numbers in urban public schools, such as low-income pupils, the educationally disadvantaged, limited English-speaking pupils, and because programs like E.S.A.A. had been created to address major urban problems. The combination of reduced total funding for Chapter 2, when compared with the total previous appropriations for the eliminated categorical programs, as well as its broader eligibility provisions benefiting many suburban and rural communities, shifted money away from urban school systems, those with high minority populations, and high poverty populations.[6] Chapter 1, the major program benefitting urban school systems because of its size and its eligibility requirements (a combination of poverty characteristics measured in a local context with proportions of educationally disadvantaged youth) suffered reduced appropriations until 1988, after which its funding recovered to approximately 1979 levels.[7]

The Reagan–Bush Administrations were not entirely a period of reversal for urban school systems. Due to lobbying efforts of the Council of Great City Schools and other urban allies, some programs such as the national dropout prevention program were saved in 1990.[8] A small number of new initiatives gained approval in Congress over administration opposition, such the federal magnet school program in 1983.

The overall deregulatory record of these years provides a mixed picture, then. This is due to the entrenched strength of regulatory federalism among constituencies, the federal and state bureaucracies, and Congress. Further, while posturing as a big deregulator, Reagan actually consolidated federal power in selective domestic policy areas consistent with his conservative philosophy. The number of federal education programs actually grew from about 150 to 220 in the Reagan–Bush years and appropriations nearly doubled in nominal dollars.

There can be less doubt about the Reagan strategy of fiscal retrenchment, particularly as it impacted on urban school systems. Figure 1 indicates the change in federal aids, as a percent of urban school system budgets, from 1960's to 1990.

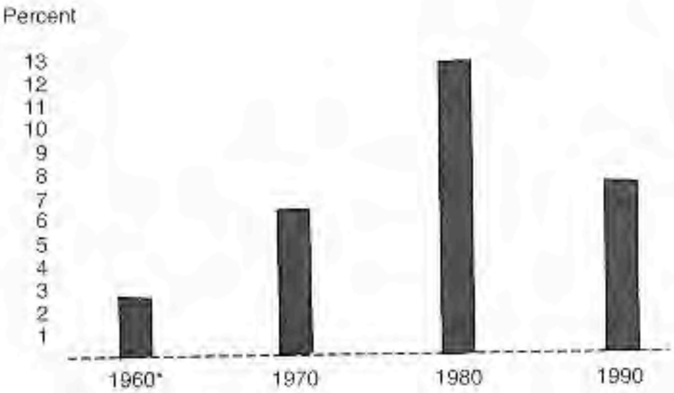

Figure 1. Federal Aids to Urban School Systems 1960–1990

Source: U.S. Bureau of Census. 1991, 1981, 1971, 1963. *Public Education Finances, 1989–90.* Series GF/90-10. Washington D.C.: U.S. Government Printing Office.

Note: Based on an analysis of the public school systems in 113 cities with populations of 150,000 or more in the 1990 Census. *1962 data were used because of reporting problems separating federal flow-through dollars from states in the 1960 data.

In the early 1960s federal aids comprised less than 3 percent of urban school budgets. By 1970 they had climbed to between 5 and 6 percent. A decade later in 1980 federal aid to urban areas was between 13 and 14 percent. (Individual school systems varied from this average, of course. New Orleans, for instance, had come to rely on federal aids for nearly half its budget.) By 1990, a decade after the "Reagan revolution" had begun, federal aids were down to between 7 and 8 percent. This was not much above the overall average of 6 percent for school systems nationally (not shown in Figure 1.)

There was a second aspect of the realignment of federal policy in the 1980s which was of equal importance to this strategy of fiscal devolution. Institutional adequacy became an important theme of the Reagan reform period. At first Reagan haltingly and reluctantly embraced the efforts of his first Secretary of Education Terrel Bell, who created a commission to study the decline of standards in American education. However, Reagan sensed the popularity of the Commission's report *A Nation at Risk*, and in his second term the President embarked on a campaign to restore standards to the nation's schools. Bell's successor William Bennett spent much time attacking the educational establishment, arguing that reform would not require additional money. Under President Bush this emphasis on standards took a more moderate turn, leading to the President's Education Summit with the nation's governors and subsequent adoption of six national goals in 1990. A National Educational Goals Panel was created to establish and monitor standards for these goals.

This federal policy shift toward improving efficiency and effectiveness in state and local efforts has a long tradition. It was advanced by Richard Nixon under the rubric of "capacity building," meant to blunt the trend toward long-term federal subsidies and socially redistributive programs. Federal aid would be targeted on a particular problem, but it would be short-term. Moreover, it was proposed as less regulatory than traditional categorical programs. While Nixon and Ford never succeeded in reversing the thrust of creative federalism created by their Democratic predecessors, the capacity-building strategy now has become a major approach in federal policy, as an adjunct to the larger goal of redeveloping the nation's economic well-being in the new international order.

The thrust of this capacity-building strategy, which emerged in Reagan's second term and was grafted on to the earlier theme of fiscal devolution, is not necessarily consistent with the former. Fiscal devolution to states and localities is decentralizing, while national goals, standards, and stronger national testing conjure up in the eyes of many the specter of increased centralization of policy initiative from Washington, not less. This same melange of decentralization and stronger central control characterized the Thatcher reforms.[9] Whether it represents an inherent contradiction or merely an evolution of regulatory federalism remains to be seen. The two may not be contradictory, of course, since policy at all levels of the federal system is pragmatic and represents compromise among diverse and sometimes contradictory goals and strategies.

The current rubric for capacity building is "systemic initiatives," targeted, as the title implies, at changing entire policy systems rather than particular programs. Typically the recipients of this approach have been states, which dominated discussions of reform in the 1980's. For example, the National Science Foundation (NSF) has given grants for statewide redesign of math and science. Recently, however, NSF gave planning grants to 17 cities with the largest populations of children living in poverty, to encourage improvements in science, mathematics, and technology which will bring student achievement in those school systems up to world-class standards. So far this federal-local initiative is an exception to the pattern of federal-state relationships encouraged by Republican administrations, who wished to reverse direct federal assistance which bypassed state capitals. Cities in particular had benefitted from that period of creative federalism because the states' historic hostility to urban areas.

To recap, the 1980s represented the second watershed in federal education policy in the last 50 years. This time the shift was inaugurated by Republicans rather than Democrats. It has been characterized by strategies for devolving funding and power to states and local school districts and a shift in focus from socially redistributive categorical programs to the rhetoric of capacity-building. While federal policy remains a "mixed bag," as was suggested earlier, the shift in direction was so fundamental that its importance, like that which ushered in the period of creative federalism, is likely to persist beyond changes of Presidents and political parties.

The Clinton Administration's Education Initiatives

It is impossible to characterize a Presidency on the basis of merely one year in office. Reagan's "New Federalism," for one, did not evolve fully until his second term. Still, 1993 revealed much about President Clinton's general thinking about education reform and his larger priorities as a leader. In this regard, what dominates is the theme of continuity with the past decade of federal policy rather than a radical departure from it. Insofar as urban school systems are concerned, there is little sign of a return to the halcyon days of large federal subsidies, although as shall be explained, some marginal increases in aid may occur.

The first signal of such continuity was the Administration's decision to package its initiatives to Congress under the old rubric of the Bush Administration's "Goals 2000." Secretary of Education Richard Riley, a former "reform governor" of South Carolina, finally unveiled the long-awaited package to Congress in October, 1993. Economic development continues to be the major lever driving federal education policy. Within this defining context, the Clinton administration strives to bring greater coherence to federal policy. As might be expected from a Democratic President, equality of educational opportunity has reemerged as a theme, but in much muted coloration and largely as a subtheme to the central effort toward capacity-building of state educational policy systems. The specific mechanism proposed for improving equity as effectiveness is increased, is "opportunity to learn" standards for each school, although the specifics of this proposal immediately became mired in controversy as to what they meant and how federal power would be used to enforce them. Clinton extended the efforts of his predecessor in attempting to codify the national education goals, establish a process of standards-setting, and authorize grants to state and local reform projects to meet the goals.

The major federal program benefiting urban school systems has been the $6.3 billion E.S.E.A. Chapter 1, accounting for 19 percent of the U.S. Department of Education's budget. For some years prior to Clinton's Presidency, the program was slated for overhaul. Significant changes were made in 1988 (P.L. 100-297). A Commission on Chapter 1 issued recommendations in 1992, including a study by the Department, and a National Assessment of Chapter 1 Independent Review Panel. The Committee on Education and Labor of the U.S. House of Representatives also undertook a study of the massive program, which was completed in Spring 1993 in time for reauthorization discussions. In this context of an emerging consensus favoring further changes in Chapter 1, the new administration proposed, among other things, greater concentration of grants on needy school districts and increased appropriation levels, both of which would benefit urban school systems. Under the first provision, 50% of Chapter 1 money would be concentrated in the poorest 25% of the nation's counties, compared with the existing concentration grant formula set at 43%. However, the proposals were stymied in Congress until 1994 when resistance developed from states which would lose funding under the new distribution formula. The administration eventually accepted a compromise, agreeing to target new Chapter 1 money more tightly, in exchange for not eliminating Chapter 2, as it had originally proposed.

The administration's fiscal 1995 proposals called for further funding increases in Chapter 1 from $6.3 to $7 billion. Depending on the outcomes of these proposals, some marginal increases in urban aid could be expected.

Improving the school-to-work transition is an important theme of the Clinton administration. Here Clinton's proposals have a heavily bipartisan flavor, and they borrow heavily from initiatives in Pennsylvania and Wisconsin and other nations such as Germany. Wisconsin's Republican Governor Tommy Thompson has been an active proponent of apprenticeship programs and related school-to-work initiatives. While initially proposed for all youth, these efforts have evolved to target on those who are not bound for college. Since urban school systems have large percentages of such youth, federal efforts could be helpful here. However, there appears to be little likelihood at this time of a large scale federal categorical subsidy to spur this effort forward. Indeed, the effort is likely to focus instead on retooling vocational education and Department of Labor education programs. The School to Work Opportunities Act of 1993 proposed a National skills Standards Board to support the development of occupational skills standards to guide curricula and instruction.

More broadly, inter-agency collaboration will be a major theme in the Clinton administration. In the systemic initiative focus of federal policy discussed above, the focus is on states and local school districts as initiators. By contrast, problems of inter-agency collaboration frequently have their origins in federal policies and programs. According to one analysis there are 76 major programs spread throughout the executive branch, which are in turn supervised by 9 Congressional committees and 19 subcommittees.[10] In other words, in seeking to coordinate federal programs, the Clinton administration faces formidable political obstacles, some of which have their origins in a jealously protective Congress. The reforms required will be difficult to achieve because they are myriad in number, of low visibility, and have a potentially negative impact on a wide number of beneficiaries, each of which heightens the political complexity and cost of reform. At the same time some changes will be relatively easy to start, such as granting of waivers for flexibility and greater interconnections among services for families and children.

Clinton is likely to be more generous with education funding than his Republican predecessors. He proposed roughly a 3 percent increase in appropriations to the Department of Education for fiscal 1995. These proposals also are likely to be reduced by Congress—in part due to Republican control of the Senate. The President's "Goals 2000" legislation, for example, quickly became mired in budgetary bickering, with the Congressional appropriations committees only willing to allocate $105 million in grants for state and local reform projects in FY94, rather than the $140 million the President requested. As a result the legislation was also forced to lay over until February, 1994, when it eventually passed with strong bipartisan support in the U.S. Senate. In these and other cases the new President must work within longstanding institutional constraints, such as budgetary politics which divide the executive and legislative branches as well as Democrats and Republicans.

So far, then, there is no evidence that Clinton will seek to reverse the Reagan revolution of 1980. To the aggravation of conservatives, he sounds much like them. As the next section indicates, there are several structural as well as regime-related reasons why the politics of continuity is likely to dominate the Clinton administration's budgets, particularly as it relates to urban issues and problems.

Explaining the Politics of Continuity

Presidents are elected promising to do far more than they can accomplish. Consequently, they must establish priorities and use their limited time and power to advance those priorities. In Mr. Clinton's Presidency, while education ranks as important, it is likely to play a far less significant place on his agenda than it did when he was governor of Arkansas. One reason for this is institutional. Education is primarily a state and local concern, by Constitutional delegation and a long tradition in our federal system. Only a president with extraordinary commitment to education as a matter of personal philosophy is likely to elevate this policy concern to the top of his domestic agenda; here Lyndon Johnson proved to be the notable exception. Yet Lyndon Johnson's understanding of the federal role and the use of federal power reflected his longstanding leadership role in the U.S. Senate. Clinton, on the other hand, like Carter and Reagan before him, is a former governor, who is likely to remain sensitive to the concerns of governors for maintaining state-local autonomy. His selection of a former Governor Richard Riley of South Carolina as his Secretary of Education, symbolized this deference. In his first year as Secretary, Riley showed little sign of elevating the low status of this role in the President's Cabinet, as had William Bennett during the Reagan years.

In addition, there are a number of regime-related reasons why other policy areas and considerations are likely to play a more important role than education. For one thing, Clinton was elected as a so-called "new Democrat" in the centrist mold he helped create through the Democratic Leadership Council. This group has sought to dispel the label Republicans successfully thrust upon earlier Democratic candidates for President such as Michael Dukakis that they are nothing more than "big taxers and spenders" with far-out "liberal" agendas. Accordingly, Clinton campaigned on getting the federal budget deficit under control as one element in restoring economic health to the country and reducing tax burdens on the middle-class. In his first term at least, Clinton must demonstrate that he has ended the economic recession he inherited upon his election in

1992. The scope of this problem is so enormous that it has placed a significant brake upon any new federal spending, despite the president's willingness to advocate a tax increase in 1993.

Part of the centrist strategy of the new President was a self-conscious effort to distance himself from appearing to be beholden to traditional Democratic constituencies such as labor unions and blacks. The strategy of "economic development" which is at the heart of the New Democratic Coalition's planning is one which willingly sacrifices allegiance to the priorities and programmatic benefits which are important to these groups. This is likely to reduce attention to cities, despite a modest package of aids to benefit Los Angeles and Chicago after the April, 1992 riots and the promise of more federal disaster relief to Los Angeles after the January, 1994 earthquake.

The President also made it clear during his first term of office that health care would dominate his agenda. This is partly a personal commitment of his and First Lady Hilary Rodman Clinton. Equally important though, the President appeared to be convinced as more than a matter of rhetoric that the economy cannot be restored to good health without health-care reform.

Of course, such reform would contain numerous provisions affecting services to school children. (The omnibus crime bill working its way through Congress also contained indirect benefits for schools.)

If health-care reform is accomplished, the President's announced second priority is welfare reform. At the end of 1993 the administration was seeking ways of slowing down this initiative in Congress, even as they appeared to be fully committed to it. The President recognized, after a painful year of political missteps and miscalculations, that his power to effect change by moving his proposals through Congress was limited at any one point in time. Yet the pressure on him to elevate welfare reform to a higher priority was so strong that he devoted considerable attention to it in his State of the Union address in January, 1994. Significantly, while the President spoke passionately about children in that same address, education reform was not a prominent theme.

The President's slow progress in winning Congressional approval of his education proposals in his first year as President reflected, if not his recognition of the institutional limits on his leadership, then the reality of them. He was preoccupied in 1993 with other more important matters such as the deficit reduction package and the North American Free Trade Agreement. To win these victories, he had to campaign and cajole and offer political rewards. As a result, his education proposals languished in Congress. Despite a last minute push the Department of Education could not free up its "Goals 2000" bill for consideration by the Senate. In the House the reauthorization package remained delayed in the Subcommittee on Elementary, Secondary, and Vocational Education because of the administration's inability to resolve questions such as the Chapter 1 targeting formula, Chapter 2, magnet schools, the authorization of new programs, and other matters. Presidential leadership was not available to untie these knotty issues. While this apparent void can be explained partly as a function of the new President's inability to set clear priorities, it also reflects the limits inherent in any President's power in this period of "the Institutional Presidency."

To be sure, the President could point to some modest achievements in the area of education. The appropriations process for FY94 was completed in the Fall, 1993 with small nominal dollar increases for Chapter 1 (3.5 percent), concentration grants (2.7 percent), math and science education (2 percent), immigrant education (32.3 percent), bilingual education (2.5 percent) and others. However, some programs important to urban school systems, among others, such as magnet schools, dropout prevention and vocational education, were frozen at FY93 levels. Chapter 2 block grants were cut by 15.2 percent, signaling a possible shift back toward categorical programs, and drug-free schools were cut by 18.6 percent. In short, spending increases, as well as cuts, were largely at the margins. Even FY95 proposals for somewhat greater increases in many Department of Education programs should be viewed with this fact in mind.

For a President elected by such a slim plurality as Mr. Clinton in a three-way race, the larger considerations of Presidential reelection must remain paramount. Hence controlling the federal deficit and winning one or two major victories such as health care and welfare reform are likely to be the President's major priorities. All these forces speak to the politics of continuity.

The Declining Electoral Power of Cities

Cities no longer have the electoral strength they did for many decades. While they remain about one-third of the total U.S. population (a constant since 1950), their rate of growth in the 1980s was less than half that of suburbs. Many Northeastern cities continue to lose population. Consequently, by 1988 nearly 60 percent of the population in metropolitan areas lived outside central cities.[11] Despite the continued legality of gerrymandering under the revision of the Voting Rights Act, members of the House of Representatives represent increasingly large (on average 570,000 constituents) and diverse electoral districts. So far the inclusion of suburban areas in formerly urban districts appears to have benefitted suburbs more than central cities. For U.S. Senators and Presidents urban areas likewise carry less political weight than formerly.

Counterbalancing this population decline is a trend toward increasing numbers of African–Americans and Hispanics in Congress, many from urban areas. For example, the Congressional Black Caucus was outspoken in its criticism of the President's withdrawal of his nominee for Assistant Secretary for Civil Rights. While the President may need this group for key Congressional votes, such as health care reform, their impact on national domestic policy remains disjointed.

From a purely political point of view, the President's posture as a centrist requires that he avoid too close an identification with racial minorities, which may explain his cool relationship with the Rev. Jesse Jackson. The pressures on the President from the right, and from public opinion generally, cause him a emphasize welfare reform, a subject fraught with racial overtones. In the week following the President's discussion of this topic in his January, 1994 State of the Union address, it became clear that the administration had little idea of how it would implement its guarantee of a job for all former welfare recipients, and the nation's governors warned him that the promise of jobs should be decoupled from welfare reform. While it is perhaps too much to ask that all such details will have been thought out even before the administration had advanced a legislative proposal, after a year in office it remained quite unclear how the Clinton administration would achieve the broad promise of welfare reform. Indeed, such lack of clarity only reinforces the impression that welfare reform is mainly about reassuring the dominantly white middle-class, not helping the urban and other poor.

In the face of declining electoral strength in cities, they do not play a major role in the Clinton administration's domestic agenda. The administration's "empowerment zones" is a reworking of the "enterprise zone" concept of Reagan and Bush, which never got off the ground, but not a significant departure from several decades of unsuccessful federal policy.[12] While the $3.5 billion appropriation over five years is considerable, Clinton is seeking to slash other urban-oriented programs such as public housing. Thus, there is little evidence that cities will receive any greater attention than urban school systems in the Clinton administration.

Conclusion

All the early signs of the Clinton administration's first year in office suggest that urban schools are unlikely to recapture the political ground they lost during the 1980s, despite significant evidence that their needs are increasing. The temptation for this President will be to treat the fortunes of city pupils and urban residents largely indirectly. Thus, it can be argued that improvements in Chapter 1, better school-to-work programs, systemic initiatives, and so on, ultimately will benefit urban pupils and their schools. Similarly, health care reform and welfare reform, should they pass, can be held out by the President as policy responses which will benefit urban residents as well. Whether this is true, or only mistaken optimism, or, indeed, whether it is cynical, symbolic politics is a matter upon which there is likely to be much disagreement.

It is very clear, however, that the Clinton administration, like its immediate predecessors, does not see the need for a comprehensive urban policy. Within the field of public education, there has been almost no discernible attention given to this task. The concept of "empowerment zones" in the municipal arena is so obviously flawed in its narrow and rehashed conception that it is barely credible as a national urban policy.

There are straightforward political explanations for why such a policy has not emerged, and why it is not contemplated. The development of such a policy would require that we address very complicated questions such as the changing nature of cities as economic, social, and cultural entities. Race and poverty, and the controversy their discussion generates, are important features of this problem. A national urban policy would have to recognize the diversity within the nation's cities, and thus would require flexible policy responses.

Ironically, there is much attention given at the present to "reinventing government" and even a Vice-Presidential Commission devoted to this end. Yet the cancer at the core of the nation's life—the declining quality of life in our central cities—is assiduously avoided. Until the nation's conscience is reclaimed to address this problem, urban education is unlikely to be reinvigorated by the federal education policies of the Clinton administration.

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Rural interests have long argued that the federal government is insensitive to the needs of rural schools, or worse, that a widespread anti-rural, pro-urban bias permeates all levels of the federal policy communities.

Recent History of Federal Support For Rural Education

E. Robert Stephens

Introduction

Rural interests have long argued that the federal government is insensitive to the needs of rural schools, or worse, that a widespread anti-rural, pro-urban bias permeates all levels of the federal policy communities. Assertions of this type gained momentum in the late 1970s and early 1980s and have continued unabated, and largely unchallenged, to the present time.

The work of a small handful of policy analysts and rural education advocates is largely responsible for challenging the equity and fairness of federal efforts in rural education. Perhaps the most critical judgments were those offered by Sher,[1] Irwin,[2] Bass and Berman,[3] Gjelten,[4] and Hern.[5] Though the purpose and the rigor of the investigations and advocacy pieces undertaken by these authors differed, a number of common themes were stressed by most. The claims that seem to be most damaging for rural interests include: federal formula grants targeting special populations of students that use the total number of students as an eligibility criterion, as opposed to a minimum number, will automatically bias against rural systems having small enrollments, as most do; similarly, formula grants having as a condition of eligibility a local district matching requirement will also bias against poor wealth rural systems, as many are; the major discretionary programs usually contain a density bias that will handicap rural, low density, districts; rural districts also tend to be further handicapped in pursuing discretionary funds because of their inability to mount successful "grantsmanship" efforts; closely related, the paperwork ordinarily associated with the application for and monitoring of federal assistance programs is especially burdensome for rural systems who generally lack the administrative support systems found in larger districts; and, federal reporting systems and analytical reports on the condition of public education are ineffective in providing a consistent, comprehensive profile of rural systems.

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Over a decade has now passed since the relative flurry of highly critical evaluations of the federal role in rural education were first issued. Not a great deal of attention in the ensuing years has been given to testing the theses advanced by these earlier critics. The few efforts in the late 1980s and early 1990s that were undertaken also provide some insight on the merits of the claims and are outlined below.

It is important that continuous attention be given the issue of the equity, fairness, and responsiveness of federal assistance to rural systems for several reasons. On the one hand, rural districts, despite huge reductions in their number over much of this century, correctly called "one of the most awesome and least publicized governmental changes in the nation in the twentieth century,"[6] continue to: represent approximately one-half of the over fifteen thousand operating public school districts in the nation; enroll approximately one of eight public elementary–secondary students; and, employ approximately one of twelve public school professional personnel.[7] These estimates represent a huge enterprise. How well this enterprise is reflected in federal policy debates, and whether or not rural systems receive their fair share of federal efforts to improve access to equal educational opportunities, certainly one of the continuing principal raisons d'etre of federal involvement in education, is therefore of vital interest. Moreover, the most recent federal emphasis on the promotion of systemic reform, and the pursuit of other policy objectives, clearly cannot be indifferent to how these initiatives are likely to impact nearly one-half of the public school universe in this nation.

Furthermore, it is important that both existing efforts as well as those currently under consideration by a new administration and Congress be examined so that the debate concerning what should be the preferred federal role be based on timely information, not old stereotypes, no matter how reasonable these may have been when first asserted. It could be, for example, that some of the building blocks of a needed comprehensive and cohesive federal policy for rural education may have already recently been put in place and ought to be preserved and strengthened in the future.

Objectives Pursued Here

The objectives of this piece are three in number. First, an overview will be provided of what are regarded to be major efforts aiding rural systems launched during the past approximately fifteen-year period. Examining new Congressional and executive branch initiatives undertaken from approximately 1980 through most of 1993 is meaningful for several reasons, in addition to the fact that this time span is attractive as a relatively reasonable period for establishing any discernable trends that might be observable. For example, cabinet-level status for the Department of Education was authorized in 1979 and took effect in 1980. Ostensibly, one of the hopes of the proponents of this elevated status for education on the national scene was that the needs of all of education urban, suburban, and rural were to enjoy greater visibility in national domestic policy debates. Furthermore, the period 1980 through 1993 covers the terms of two Republican presidents as well as the early months of a Democratic presidency. With one exception, that in the early 1980s, both Houses of Congress were controlled by the Democratic Party. The significance of what is commonly called an era of divided government for most of the time period focused on here is of course potentially huge and must be acknowledged in any attempt to profile recent federal efforts in education.

The second objective is to offer a number of observations concerning what did not happen during the period focused on here. Finally, the major education proposals under consideration by Congress in the fall of 1993 will be reviewed to determine to what extent, if any, these are likely to be supportive, are neutral, or represent a set-back from any gains that rural interests may have realized in recent years. Three major proposals that are to be considered by Congress in the winter and spring of 1994 will be emphasized: Improving America's Schools Act of 1993, the reauthorization of the Elementary and Secondary Education Act; Goals 2000: Educate America Act; and, the Rural Schools of America Act of 1993.

Before discussing the promising practices as well as the disappointments of recent years, however, it is important that the context in which old concerns were or were not addressed be at least sketched.

The Changing Context of Federal Efforts

There is little question that the federal role in elementary–secondary education has changed dramatically over the past three decades. The 1960s were of course characterized by the beginnings of numerous initiatives to achieve equity. While this same goal held through much of the 1970s, federal oversight also became prominent. Still other dominant features characterize the 1980s, mainly a retrenchment of the federal presence in education.

That there was a major reduction in the federal role in elementary–secondary education during the twelve years of the Reagan and Bush administrations seems irrefutable. In an especially useful analysis of the first five years of the Reagan administration, these changes were characterized as a "deemphasizing, diminishing, and decentralizing the federal role in education."[8]

To support their basic thesis that a major reduction occurred, Clark and Astuto suggest that it is instructive to compare the language that dominated the pre- and post-Reagan federal role in education: from equity to excellence; from needs and access to ability, selectivity; from social and welfare concerns to economic and productivity concerns; from common school to parental choice, competition; from regulation, enforcement to deregulation; from federal intervention to state and local initiatives; and, from diffusion of innovations to exhortation, information sharing.[9]

They also offer the conjecture that the basic changes in federal policy witnessed in the early 1980s will be both institutionalized and then broadened over the ensuing five to fifteen years.[10]

In a later, equally insightful analysis, Verstegen[11] supported the prediction of Clark and Astuto that the changes brought about in President Reagan's first term were likely to be institutionalized with her conclusions that: though federal aid to elementary–secondary education administered by the Department of Education increased 35 percent from 1981 to 1988, in real terms revenue actually decreased twelve percent; moreover, funds for several individual programs including research and statistics, the Elementary and Secondary Education Block Grant (the centerpiece of President Reagan's "new federalism"), bilingual education, and vocational and adult education decreased even more in real terms; and, importantly, elementary and secondary education assistance programs would be funded at a lower rate if Congress had not ignored the administration's proposals and in several cases appropriated more monies than requested by the administration.[12]

A recent report of the National Center for Education Statistics[13] includes federal expenditures for elementary–secondary education for all federal departments and independent agencies, not just the Department of Education. Hoffman argues that there was an increase of three percent between 1980 and 1992, with most of the gain, however, occurring during the just-concluded four-year term of President Bush.

Even though the late increases in the overall, government-wide, support for elementary–secondary education may have reversed the earlier declines in the funding of Department of Education programs, other evidence to support the general pattern of a diminished role is available. There is general agreement, for example, with the estimate of the National Education Association that in 1992, federal aid represented approximately 6.4 percent of all revenues for elementary–secondary education, a decrease of one percent from 1982.[14] Even more telling, perhaps, is a 1990 estimate by the National Education Association that asserts that:

> If education spending had remained constant at 2.5 percent of the federal budget its share in FY 1980 America's education institutions would have some $6.7 billion more to spend for essential education programs in FY91.[15]

Despite the ideological shifts attempted by the Reagan and Bush administrations that no doubt were in part greatly facilitated by a number of major economic issues that surfaced in the late 1980s, some benefits to rural education did in fact occur in recent years. These are briefly discussed below.

Promising Recent Initiatives

A number of promising initiatives were launched by the federal government since the early 1980s. Ten of these judged to be of particular significance are cited in Table 1. The ten are highlighted because they satisfy one or more of the following selection criteria used in this portion of the exercise. To be included, an initiative must: address a critical need facing many of the nation's rural systems, establish an important precedent, or hold promise of laying the foundation for sustained, long-term benefits.

It can of course be argued that the use of the second and third selection criteria contributes to an inflated profile of promising developments, or one that is unnecessarily speculative. While conceding some merit to these lines of argument, the weight given to the importance of the establishment of a precedent is based on the belief that being able to do so continues to be highly valued in public policy debates. The use of the third criterion, though somewhat speculative, is warranted because it is one way to accommodate the inclusion of promising developments just beginning that may take years to materialize.

A number of the ten initiatives cited are viewed to be of such extraordinary importance that they are briefly elaborated on below. The first, the adoption of the "Rural Education and Rural Family Education Policy for the 1980s" by Secretary of Education Bell in 1983 is believed to be without precedent in recent history wherein an agency head singled out one sector of the public school universe for special attention. True, the language of the bill authorizing the establishment of the Department of Education (ED) directed that a new organizational commitment was to be given the nation's rural schools (Public Law 96-88, Section 206, 1979). Secretary Bell, however, chose to be very emphatic in responding to the statutory directive by prefacing the policy statement with an equally clear statement of intent:

> Rural education shall receive an equitable share of the information, services, assistance, and funds available from and through the Department of Education and its programs.[16]

Unfortunately, there is little evidence that the comprehensive, sweeping declaration of an agency head resulted in major substantive changes in the behavior of ED, in part, perhaps, because Secretary Bell departed ED soon after the adoption of the policy.[17] Nonetheless, the Secretary's action demonstrated what is possible working within statutory language authorizing the Department of Education, language that, it is important to note, is still in force.

The second of the ten initiatives, the Congressional directive to ED in 1987 that it launch a "Rural Initiative" and place this responsibility in the Regional Educational Laboratories[18] is also of extraordinary importance. Alone among the ten, the "Rural Initiative" is judged to have contributed to all three criteria used in this exercise, and, moreover, spawned one additional development cited, the designation of a "rural coordinator" in ED.

Table 1. Major Federal Initiatives Benefitting Rural Education Launched Since 1980

Year	Initiative[a]	Major Significance[b]
1. 1983	Adoption of "Rural Education and Rural Family Education Policy for the 1980s"	B
2. 1985	Development of new typology of nonmetro counties based on primary economic activity	C
3. 1987	Enactment of Regional Educational Laboratories "Rural Initiative"	A, B, C
4. 1988	Enactment of Rural Technical Assistance Centers, Chapter I	A
5. 1988	Designation of "rural coordinator" to monitor regional lab rural initiative	B, C
6. 1989	Enactment of "Star Schools Program"	A
7. 1989	Development of "Johnson Code" for classifying schools by type of locale	B, C
8. 1990	Development of new typology of nonmetro counties based on size of population and proximity to metro counties	B, C
9. 1990	Establishment of Rural Development Administration	C
10. 1993	Development of "School District Data Book"	B, C

[a] Program responsibility rests with the Department of Education for all but #s 2, 8, and 10, where the administrative unit is the Department of Agriculture.

[b]A = address critical current needs
B = establish important precedent
C = lay foundation for potential sustained, long-term benefits

Though the appropriations to the original nine, now ten, regional laboratories to implement the "Rural Initiative" have never been large (ranging from approximately $25 to $30 million annually), the regional laboratories have nonetheless begun to demonstrate, at least collectively, that they can: provide technical assistance to state education agencies and local districts on a wide range of contemporary instructional, organizational, and planning issues facing rural districts in their service regions; serve as a national network for the collection and analysis of timely information on the status of rural schools; and, serve as a national network for the examination of the implications for rural systems of the national education goals and other federal priorities.

Moreover, the "Rural Initiative" is contributing to the creation of a critical mass of staff in many of the regional laboratories having expertise in rural education matters. Some of the very best work in rural education is now being produced in a number of the regional laboratories, and, most recently, through the beginnings of meaningful collaboration among them. The concentration of staff expertise in the laboratories having a charter to devote their total energies in the furtherance of rural education interests might well be one of the most enduring, long-term benefit accruing to rural schools of any of the ten recent developments highlighted here.

Still another benefit of the 1987 "Rural Initiative" was the need for the Office of Educational Research and Improvement, the administrative unit in ED having responsibility for the program, to designate one of its staff to monitor and coordinate the work of the laboratories. The current coordinator is widely credited with accomplishing a number of major efforts beneficial to rural education, most notably: the publication and widespread dissemination in 1991 of a first of its kind ED report that identifies research and development priorities that is intended to focus the work of the research and school improvement communities[19]; the publication by ED of a relatively comprehensive report on the status of rural education[20]; helping to create communication networks of rural education advocates across federal departments and independent agencies, and between federal units and professional associations; and, serving as an advocate for rural education within ED.

The long-term benefits of four of the remaining developments are related and also warrant mention as being of potentially extraordinary significance for rural education interests. Clearly one of the most troubling issues confronting the federal policy, research, and school improvement communities over time is the absence of a consensus on how one should define a rural school system. This handicap, that has been commented on by many, has resulted in the use of widely diverse definitions among federal departments and independent agencies and has virtually precluded the meaningful resolution of the claims and counterclaims surrounding the issue of whether or not rural schools receive their fair share of federal assistance programs.

Work on the four initiatives, however, has the potential of resolving the definitional issue in that they together have overcome a number of technical (but not policy) issues that have in the past impeded reaching a consensus on an acceptable, uniform definition. For example, the "Johnson Code", developed by ED's National Center for Education Statistics in 1989, classifies all of the nation's schools (not school districts) into one of seven locale categories based on ZIP Code designation. Two of the categories used allow the identification of the community types that most would likely agree are the sites of the vast majority of rural districts (rural locale, a place of less than 2,500 people or a place having a ZIP Code designated rural by Census; and, small town, a town within an SMSA and with a population less than 25,000 and greater than or equal to 2,500 people).[21] The new School District Data Book (SDDB), also developed by ED's National Center for Education Statistics, in cooperation with the U.S. Census Bureau, provides a selected socioeconomic and demographic profile of every public school district in the nation. Moreover, the SDDB can be merged with school district financial, enrollment, and staffing data collected by NCES at periodic intervals.[22] The SDDB promises to be a powerful analytical tool available to the research and school improvement communities.[23]

These two efforts have solved many of the technical issues present in the rural school definitional issue. They make possible the testing of the costs and benefits of the use of alternative sparsity, enrollment, or the other viable criteria that should be included in any definition of a rural district.

The two recently developed typologies by the Department of Agriculture's Economic Research Service (ERS) also have great potential significance for rural education. The first of these classifies all nonmetropolitan counties according to their primary economic activity (e.g., agricultural-related, mining-related, persistent poverty).[24] The second classifies all nonmetropolitan counties according to their size of population and proximity to a metropolitan county.[25]

The availability of both of these classification systems makes it possible to address the legitimate concerns of those who argue that the use of a common rural district definition will obscure the demonstrable diversity present among these types of systems across this nation. A reasonable solution to the diversity issue would seem attainable.

Both the two NCES efforts and the two ERS efforts were worked on independently. Thus, the benefits for rural interests at this point remains only a potential. The technical difficulties of effecting a merger of these efforts would appear to be solvable.[26] The policy debates that would need to be held in order to do so, however, are likely to be heated, but have yet to occur.

The potential benefits of the final of the ten developments, the establishment of the Rural Development Administration (RDA) within the Department of Agriculture in 1990, is probably even more problematic, given the short history of similar predecessor efforts to develop a cohesive national policy for rural development. Nonetheless, the goals of the President's Council on Rural America, on whose advocacy the RDA was created, are the closest existing example at the federal level of the recognition that comprehensive and cohesive federal policies are, on the one hand, an absolute necessity for the revitalization of rural America, and, on the other, that a strong, healthy education infrastructure is a prerequisite for sustained rural economic and community development.[27] There does seem to be a renewed commitment in both the legislative and executive branches that the traditional piece-meal, fragmented approaches to the multi-faceted issues present in rural economic and community development have been less than effective, as well as too costly. It is for these reasons that guarded optimism is held that the RDA just might succeed. Should this be the case, rural education should reap renewed attention and a vastly increased commitment.

What Did Not Happen?

The preceding overview of what are regarded to be major steps undertaken at the federal level in recent years might leave the impression that the period 1980–1993 was marked by an unbroken series of successes, or potential future good fortunes, for rural education interests. Clear progress has been made on a number of important fronts. The recent track record, however, is hardly one of unbroken accomplishments. Indeed, little in the way of a meaningful federal response is evident on a number of the most damaging charges regarding federal practices. In addition, several windows of opportunity failed to be seized that could not only have facilitated the resolution of a number of substantive concerns, but also would have had symbolic value as well.

Following is another overview of what are judged to be major non-events of the past recent history. The themes introduced are organized into two categories:

- those addressing long-standing needs facing many of the nation's rural districts where action should have been taken, consistent with the prevailing norms concerning the role and function of this level of government in education matters
- those representing missed windows of opportunity, defined narrowly here to be situations where ED moved to better serve the nation's urban school systems and private education, yet failed to implement parallel action for rural systems.

No attempt is made to offer possible explanations of the set of complex issues that no doubt were at play that caused the perceived failures to occur. Clearly differing world views of the nature of the rural education "problem", competing ideological and political perspectives on the larger issue of the role of the federal government in education, as well as other factors, including perhaps even the possibility of oversight, would all have to be taken into account. But consideration of these complex matters is beyond the scope of this article. Rather, the list of missed opportunities represents one person's view of important steps not taken that would have benefitted rural education.

Continued Neglect of Long-Standing Concerns

One of the most serious inducements against the federal government raised by rural interests over time is that rural schools do not receive an equitable share of federal assistance programs. This claim has been levelled not only with regard to the big-ticket formula programs, but the large number of discretionary programs as well. Unfortunately, no progress has been made during the past fifteen years to shed light on this issue. While a number of efforts were initiated that attempted to do so, largely on the insistence of Congressional interests, there is still no definitive, conclusive answer to the question.

The primary reason for the continued absence of a response to the charge is of course in large part related to a lack of a common definition of what is to constitute a rural school district, a point alluded to previously. As a result, attempts to establish the rural share of the big-ticket formula grants undertaken in the 1980s are limited in their conclusions.

A General Accounting Office (GAO) study issued in 1989, for example, reported that in 1985 the rural percent of the large Educationally Deprived Children-Local Education Agency Grants was nineteen percent, and twelve percent of the Bilingual Education Grants. The GAO could not establish the rural percent of the relatively massive Vocational Education–Basic Grants to the states.[28] The definition of rural districts used by the GAO were those located in "counties with urban populations of less than 20,000."[29] A major, mid-1980, ED-sponsored study of Chapter 1[30] used eight different enrollment size categories for establishing the recipients of these formula grant monies. Rural districts were defined in this instance as those enrolling less than one thousand students. Dubin's[31] comprehensive study of the distribution of all major federal programs, that included elementary–secondary assistance programs, is also of limited value because the analysis is based on funds going to different types of metropolitan or nonmetropolitan counties, not school districts, many of which have geographic boundaries that are not coterminous with county boundaries.

The Stephens[32] report identified which of the 140 elementary–secondary formula and discretionary programs administered by ED in FY 1990 contained, either by statute or ED regulations, a rural set-aside. His probe established that twelve of the 140 programs did (including the previously cited *Rural Technical Assistance Centers, Chapter I*, and the "Rural Initiative" of the regional educational laboratories). However, no uniform definition of a rural system was used in the twelve programs, the majority of which were targeted on special populations of rural students and were begun in the mid to late 1980s. With regard to the equity of the formula programs for special populations of students, it was observed that:

> The fact is, this exploratory effort cannot address this question and it is likely that even more appropriate inquiries would be handicapped in doing so. This is so for several major reasons, . . . : most of the big-ticket items administered by ED are grants to the states which make use of their own largely self-determined distributive formulas; and, there is no standard definition of rural presently used by either the federal government or by the states. What can be said is that any formula grant program that uses a population factor in its mathematical formula (many do) or any grant program that uses a cost per pupil factor in its mathematical formula (as several do) potentially can discriminate against a rural small school district's efforts to address the needs of its special populations.[33]

A second major long-standing concern of rural interests is that the federal government has no cohesive policy to assist rural education. One certainly would have expected a comprehensive federal strategy to be forthcoming, at least from the Department of Education, given the clear Congressional directive in the authorization act establishing the department that it was to make extraordinary efforts to pay attention to rural schools. As commented on earlier, then Secretary of Education Bell in 1983 did adopt a wide-ranging policy statement that, if implemented, would have resulted in substantial benefits as well as had important symbolic values to rural schools. But the great potential of 1983 policy was never realized.[34] If anything, the poor performance of ED in implementing the 1983 policy statement had the added negative effect of reinforcing the existing widespread cynicism in the rural education community.

Missed Windows of Opportunity

Other evidence of failures during the past approximately fifteen-year period is also available. Three missed opportunities in particular stand out as being especially difficult to comprehend. All three involved inaction by the Department of Education to address rural education when it chose to do so for either urban education or private education. In 1990, ED identified an urban focus for one of its new Research and Development Centers; none of the remaining twenty-three centers was earmarked for an emphasis on rural education. This was done despite the fact that ED had been working for several years prior to 1990 on the previously cited "An Agenda for Research and Development on Rural Education." Secondly, in 1991, ED completed work on a new classification system for describing the diversity among the nation's private schools[35]; no comparable organizational resources and energies have been devoted to establishing a meaningful topology of rural systems. Finally, for most of the fifteen-year period, ED has sponsored an "Urban Superintendent's Network" that entails periodic meetings of representatives of the nation's large urban systems with senior-level staff of the department; no comparable rural superintendents' network has ever been initiated.

New Legislative Proposals

As established earlier, the profile of new legislative proposals and their likely benefits for rural education will concentrate on three education initiatives currently under consideration in this session of Congress: Improving America's School Act of 1993, Goals 2000: Educate America Act, and the Rural Schools of America Act of 1993. Though other education bills have either already been passed or introduced, the three singled out for emphasis are regarded to be of most significance. Together, certain features of the three, if enacted, will both address long-standing issues as well as aid rural systems in meeting the new demands being made of rural school districts.

Improving America's Schools Act of 1993

The proposed amendments to the Elementary and Secondary Education Act (H.R. 3130 and S. 1131), that promise to be the most far-ranging changes in the act since its adoption in 1965, is shaping up as perhaps the most volatile of the three legislative proposals highlighted here. Rural education is likely to be both winner and loser in the reauthorization debate that is predicted to accelerate in the late winter and spring months of 1994.

The most fundamental proposed change, and the one that represents a loss for many rural systems, would change the funding formula for Chapter 1 of the ESEA. There appears to be widespread support for the targeting of Chapter 1 monies (that will likely be in the range of $7 billion annually) to schools with high concentrations of poor students. The administration's proposal would set aside fifty percent for concentration grants to the poorest areas (compared to ten percent at present). It would also increase the threshold for eligibility to receive a concentration grant from the present requirement that a county have ten poor children, or a fifteen percent poverty rate among school-age children and youth, to a minimum of 100 poor children or an eighteen percent poverty rate. This proposed change in the formula has generated counter-proposals from rural interests, who are predicted to be losers if the formula stands as proposed. The Department of Education estimates that fifteen states will lose monies in FY 1995, led by several states with large numbers of rural systems (e.g., Iowa, a loss of 29.4 percent; Maine, a loss of 28.2 percent).[36]

Other features of the proposed legislation that, if retained, will clearly assist rural systems in addressing both traditional difficulties as well as aid in meeting the rising expectations of public education include: the strong emphasis given to staff development that is to be aligned with the voluntary content standards, that in turn are to be aligned with the national education goals; the strong emphasis given to technology, including: the creation of an Office of Educational Technology in the Department of Education, that among other functions, is responsible for developing a national long-range plan for the educational use of technology; and, a continuation of the Star Schools Program that has in the past been so beneficial to many rural districts; the use of grants and contracts to establish a technical assistance capacity that will aid state and local agencies in achieving greater equity in state funding formulas; the provision of incentives to post-secondary institutions that should encourage their more meaningful engagement in elementary–secondary reform efforts; and, the emphasis given to the promotion of collaboration among schools and other agencies.

Goals 2000: Educate America Act

This proposed bill is the major legislative proposal advanced by the Clinton Administration. There are at present substantial differences in the House version (H.R. 1804) and Senate version (S. 1150), and how these differences will be reconciled is of course not known at this time. There is general agreement, however, on a number of key provisions that are of significance to rural education.

The bill, authorized for $393 million in FY 1995, and such sums as necessary for FY 1995 through 1998, is a grant program to the states to develop and implement state plans for the systemic reform of education. The chief provisions of the proposal include: the establishment of the six national education goals as federal policy and, if the House version is enacted, that civics and government be added to the competencies students must demonstrate, and that teachers must have access to professional development; the establishment of national and state voluntary education standards, or content standards; the development of national and state voluntary student performance standards that are aligned with the content standards; and, the development of national and state voluntary opportunity-to-learn standards for assessing whether or not the resources, programs, and practices are available at each level of the educational system necessary for students to acquire the competencies and skills called for in the national or state content standards.

The proposed development of the opportunity-to-learn standards potentially has far-reaching implications for rural education. Which ever version is enacted, the more prescriptive House proposal that would require greater accountability of the states than would the Senate proposal, a focus on whether or not rural schools have the institutional capacity to meet the content standards most assuredly represents a major breakthrough for rural interests. It would seem that the inclusion of opportunity-to-learn standards in the proposed bill institutionalizes in federal policy what a number of state courts in recent year have already done by their insistence that an adequacy criterion be used as a test of whether or not a state funding formula is constitutional.

Rural Schools of America Act of 1993

The third major legislative proposal, the "Rural Schools of America Act of 1993" (H.R. 1687 and S. 1472), is certainly one of the most ambitious Congressional initiatives intended to assist rural education. The potential benefits of the bill as proposed (or, even if the bill is folded into the proposal amendments to the Elementary and Secondary Education Act, as some observers predict might happen) are significant. Chief among these are the following: the authorization for the appropriation of $1.5 billion in the first year, and as needed annually through FY 2000, to support rural schools most in need of assistance in meeting the national education goals; the strong emphasis given to supporting applications that give prominence to widely acknowledged problems facing rural schools, including the recruitment and retention of staff, staff development, and access to educational technology; an equally strong emphasis given to supporting applications that give prominence to assisting rural schools in new initiatives that are also widely acknowledged as having potential for strengthening rural education, including the development of consortia to strengthen curriculum offerings, coordination and collaboration with other youth-serving agencies, efforts to encourage making the rural school the community learning and service center, and the development of broad-based rural community advisory groups; the authorization for an appropriation of an additional $1.5 billion in the first year, and as needed annually through FY 2000, to rural districts for the construction, repair, or renovation of instructional space including facilities for the use of telecommunications technologies; an amendment to the Department of Education Act of 1979 that would establish an Assistant Secretary for Rural Education; the requirement that the Secretary of the Department of Education report to the Congress no later than January 1, 1995 the impact on rural schools of federal regulations, guidelines, and policies; the establishment of rural school research and evaluation centers to be operated by the ten regional educational laboratories; the establishment of a new Interagency Council on Rural Schools composed of the secretaries of Education, Labor, Health and Human Services, Agriculture, Energy, and Commerce, as well as the directors of several independent agencies; and, the sponsorship of a White House Conference on Rural Education no later than the end of October, 1996.

The provisions of the proposed bill address a large number of the concerns raised here regarding the past performance of the federal government. The relatively huge $3 billion annual authorization, along with a companion $3 billion proposed for urban education introduced under separate legislation, is of course likely to be a major handicap to final passage in its present form. It is important to note, however, that several of the provisions highlighted here are relatively low-cost, yet would represent real gains for rural education interests. The probability certainly exists that these low-cost features will be recognized as such and retained, either as a separate bill or folded into other legislative proposals.

Concluding Comments

The profile of recent federal efforts to address rural education issues provided here should be both comforting and distressful to the rural education community. The inability to address the basic question of whether or not rural schools receive their equitable share of federal assistance, even by the use of a narrow standard of this criterion, must be viewed as a major disappointment. Further, some might argue that what is identified as representing progress is reaching. It is conceded that the time period used here is a relatively long period and the list of benefits cited, that concentrated on activities of the Department of Education, is admittedly not too long, and nearly offset in number by perceived missed opportunities as well.

Nonetheless, one should be encouraged by the beginnings of a number of initiatives that have great potential for benefitting the nation's rural school systems. Especially noteworthy is the progress being made to resolve the technical issues surrounding the establishment of an acceptable definition of a rural district, a necessary prerequisite for addressing equity questions, and adequacy and responsiveness concerns as well. Moreover, the new legislative proposals under consideration are equally encouraging. The prominence given in the proposals to staff development, technology, and opportunity-to-learn standards is especially gratifying. It does not seem likely that all of these proposals will be entirely abandoned. So there should be hope that further steps will soon be forthcoming that not only will address long-standing needs of rural systems, but enhance their institutional capacity to continue to be an asset to the nation as it moves more rapidly into the information age.

Endnotes

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30. *U.S. Department of Education, The Current Operation of the Chapter I Program 1987.* (Washington, D.C.: U.S. Department of Education 1987) p. 17.
31. E. J. Dubin, *Geographic Distribution of Federal Funds in 1985.* (Washington, D.C.: U.S. Department of Agriculture, Economic Research Service, Agriculture and Rural Economy Division, 1989).
32. E. R. Stephens, *An Exploratory Profile of Federal and State Policies and Programs and Voluntary Efforts of Others Targeted on Rural, Small School Districts.* (Washington, D.C.: Council for Educational Development and Research, 1990).
33. *Stephens, An Exploratory Profile*, p. 100. The analysis of the workings of federal formula grants has been the subject of a substantial literature. for a comprehensive assessment of the major elementary–secondary formula grants to the states, see Barro (1990). For an equally useful discussion of the urban or rural bias present in most of the economic (e.b., unemployment rate, per capita income) social (e.g., poverty rate) and fiscal (e.g., population, fiscal effort, fiscal capacity) indicators used in the construction of formulae, see Reeder (1990).
34. ED did sponsor several national conferences in the mid-1980s that focused on rural education. It also created in the mid-1980s an internal working group that was intended to effect better coordination within units of the department. There is little evidence that this internal group achieved much success, an understandable outcome given the apparent lack of commitment by senior officials in the agency to carry out the ambitious goals of Secretary Bell's 1983 policy statement.
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The debate over NAFTA has neglected America's poor, its children and its schools.

A Perspective on the North American Free Trade Agreement and Education

Deborah A. Verstegen

Introduction

On November 17, 1994, the North American Free Trade Agreement (NAFTA) was approved in Congress by a vote of 234 to 200 in the U.S. House of Representatives, providing a margin of 16 votes over the 218 needed for passage of the agreement. Under the provisions of the historic NAFTA, nearly all tariffs and other trade barriers among the United States, Mexico and Canada would be eliminated over 15 years, beginning January 1, 1994.

The debate leading up to the passage of the North American Free Trade Agreement had centered mainly on jobs, corporations, labor and the environment. The effect of the NAFTA on education and children has received little, if any, attention. Preliminary analysis indicates that schools and children will be disadvantaged under the agreement as it currently stands. This is due, in part, to provisions which provide incentives for industries to locate in Mexico, thereby eroding local property tax bases which serve to support elementary and secondary education programs and services. Additionally, because all taxes are paid out of incomes, downward pressures on incomes of U.S. workers competing with Mexico for low wage jobs will further constrain revenues for education and other governmental services, while negatively impacting vulnerable communities, families and children. This article discusses potential impacts of the NAFTA on elementary and secondary education in the United States while calling for additional research and information in this area.

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The Bottom Line on NAFTA and Children

How will the NAFTA affect education, children and the schools? One test of the effects of the NAFTA on children and the schools relates to how the agreement will affect their parents and guardians—particularly when their earnings are at the bottom of the wage scale. Another indicator of how children and schools will be affected is the impact of NAFTA on local and state governments—the major providers of revenue for the public schools. Both indicators suggest negative impacts on schools and children under the NAFTA.

Effects on Low Wage Workers and Their Families. Much attention over the NAFTA has focused on the impact of the agreement on workers and jobs. The NAFTA supporters argue that it will generate economic gains for United States industries by eliminating tariff and non-tariff barriers to Mexico thereby increasing exports of some American companies and creating jobs. However, they concede that there will also be losses under the NAFTA. Opponents of the NAFTA find that losses under the agreement will outweigh the gains—the NAFTA will cost American jobs and erode the environment and worker rights, but the overall effects on the U.S. economy will be negligible.

A recent analysis across 16 major studies forecasting job changes under the NAFTA, released in October (1993) by the Joint Economic Committee in Congress, concludes: "the predictions of the studies are widely contradictory and the utility of the studies in reaching policy conclusions on NAFTA is extremely limited."[1] Some studies project job gains, some estimate job losses, others project a neutral bottom line.[2]

This scenario—that there may be large gains, large losses or the chance of a small (versus large) net gain or loss, even if accurate—ignores important and fundamental questions: Who will gain? Who will lose? How can losses be minimized?[3]

Most studies agree that regardless of whether the overall effect of the NAFTA is net job losses or job gains, there will be significant shifts among workers—some will lose jobs and some will gain jobs. Many concede that under the NAFTA, low wage workers will be the losers because the agreement creates incentives for U.S. corporations to locate in Mexico while eliminating tariff and non-tariff barriers to trade. Women and minorities, often clustered in vulnerable low wage industries, will be negatively impacted under the NAFTA. Conversely, the NAFTA is projected to provide benefits to select corporations and investors.

Shifts that occur under the NAFTA are related to two fundamental issues: (1) the extent investment in Mexico is diverted from the U.S., creating job dislocations at home, (2) the effect of the NAFTA on U.S. wages, independent of gross job impacts. According the Joint Economic Committee report, "there are plausible estimates of gross dislocation of over 300,000 U.S. jobs up to around 600,000. This question of gross [job] dislocation has not received as much attention as the question of net jobs effects, but these levels would require significant program efforts for worker adjustment. . . ."[4]

With regards to wage impacts, the Joint Economic Committee finds: "the question of the impact of the NAFTA on wages in the United States has received relatively little attention. . . . Yet it may be the issue with the most far-reaching impact on the United States. . . ."[5]

Some analysts contend that the NAFTA will not result in long-term sustainable growth without explicit provisions that link Mexican productivity to rising wages for Mexican workers together with environmental, health and safety standards. Without these provisions, possible export benefits are likely to be exhausted in the short term because only a small percentage of Mexicans enjoy the purchasing power necessary to buy American exports. Without wage policies that broaden consumer markets in Mexico by linking productivity to explicit levels of wage growth, market-expansion will be hindered, eroding export gains over the long-term while creating U.S. job losses from imports and the diversion of investment to Mexico.

If productivity increases are not passed on to labor, Mexicans will not be able to enjoy the "fruits of their labor" by purchasing the products they make; nor will they be able to expand U.S. export markets over the long term and create American jobs. This is a critical but ignored component of a successful NAFTA policy, given that in the past Mexican manufacturing productivity and wage growth have been decoupled and currently are not explicitly linked in the NAFTA. For example, while manufacturing productivity in Mexico rose 29 percent in the 1980s, real wages fell 24 percent.[6]

Moreover, without explicit policies for wage harmonization between the United States and Mexico, wage imbalances between the two countries will result in the flight of many U. S. labor intensive industries to low-cost wage structures in Mexico.[7] Currently Mexican wages are only 10% to 15% of U.S. levels.[8]

This suggests that under the NAFTA, the United States will be a primary market for Mexican products, thereby creating competition within the United States between similar higher cost, American-made products and lower cost, Mexican-made products. To be competitive in this environment, effected American businesses will be faced with reducing real wages and conditions of work for American workers; or closing plants, laying off workers, and locating plants in Mexico to seek lower wage structures that will reduce costs, and therefore, product prices.

Downward wage pressures are estimated by economists to negatively effect the bottom of the U. S. workforce which is distributed across the country; the largest losses are projected to be in the Southeast,[9] a region that benefitted by industries that moved to this area to take advantage of low-cost labor—labor that under the NAFTA will be cheaper in Mexico.

U.S. industries targeted to be vulnerable to relocation to Mexico or low-wage competition from Mexican-based facilities include: autos, electrical machinery, trucking, agriculture, apparel, food processing, furniture, glass and cement, toys, and sporting goods.[10] Often, women and minorities are clustered in these industries, especially in the rural areas of the South and Southeast; they are therefore most vulnerable under the NAFTA. For example, of furnishing, apparel and textile machine operators, 77% are female, 24% are African–American (compared to 12% in the U.S. population), and 19% are Hispanic (compared to 9% in the population). Of textile sewing machine operators, 90% are women, 20% are African–American, and 23% are Hispanic.[11]

These potential effects of the NAFTA have direct implications for children and the schools.

Effects on Children. Downward pressures on earning levels, diverted U.S. investments, or plant closures and job losses, may provide net job gains, losses, or neutral effects, but without explicit agreements that upwardly adjust Mexican wages and extend corporate profit sharing broadly to impacted individuals and governmental services—many individuals, families, and especially children will be negatively impacted by shifts that occur under the NAFTA. Pressures on minimum wages and increased unemployment for vulnerable sectors of the population can catapult these individuals and families into poverty, accelerating current trends. The interlocking effects of poverty and deprivation have been associated with increased crime, higher costs of dependency, and increased needs for health, social and welfare services.

Currently, full-time work at the minimum wage by the head of a family of three leaves that family $2,500 below the poverty line. In 1987, 60% of all poor families with children were families where someone worked during the year. Twenty-five percent of all poor families with children were families with one or more full-time worker equivalents (FTWEs). The number of prime working-age individuals aged 22 to 64 who work but are still poor has increased by 50% between 1978 and 1988; the number of prime working-age people who work **full time** year round but are still poor has increased by 57% since 1978. There are an estimated 6 million individuals—including 2 million children—in households where someone works full time, year round, but the household is still poor. These tendencies are likely to grow under the NAFTA due to downward wage pressures and job losses among vulnerable sectors of the population, exacerbating poverty among American families and their children.

Poverty in America increased over 40% between 1973 and 1987[12]—and the poor have been growing poorer. The average poor family in 1986 was further below the poverty line than at any time since 1963, except for the recession of 1981–82.[13] Individuals in female-headed households and children, in addition to African–Americans and Hispanics, had poverty rates that greatly exceeded the average.[14] These effects will likely sharpen under the NAFTA, as these groups are most vulnerable to job losses. Notably, poor children will be especially disadvantaged under the NAFTA. The NAFTA does nothing to protect our future workforce and citizens from the deleterious effects of the agreement.

Today, children in America are the single largest poverty group for the first time in history. Child poverty has risen at an alarming rate over the past two decades, from 8.4% in 1973 to 20.4% in 1987, when 12.8 million children—one out of every five and one out of every four below the age of six—were in poverty. International comparisons reveal that the United States leads Australia, Canada, Germany (F.R.), Norway, Sweden, Switzerland, and the United Kingdom, in child poverty.[15] Although some children in poverty do well in schools, poverty has a significant dampening effect on educational achievement and growth, creating effective obstacles to learning.

School Effects. Not only are vulnerable American children and workers at-risk under the NAFTA, but the diversion of investment to Mexico and downward wage pressures also has the potential to negatively impact U.S. government programs and services in effected geographic areas through reduced or lost taxes. Lost taxes will negatively effect all levels of government in the current environment of fiscal stress, but education will be especially impacted, as education comprises the largest share of most state and local government budgets.

Moreover, incentives in NAFTA for U. S. businesses to invest in Mexico may not only accelerate the displacement of American workers with Mexican workers and create downward pressures on U.S. wages and work conditions; the NAFTA may encourage the erosion or displacement of property tax bases, depressing revenues for police, fire and a variety of governmental services, particularly education, which is dependent on property taxes for local support. Thus, affected local governments, schools and children will bear a substantial portion of the negative effects of the NAFTA agreement as it currently stands.

Moreover, if the NAFTA reduces tax bases in affected jurisdictions, tax increases will be necessary if services are to be maintained. However, in education the need is to upgrade programs and services if the U.S. is to have a skilled workforce in the 21st century and be competitive in a global economy. This creates additional cost requirements for impacted jurisdictions under current assumptions—costs that are not calculated in NAFTA economic analyses.

The ultimate losers under the agreement—the bottom of the U.S. workforce—will have to be reskilled and reeducated,[16] creating additional finance implications. Where will the money

Table 1. State General Revenue, by Source, Percentage Distribution, 1948–1990

		OWN SOURCE: Taxes	
Year	Total (in millions)	Individual Income	Corporation Income
1948	$ 9,257	5.4%	6.3%
1950	11,262	6.4	5.2
1955	16,194	6.8	4.6
1960	27,363	8.1	4.3
1965	40,930	8.9	4.7
1970	77,755	11.8	4.8
1975	134,612	14.0	4.9
1980	233,591	15.9	5.7
1985	365,344	17.4	4.8
1990	517,429	18.6	4.2

Source: ACIR computations based on U.S. Department of Commerce, Bureau of the Census, Historical Statistics of the United States, Table Series Y 710–735; Historical Statistics on Governmental Finances and Employment, Census of Governments, various years; Government Finances in [year].

come from? The NAFTA does little to address this important concern. The NAFTA does nothing to assure corporate gains will be channeled into public services supported by state and local governments, i.e., schooling. In fact, the agreement may result in the further erosion of corporate contributions to state general fund income, which have fallen over the past thirty years while individual costs have escalated (See Table 1). How will corporate benefits reach impacted workers, children and schools without explicit provisions in the NAFTA?

Economic Cleavages. Importantly, the NAFTA may exacerbate economic cleavages in society and the schools by exacerbating poverty. Additionally, to the extent that zoning laws cluster NAFTA-vulnerable manufacturing industries in low income neighborhoods, poor schools and children will be disadvantaged, further worsening their position vis á vis their more advantaged counterparts, and increasing already wide disparities in educational opportunity.

In more than one-half the states in the nation, the range of difference in spending among school systems is at least two-fold; in one-third of all states spending varies over threefold.[17] In Illinois, for example, spending for elementary education varies from $1,162 per student in one elementary school to $7,040 in another. In New Jersey, one elementary district spends $2,081 per pupil and another spends $12,556. In Virginia, wealthy localities have an additional $4,343 per pupil, or almost three times more to spend on education than do poor localities.[18]

Interstate variation in education revenue is also extreme. In 1990, state and local revenue (excluding federal aid) averaged $4,464 across the states; it ranged from $2,612 in Mississippi to $6,120 in New Jersey. Thus, New Jersey had nearly three times more revenue available per pupil than did Mississippi, a difference that amounts to over $105,000 for each class of 30 students. Under the NAFTA, the difference in spending for schools within and between the states is likely to grow, with the greatest impacts falling most heavily on poor children, schools and states—where, on average, spending is currently the lowest.

Moreover, without explicit safety nets, or provisions for the redistribution of corporate gains, economic cleavages among Americans may also increase under the NAFTA, exacerbating current trends. For example, after tax incomes of the top 1% of the population increased 74.2% between 1977–87; but for the lowest 10% of the population, there was a drop in real income of 10.5%.[19] In 1988, approximately 1.3 million Americans were millionaires by assets, up from 574 thousand in 1980, 180 thousand in 1972, and 90 thousand in 1964. Even when adjusted for inflation, the number of millionaires doubled between the late 1970s and 1990.[20] In contrast, almost 20% of all American families had zero or negative net worth.[21]

Growing economic polarization in America is also apparent in the widening gap between the top and bottom fifth of the income distribution. Total income among the poorest 20% of families in the U.S. decreased 7.3% between 1973 and 1987, but the total income among the richest 20% of families increased 10.7%. In 1987 the most affluent 20% of households held over 43% of total income—the highest ratio since the Census Bureau began its official measurements in 1949; but the lowest 20% held only 3.9% of total income.[22] Among major industrial nations—including France, Britain, Canada, W. Germany (F.R.), Sweden, Netherlands and Japan—the United States held the ominous distinction of leading in the gap between the upper fifth and the lowest fifth of the income distribution.[23] Thus, under the NAFTA, economic polarization in the U.S. and the disparities in spending for schools within and between the states is likely to grow, with the greatest impacts falling most heavily on the schools and the poor, including women, children and minorities.

In conclusion, the debate over the NAFTA has neglected America's poor, its children and its schools. The economic and social cost of this neglect may be high, not only for the individual but for the nation—it should not be ignored when weighing the benefits and the weaknesses of the NAFTA. As Samuel Johnson, writing in 1770, admonished: "A decent provision for the poor is the true test of civilization." The NAFTA as it currently stands fails this test; it is a flawed policy that is likely to increase social and economic cleavages in the nation, while disadvantaging the most vulnerable sectors of the U.S. population. Further research and information in this area is needed as is the close monitoring the NAFTA's affects on impacted American families, communities and children and corporate profits-sharing strategies.

Endnotes

1. Joint Economic Committee (October 1993). *Potential Economic Impacts of NAFTA: An Assessment of the Debate.* Washington, D.C.: U.S. Congress.
2. For studies that predict job gains, c.f., Hufbauer, G. C. and Schott, J. J. (1992). *North American Free Trade: Issues and Recommendations.* Washington, D.C.: Institute for International Economics. United States International Trade Commission (USITC). (May 1992). *Economy-Wide Modeling of the Economic Implications of a FTA with Mexico and a NAFTA with Canada and Mexico.* Report on Investigation No. 332–317, Publications 2508 and 2516. For studies that predict job losses, c.f., Koechlin, T., Mehreme, L. Bowles, S. and Epstein, G. (February 1992). *Effect of the North American Free Trade Agreement on Investment, Employment and Wages in Mexico and the U.S.* Amherst, MA: University of Massachusetts. Stanford, J. Continental Economic Integration: Modeling the Impact on Labor, (1993). *Annals of the American Academy of Political and Social Science.* Faux, J. and Lee, T. (July 1992). *The Effect of George Bush's NAFTA on American Workers: Ladder Up or Ladder Down?* (Briefing Paper). Washington, D.C.: Economic Policy Institute.
3. These questions are adopted from: Thurow, L. C. (n.d.). Statement of Lester C. Thurow, Dean, Sloan School of Management, Massachusetts Institute of Technology, Cambridge, Massachusetts, to the U. S. Congress.

4. Joint Economic Committee, *Potential Economic Impacts*, p. 29.
5. Joint Economic Committee, *Potential Economic Impacts*, p. 29.
6. Rothstein, R. (March 1993). *Setting the Standard: International Labor Rights and U.S. Trade Policy*. Washington, D.C.: Economic Policy Institute.
7. c.f., Chote, P. (April 1993). *Jobs at Risk: Vulnerable U.S. Industries and Jobs Under NAFTA*. Washington, D.C.: The Manufacturing Policy Project.
8. Faux, J. (June 1993). *The Failed Case for NAFTA: The Ten Most Common Claims for the North American Free Trade Agreement and Why They Don't Make Sense*. (Briefing Paper). Washington, DC: Economic Policy Institute, p. 4.
9. Thurow, L. C. (n.d.). *Statement of Lester C. Thurow*.
10. Faux, *The Failed Case for NAFTA*, p. 2. See also, Chote, P. (April 1993). *Jobs at Risk*. Washington, D.C.: Manufacturing Policy Project.
11. U. S. Department of Commerce, Bureau of the Census. (1992). *Statistical Abstract of the United States, 1992*. (Table 629). Washington, D.C.: U.S. Government Printing Office, p. 394.
12. In 1973, 11.1% of the population was poor; this is approximately 23 million people. In 1987, the poverty rate rose to 13.5%; 32.5 million people were poor.
13. Between 1973 and 1988, the poverty gap—the difference between a poor family's disposable income and the poverty level, summed across all poor families—grew from $28.6 billion to $41.4 billion (in 1987 dollars) representing an increase of $12.8 billion.
14. The poverty rate for all Hispanics remained near 30% during the decade. The poverty rates for African Americans and individuals in female-headed households remained above 30% from 1959 to 1987.
15. Verstegen, D. A. (1992). *Economic and Demographic Dimensions of National Educational Policy* (pp. 71–96). In Ward, J. G., and Anthony, P. (Eds.), *Who Pays for Student Diversity? — Population Changes and Educational Policy*. Newbury Park, CA: Corwin Press, Inc.
16. Thurow, *Statement of Lester C. Thurow*.
17. Riddle, W. C. (July 5, 1990). *Expenditures In Public School Districts: Why Do They Differ?* (CRS Report 90-322 EPW). Washington, D.C.: Congressional Research Service. These are conservative estimates. Due to the lack of data, the estimates do not include, for example, funding for capital outlay which is generally provided out of local revenue. Nor are locally augmented revenues raised through private foundations, activities and associations included; neither is additional revenue for justifiable differences in costs for pupil or district needs excluded. These modifications would show disparities in funding to be larger than the figures illustrate.
18. Verstegen, D. A. & Salmon, R. G. (1989). The Conceptualization and Measurement of Equity in School Finance in Virginia. *Journal of Education Finance*, 15(2), 205–228.
19. Phillips, K. (1990). *The Politics of Rich and Poor: Wealth and the American Electorate in the Reagan Administration*. New York: Random House, p. 14.
20. Phillips, *The Politics of Rich and Poor*, p. 10.
21. Thurow, L. (1985). *The Zero Sum Solution*. New York: Simon & Schuster.
22. Phillips, *The Politics of Rich and Poor*, p. 12
23. Phillips, *The Politics of Rich and Poor*, p.11

[E]ducation reform has had little real impact on local tax revenues and educational expenditures.

The Fiscal Aftermath of Educational Reform[1]

by Faith E. Crampton

The end of the 1980s signaled the close to a decade of elementary and secondary school reform in the United States that reflected growing national concern regarding public education. In response to these expressions of concern, states drafted and implemented numerous education reform proposals.[2] Although many of the proposals did not directly address funding issues, each reform had fiscal implications, implications that have largely been ignored by policymakers.[3] This research examined one aspect of the potential impact of state-level education reforms; that is, what was the fiscal impact of state-mandated educational reforms on the local tax revenues and expenditures for schools across the United States?[4]

Educational Reform in the 1980s

The report of the National Commission on Excellence in Education, *A Nation at Risk: The Imperative for Educational Reform*, issued in 1983, heralded the beginning of the reform era in U.S. education.[5] While no formal federal legislation on education reform was enacted, this report had a profound effect on states. Although the reform efforts varied greatly across and within states, they can be divided into five broad categories: restructuring curriculum; the teaching profession; student outcomes; school management; and parental choice.

With regard to restructuring of curriculum, many states moved toward a return to a more traditional curriculum that emphasized core subjects, such as English, mathematics, and science while upgrading graduation requirements and lengthening the time students spent in school either through longer school days or a longer academic year or both.

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Reforms in the teaching profession centered on increasing compensation, either through across the board salary increases or through career ladders that provide teachers with upward mobility and higher salaries without moving into formal administrative positions. Of school management reforms, a move toward site-based management and budgeting was the most exciting. In this scenario, principals were given greater responsibility for planning, instruction, and budgeting, usually in collaboration with school councils composed of community members and educators.

For student outcomes, reforms centered on testing, from elementary levels through high school graduation. A number of states instituted tests for high school graduation as well as mandating competency-based testing at designated intervals beginning in elementary school. Choice reforms allowed parents greater opportunity to select their children's schools either within a given school district or across districts. Some choice reforms, such as Minnesota's, allowed high school students to attend higher education institutions and earn credits.

As this brief summary demonstrates, education reforms were numerous and varied. However, the five major categories described above did emerge, and these were utilized as independent variables in the statistical analysis to estimate the economic impact of reforms on local educational tax revenues and expenditures.

Theoretical Framework

One way to analyze the economic impact of education reforms is to examine its impact on local educational revenues and expenditures over time; that is, did the reforms result in increased tax effort and educational spending at the local level; no difference in local educational taxes and spending; or a reduction in local taxing and spending? While there may be nothing in the written legislation that these reforms should stimulate local tax effort and spending, certainly policymakers would hope that in response to education reform initiatives that school districts would not reduce tax effort and spending on educational programs. In other words, policymakers might hope for some return on investment of state dollars into education reform as a measure of the efficiency of the reform.[6] At the very least, policymakers would hope for a neutral economic impact on revenues and expenditures. The assumptions underlying this type of analysis are based in the theory of consumer behavior in the field of microeconomics where the unit of government, here the school district, becomes the consumer.[7]

Methodology

This study utilized multiple regression analysis and canonical analysis in order to determine the impact of state level education reform on school districts' revenues and expenditures.

For the multiple regression analysis, the Ordinary Least Squares method of estimation was utilized, and four equations were formulated. The years 1984 and 1989 were selected so as to look at points of time in early and late reform. A secondary database was utilized. The information on type and number state-mandated education reforms in all fifty states was gathered by the National Governors' Association with the state as the unit of analysis.[8]

For 1984, the two equations were specified as follows:

$$Y_{1t} = c + a_1X_{1t} + a_2X_{2t} + a_3X_{3t} + a_4X_{4t} + a_5X_{5t} \quad (1)$$

$$Y_{2t} = c + a_1X_{1t} + a_2X_{2t} + a_3X_{3t} + a_4X_{4t} + a_5X_{5t} \quad (2)$$

where c is a constant, and a_1, a_2, . . . a_5 are coefficients; and where

Y_{1t} = per pupil tax revenues for year t
Y_{2t} = per pupil educational expenditures for year t
X_{1t} = curriculum reform for year t

X_{2t} = teacher reform for year t
X_{3t} = student outcomes reform for year t
X_{4t} = management reform for year t
X_{5t} = per capita income for year t

For 1989, two multiple regression equations were specified as follows:

$$Y_{1t} = c + a_1X_{1t} + a_2X_{2t} + a_3X_{3t} + a_4X_{4t} + a_5X_{5t} + a_6X_{6t} \quad (3)$$
$$Y_{2t} = c + a_1X_{1t} + a_2X_{2t} + a_3X_{3t} + a_4X_{4t} + a_5X_{5t} + a_6X_{6t} \quad (4)$$

where c is a constant, and $a_1, a_2, \ldots a_6$ are coefficients; and where

Y_{1t} = per pupil tax revenues for year t
Y_{2t} = per pupil educational expenditures for year t
X_{1t} = curriculum reform for year t
X_{2t} = teacher reform for year t
X_{3t} = student outcomes reform for year t
X_{4t} = management reform for year t
X_{5t} = choice reform for year t
X_{6t} = per capita income for year t

For the year 1984 two equations were specified, one with per pupil tax revenues and one with per pupil expenditures as the dependent variables. Independent variables included reforms in the four areas of curriculum, teaching, student outcomes, and school management. In 1989, a fifth independent variable for reforms in the area of school choice reform was added to each equation; in 1984, there were no legislated choice programs in existence at the state level.[9] Per capita income was added as an independent variable to each equation in order to control for the propensity of those at higher income levels to spend at higher levels on education.

While the variables for revenue, expenditure, and income were continuous, reform variables were categorical; that is, they were coded 0 and 1 for the absence or presence of a particular type of education reform. Given the small number of reforms in some categories, continuous variables would not have yielded sufficient variation for meaningful results in the regression analysis.[10]

Because canonical analysis is not familiar to some researchers, a brief explanation is offered here.[11] Simply stated, canonical analysis analyzes the relationship between two sets of variables. Its value in the context of this study rests with its ability to extend the multiple regression analysis in order to examine a model where more than one dependent variable is present. A simultaneous equation model was not chosen because of the lack of causality, theoretically speaking, between the dependent variables. The common link between revenues and expenditures is the education budget, and hence the causal arrow originates with the budget rather than revenues or expenditures.

An explanation regarding terminology is also offered. In the research literature, canonical analysis,[12] canonical correlation,[13] and canonical regression[14] frequently are used interchangeably to define the same methodology.[15] This study employs the more general and, in my opinion, more accurate term, canonical analysis. Although canonical analysis like multiple regression is based upon correlation, utilizing the phrase canonical correlation to describe the methodology would be analogous to referring to multiple regression as correlation—it is misleading and limiting. Canonical analysis represents a much more powerful research tool than simple correlation, e.g., a Pearson product moment correlation coefficient. Canonical regression is also a misnomer in that it implies canonical analysis is a special case of regression whereas the opposite is true: multiple regression represents a special case of canonical analysis.

Results of the Analysis

Multiple Regression Analysis

In this section the results of the regression analysis are presented first from a cross–sectional perspective and then longitudinally. Before proceeding, it is important to note that the original analysis included a poverty factor as well as a wealth factor. The poverty factor was defined as the percentage of students receiving free or reduced price lunches. From an empirical viewpoint, the inclusion of a poverty factor appeared desirable, particularly with respect to urban school districts where

Table 1. Regression Estimates of the Impact of Education Reform on School Districts' Revenues and Expenditures

Independent Variables	Early Reform (1984) Revenue	Early Reform (1984) Expenditure	Late Reform (1989) Revenue	Late Reform (1989) Expenditure
Curriculum Reform	-49.61 (0.11)	582.56 (2.07)	-471.51 (1.10)	141.55 (0.54)
Teacher Reform	-67.89 (0.20)	-117.30 (0.58)	523.53 (0.90)	-79.65 (0.22)
Student Outcomes Reform	45.64 (0.14)	-103.38 (0.51)	547.56 (1.28)	399.68 (1.55)
Management Reform	-501.24 (1.63)	-1.85 (0.01)	-579.06 (1.57)	-264.04 (1.18)
Choice Reform	—	—	-202.17 (0.45)	17.96 (0.06)
Per Capita Income	0.29 (3.94)	0.36 (7.95)	0.38 (5.78)	0.38 (9.66)
Constant	-1279.91 (1.19)	-1723.44 (2.58)	-3205.32 (2.72)	-1598.10 (2.25)
R^2	.35	.59	.50	.73
F Ratio	4.92	13.03	7.36	20.11
N=50				

Note: Absolute T values in parentheses. T ≥ 2.01 is significant at the .05 probability level.
All F ratios are significant at the .01 probability level.

per capita income may appear relatively high while the socioeconomic status of students is much lower. However in the course of the statistical analysis it became apparent that the inclusion of the poverty factor created a serious multicollinearity problem with per capita income while contributing little to the explanatory power of the model. (See correlation matrices, Appendix A.) Because students receiving reduced priced lunches as well as those receiving free lunches were included in the variable, it may be limited as an indicator of poverty.[16] Given the issues of multicollinearity and limitations of the variable, the poverty factor was deleted from the model. The resulting equation yielded more stable and substantial results.

Overall the independent variables accounted for 35% of the variation in local tax revenues for education and 59% of the variation in local educational expenditures in 1984. In 1989, the independent variables accounted for 50% of the variation in local revenues and 73% of the variation in local expenditures. The F ratios were statistically significant at the .01 probability level for all four equations, indicating that the model specified was robust. As expected, coefficients for per capita income were statistically significant and positive, indicating the necessity of the addition of this variable to the model to control for the propensity of the more affluent to tax and spend at higher levels on education.

In early reform, of the four types of reform specified, i.e., curriculum, teacher, management and student outcomes, only curricular reform yielded a statistically significant regression coefficient of 582.56 on the expenditure side. This result indicated that school districts spent $582.56 more per student as a result of state curriculum reform. The coefficient on the revenue side, while statistically insignificant, was negative, raising concerns that while schools were spending more as a result of curriculum reform, they may have utilized state dollars to reduce property tax effort.[17] However, a positive, statistically significant regression coefficient for educational expenditure does not tell us whether the additional expenditure was on curriculum, nor does it tell us whether the additional expenditure came from state or local sources, but the coefficient on the revenue side can shed light here. A positive, significant coefficient would indicate that a greater property tax effort was being made at the same time additional funds were being spent; while a negative, significant coefficient would indicate property tax effort was being reduced while expenditures were rising.

With the exception of curriculum reform, the results for other types of reform were inconclusive for 1984. The coefficients for teacher and management reform, while statistically insignificant, indicated that these reform may have exerted a negative impact on both revenues and expenditures. The coefficients for student outcomes reforms indicated these may have had a dampening impact on expenditures but no impact on revenues.

In 1989, choice reform was added as an independent variable. By late reform, none of the five reform categories yielded a statistically significant regression coefficient. Again examination of the direction of signs of the coefficients is instructive. With regard to student outcomes, the coefficients were positive for revenues and expenditures indicating that such reforms may have been stimulative. On the expenditure side the coefficients for management and choice reforms were positive while on the revenue side they were negative; indicating that while these reforms may have resulted in increased expenditure, they may have led to potential tax substitution. Results for teacher reform indicated no impact the expenditure side but a potentially positive one on the revenue side

Looking at the results over time gives a picture of change from early to late reform. Over time the model accounted for a greater percentage of the variation in educational revenues and expenditures: a 15% increase for the former and a 14% increase for the latter. By 1989, the model accounted for half of the variation in local tax revenues and approximately two-thirds of the variation in local educational expenditures. However, most of the increase appeared to be attributable to per capita income as coefficients rose from .29 to .38 on the revenue sides and from .36 to .38 on the expenditure side.

Over time state level educational reforms had less impact on educational revenues and expenditures. It is important to keep in mind that even in early reform only curriculum reform had a statistically significant impact, and that was limited to expenditure side. In addition the negative coefficient on the revenue side pointed to potential tax substitution. By late reform none of the education reforms, even with the addition of choice reform, had a significant impact on revenues or expenditures.

For the majority of the reforms, coefficients were statistically insignificant so that only the signs may be examined for potential direction of impact. Coefficients for teacher reform were negative at both points in time on the expenditure side; while on the revenue side they moved from negative to positive. This combination would seem to indicate teacher reforms may have exerted a depressing impact on expenditures but had no discernible impact on property tax revenues. With regard to student outcomes reform, the coefficients on the expenditure side moved from negative to positive, indicating that these reforms may have moved from substitutive in early reform to stimulative in late reform. Finally the coefficients for choice reform were positive on the expenditure side but negative on the revenue side during late reform, indicating a potential for tax substitution.

Even having controlled statistically for the impact of personal income, one must conclude that state level education reform had little impact on educational revenues and expenditures. Only curriculum reform appeared to have some expenditure impact in the early reform era, but potentially at the expense of tax revenues.

Canonical Analysis

As mentioned previously, one way of conceptualizing canonical analysis is to view it as an extension of multiple regression.[18] Because canonical analysis is not limited to continuous variables, its use in this study with categorical as well as continuous variables is appropriate. While conceptually the shift from multiple regression to canonical analysis is not large, the statistical one is substantial; the latter may account in part for the failure of researchers to utilize canonical analysis more frequently.[19] For the purposes of this study, the major advantage offered by canonical analysis is its ability to deal with more than one dependent variable at a time. Its major disadvantage lies in the difficulty of interpretation of some of the statistical results generated.[20] The relative strengths and weaknesses of canonical analysis are discussed in greater detail below.

The foundation of canonical analysis is the formation of two linear combinations, one of X_p variables and one of Y_p variables, by differentially weighting them in order to obtain the maximum possible correlation. In this context X_p represents the set of independent variables where $X_p>1$, and Y_p represents the set of dependent variables where $Y_p>1$. The correlation between the two linear combinations is referred to as the canonical correlation(R_c)[21] and the square of the canonical correlation (R_c^2) is an estimate of the variance shared by the two canonical variates. The overall test of significance for the model specified in this study was Wilks' Lambda.

Like multiple regression, canonical analysis yields a set of weights that will maximize a correlation coefficient, but unlike multiple regression in which only the independent variables can be weighted, in canonical analysis both the dependent and independent variables are differentially weighted. Therefore in this study where one wants to examine both the revenue and expenditure side, canonical analysis provides an avenue to do so whereas multiple regression limits analysis to one dependent variable at a time.

After having obtained the maximum R_c in canonical analysis, additional R_c's are calculated, up to the number of variables in the smaller set. Each succeeding pair of canonical variates cannot be correlated with all the pairs of canonical variates that precede it. The maximum number of R_c's equals the number of variables in the smaller set. For this study where the dependent variables were limited to two (X_q=2), five independent variables were used in the equations for 1984 (Y_p=5) and six independent variables for 1989 (Y_p=6), the maximum number of canonical correlations extracted was two(R_{c1}, R_{c2}).

Canonical analysis also generates structure coefficients, sometimes referred to as loadings, which represent the correlation between the variables and their canonical variates. In general, only structure coefficients greater to or equal to .30 (s>.30) are considered meaningful for interpretation. If the canonical correlation is not statistically significant, structure coefficients are not generally computed. The square of a structure coefficient represents the proportion of variance of the variable with which it is associated that is accounted for by the function.

Table 2 presents the results of the canonical analysis for early and late reform. Overall the model specified was robust as indicated by the statistically significant F Ratios computed for Wilks' Lambda for 1984 and 1989. Two canonical correlations were extracted for each year; however in both cases only the first was statistically significant, .77 in 1984 and .85 in 1989. Of greater interest was the square of the canonical correlation (R_c^2) which may be interpreted in a manner similar to the R^2 in the regression analysis. For early reform the independent variables accounted for 60% of the variation in school districts' revenues and expenditures while in late reform, the percentage increased to 73%. In general these are consistent with, and even slightly larger than, the results of the regression analysis.

Table 2. Canonical Estimates of the Impact of Education Reform on School Districts' Revenues and Expenditure

	Structure Coefficients	
Management Reform	Early Reform (1984)	Late Reform (1989)
Curriculum Reform	.08	.15
Teacher Reform	-.01	.13
Student Outcomes Reform	-.03	-.17
Management Reform	.21	-.43
Choice Reform	—	.36
Per Capita Income	.97	.98
Wilks' Lambda	.34	.23
F Ratio	6.06	7.44
Rc1	.77	.85
Rc12	.60	.73
Chi Square (Probability)	48.03 (.0001)	64.46 (.0001)
Rc2	.35	.32
Rc22	.12	.10
Chi Square (Probability)	6.08 (.19)	4.97 (.41)
N=50		

Note: F ratios significant at the .01 probability level.

Structure coefficients were generated only for the first "root" or statistically significant canonical correlation. Given the rule of thumb that structure coefficients equal or exceed .30 for interpretation, only choice (s=.36) and management reform (s=-.43) yielded meaningful structure coefficients in late reform. The square of a structure coefficient indicates the proportion of the variance of the dependent variables accounted for. Hence choice reform accounted for 18% and management reform for 12% of the variation in local tax revenues and educational expenditures in late reform. Choice reform exerted a small but positive impact on revenues and expenditures while management reform's impact was negative.

These findings differ from those of the multiple regression where only the regression coefficients for curriculum reform were statistically significant in early reform. How are we to reconcile the differences in results of the two methods of statistical analysis? Because canonical analysis allows the researcher to consider more than one dependent variable in relationship to a set of independent variables, it offers a more complex, holistic and hence superior analysis in this case. Overall the percentage of variance explained by the independent variables improved with canonical analysis, but choice and management reforms emerged as meaningful in late reform while curriculum reform in early reform was obscured.

While these results indicate the need for further research into the particular initiatives with regard to parental choice and management reform, some preliminary comments might be offered here. The majority of choice initiatives in the late 1980s centered around public school choice and results of the canonical analysis indicate they had a stimulative impact on revenues and expenditures. Part of their stimulative impact may lie with their targeted nature whereas other reform initiatives, e.g., curriculum and the teaching profession, have been broad-based and eclectic. Also choice reforms may be viewed more positively by the general public as they give the impression of making schools more "competitive," and hence local taxpayers may be more willing to pay higher taxes when choice reforms are present. On the other hand, management reforms have not been as targeted and may in fact be viewed less positively by the taxpaying public as ineffective efforts to reduce the costly bureaucracies of school districts.

This study represented a first cut at a complex research question regarding the fiscal impact of educational reform. In order to refine the findings, reform initiatives must be examined in greater detail in order to determine the presence or absence of funding, and if funded, the structure of funding. Such information will lend a much higher level of precision to the analysis and offer a finer-grained portrait of the fiscal aftermath of educational reform.

Conclusions and Policy Implications

The 1980s represented a decade full of reform rhetoric at the national level and legislated reform at the state level, with a substantial increase in the state dollars invested in elementary and secondary education in the name of those reforms. There are many questions that might be asked, and indeed need to be asked, about the impact of educational reform over this time period. This study addressed only one, regarding the fiscal impact of state-legislated educational reforms on local tax revenues and educational expenditures. State policymakers and taxpayers may legitimately ask, what happened to those dollars? Were they used as incentives whereby the local level school districts matched them with their own resources? Were they an add-on to current levels of expenditures? Or, were state dollars substituted for local expenditure resulting in tax substitution?

Earlier studies have classified reform efforts and the dollars attached to them, utilizing descriptive methods.[22] While these studies serve as useful reference sources, they lack the insights offered by inferential statistical analysis where the impact of different types of reforms may be considered simultaneously while controlling for the impact of more affluent communities to spend more on education. This type of rigorous analysis is necessary in a complex world of competing policy goals.

The results of this study indicate that education reform has had little real impact on local tax revenues and educational expenditures, whether examined in early reform or late reform; in addition, there was some indication that tax substitution may have taken place. When the multiple regression analysis was extended by utilizing canonical analysis, curriculum reform was no longer statistically significant. Instead parental choice and management reforms emerged in late reform as meaningful. While parental choice reforms appeared to have a positive, stimulative impact on revenues and expenditure, management reforms had a negative impact.

The implications for national and state policymakers are twofold as interest in effecting meaningful educational reform continues.[23] First is the critical need for further research on the fiscal impact of educational reform. This research needs to be extended and refined to examine state by state the crafting of reform initiative in terms of not only whether they are funded, but how they are funded. In structuring a reform initiative as a grant, policymakers can shape local fiscal response. The results of such a study provide the crucial database for policymakers to correct existing reform programs that are ineffectively structured and to insure that future initiatives are crafted to maximize the impact of state resources. Secondly closer examination of state-by-state fiscal response may lead to a reexamination of the federal role in funding educational reform initiatives to achieve greater equity and efficiency across states of varying wealth.

Endnotes

1. This article is based upon a paper given at the Annual Conference of the American Education Finance Association, Albuquerque, New Mexico, March 1993. The author wishes to thank the guest editor, Deborah A. Verstegen, for suggestions in the revision of this manuscript.
2. For summary and discussion of reform efforts, see S. B. Bacharach (ed.), *Education Reform: Making Sense of It All.* (Boston: Allyn and Bacon, 1990).
3. For an introduction to finance and education reform, see F. E. Crampton, "Fiscal Policy Issues and School Reform," *ERIC Digest Series*, Number EA 50 (June) 1990.
4. For the purposes of this study, only state-level education reforms that were written into law or administrative rules were considered.
5. The National Commission on Excellence in Education. *A Nation at Risk: The Imperative for Educational Reform.* (Washington, D.C.: U.S. Department of Education, 1983).
6. One must be careful to note here that all reforms are included for the purposes of analysis, regardless of whether they had separate funding attached to them or not.
7. See F. E. Crampton, *The Fiscal Impact of Educational Grants on Local Revenues and Expenditures: The Case of Ohio.* Student dissertation completed at The Ohio State University, 1987, for a fuller explanation of the theoretical base for this type of analysis.
8. *The Governors' 1991 Report on Education: Results in Education, 1987* (Washington, D.C.: The National Governors' Association, 1987); *The Governors' 1991 Report on Education: Results in Education, 1989* (Washington, D.C.: The National Governors' Association, 1989).
9. The categories of reform used in this study are somewhat different from those listed in *The Governors' 1991 Report on Education: Results in Education, 1984 and The Governors' 1991 Report on Education: Results in Education, 1989.* In the 1987 edition, proposed and mandated reforms fell into seven categories: teaching; leadership and management; parent involvement and choice; readiness; technology; school facilities; and college quality (p. 43). The 1989 edition maintained similar categories with two exceptions: "leadership and management" became simply "school leadership"; and a new category, "school organization/accountability," was added (p. 55). "College quality" was not utilized as this study limited itself to reforms in elementary and secondary education. Examination of the definitions of the remaining categories led to a reassignment of the reforms listed there to the broader categories of teaching, curriculum, management, student, and choice reforms.
10. See E. J. Pedhazur, *Multiple Regression in Behavioral Research: Explanation and Prediction*, 2d ed. (New York: Holt, Rinehart, and Winston, 1982). In particular, Chapter 13, "Continuous and Categorical Independent Variables," pp. 436–492, gives a thorough treatment of the justification, mathematical proofs, and interpretation of multiple regression equations utilizing both continuous and categorical independent variables.
11. For the reader who desires to learn about canonical analysis in greater depth, see E. J. Pedhazur, *Multiple Regression in Behavior Research*, pp. 720–743.
12. See, for example, M. Perry and B. C. Hamm, "Canonical Analysis of Relations Between Socioeconomic Risk and Personal Influence in Purchase Decisions," *Journal of Marketing Research* 6 (August 1969): 351–354; E. J. Pedhazur, Multiple Regression in Behavioral Research, pp. 720–743; M. S. Levine, *Canonical Analysis and Factor Comparison* (Beverly Hills, CA: Sage Publications, Inc., 1977).
13. See, for example, J. F. Chizmar and T. A. Zak, "Canonical Estimation of Joint Educational Production Functions," *Economics of Education Review* 3, 1 (1984): 37–43.
14. See, for example, L. C. Adkins and R. C. Hill, "A Primer on the Use of Canonical Forms and Transformations in the Linear Regression Model," *American Economist* 35, 1 (Spring 1991): 40–51; and K. Gyimah–Brempong and A. O. Gyapong, "Characteristics of Education Production Functions: An Application of Canonical Regression Analysis," *Economics of Education Review* 10, 1 (1991): 7–17.
15. See, for example, B. Thompson, *Canonical Correlation Analysis: Uses and Interpretation* (Beverly Hills, CA: Sage Publications, 1984), which actually uses the terms canonical analysis, canonical correlation, and canonical correlation analysis interchangeably.
16. Previous research has indicated that the percentage of students whose families receive Aid to Dependent Children is an even better indicator of poverty than percentage of children receiving free lunch because some children's families may choose not to participate in the program. Also there does not appear to be an issue of multicollinearity. See, for example, F. E. Crampton, *The Fiscal Impact of Educational Grants on Local Revenues and Expenditures.*
17. Because the analysis is of a population, i.e., all fifty states, and F statistics for all equations were statistically significant, indicating the statistical model is robust, I have examined the signs of statistically insignificant coefficients for indications of directionality.

The key word is "indication" of directionality, denoting the caution with which the interpretations are made. Also I have qualified my interpretations with phrases such as, "**may** have had an impact."

18. Another, or alternative way, of viewing canonical analysis is to portray it as subsuming a number of multivariate techniques, such as multiple regression, discriminant analysis and MANOVA (Multiple Analysis of Variance).
19. Although canonical analysis originated more than fifty years ago in the work of Hottelling, it lay dormant in the social sciences because the level of statistical complexity necessitated mainframe computing capacity and sophisticated statistical software. Over the past ten years, more powerful microcomputers and microcomputer–based statistical software such as SYSTAT have opened the door to the usage of canonical analysis. SYSTAT for Windows, Version 5.01, was used in this study.
20. Part of the difficulty in interpreting some of the statistical results generated by canonical analysis are due to its lack of use by researchers. For example, multiple regression has been much more frequently used by researchers over the past twenty years. Hence interpretation of results has evolved and matured, becoming more refined over time. Interpretation of the results of canonical analysis might be considered at the early stages.
21. One may also find the canonical correlation referred to as a canonical variate.
22. D. Inman, *The Fiscal Impact of Educational Reform* (New York: Center for Education Finance, New York University, 1987); D. Inman, *The Fiscal Impact of Educational Reform: Implications for Policy* (New York: Center for Education Finance, New York University, 1987); K. F. Jordan and M. P. McKeown, "State Fiscal Policy and Education Reform," in J. E. Murphy (ed.), *The Educational Reform Movement of the 1980s: Perspectives and Cases*, (Berkeley, CA: McCutchan Publishing Company, 1990).
23. See, for example, B. Clinton, "Priority for the States as Educational Reform Continues," *Stanford Law & Policy Review 1* (Fall 1989): 5–16.

Appendix A: Correlation Matrices

CUR84	1.00					
TCH84	.17	1.00				
STU84	.41*	.16	1.00			
MGT84	.34**	.19	.38*	1.00		
PCINC84	-.28**	.05	-.05	-.20	1.00	
PLUN84	.27	.21	.29	.35	.48*	1.00
	CUR84	TCH84	STU84	MGT84	PCINC84	PLUN84

CUR84	1.00				
TCH89	.14	1.00			
STU89	.20	.04	1.00		
MGT89	.05	.05	.11	1.00	
CH89	-.06	.17	.01	-.15	1.00
PCINC89	.07	.14	-.32**	-.08	-.33**
PLUN89	-.12	.02	.09	.31**	-.21
	CUR89	TCH89	STU89	MGT89	CH89

PINC89	1.00	
PLUN89	-.51*	1.00
	PINC89	PLUN89

* Significant at the .01 probability level.
**Significant at the .05 probability level.

Book Review

Reviving Ophelia, by Mary Pipher. New York: G. P. Putnam's Sons, 1994 (ISBN 0-399-13944-3) 304 pages.

According to Mary Pipher, adolescent girls, much like Ophelia in Shakespeare's *Hamlet*, encounter a raging storm as they enter puberty. Many of today's adolescent girls are destroying themselves as they try to escape the pressures forcing them to abandon the carefree, easy-going lifestyles of their preteen years. Pipher describes these girls as "saplings in a hurricane." The greatest loss is the positive sense of self.

Reviving Ophelia chronicles the difficulties girls experience during their adolescent years. As girls enter the teen years they encounter physiological and cognitive changes that diminish their precious sense of self. Of course, adolescent girls have always faced these changes. However, today's youth have a newer, more pervasive enemy, our culture.

Only a few decades ago our culture provided support that assisted teens as they navigated through these difficult times. Pipher asserts that today's culture has changed and, rather than support adolescent girls, it works against them. For example, the media and advertising establishment present unrealistic models and standards for girls. Further, "The diversity of mainstream culture puts pressure on teens to make complicated choices" (p. 92). These cultural pressures are enormous and difficult for older generations to understand. Hence, the traditional cultural supports are missing and adults, like their teens, are exasperated.

An alarming number of today's teenage girls are resorting to destructive practices as means of coping. Bulimia, anorexia, self-mutilation, suicide, sexual promiscuity, alcohol abuse, and drug abuse are destructive practices many of our youth are resorting to as they try to cope with cultural pressures and, simultaneously, retain a healthy self identity.

Families try to protect adolescents, but because the cultural factors are so pervasive many families are unable to provide the needed support. "The mass media has the goal of making money from teenagers, while parents have the goal of producing happy, well-adjusted adults. These two goals are not compatible. Most parents resist their daughters' media-induced values. Girls find themselves in conflict with their parents and with their own common sense" (p. 82). An increasing number of teens and their families are turning to counseling for assistance.

Pipher, a clinical psychologist who specializes in the treatment of adolescent girls, skillfully uses case studies to illustrate the themes in her book. These themes include developmental issues, family members and their roles, divorce, depression, the cultural emphasis on thinness, drugs, alcohol, sex, and violence. The case studies provide descriptions of teens who have serious problems as well as case studies of girls who have found positive ways of dealing with problems.

Although the challenges are great, Pipher offers useful suggestions. Good communication is the most important suggestion. Pipher also illustrates how she encourages clients to cope with their problem through journal writing, focusing on positive qualities, and clarifying expectations.

Pipher refers to the African saying "It takes a village to raise a child" and states that "most girls no longer have a village" (p. 28). This book should be required reading for every parent and every educator who works with preteen and teenage girls. Parents and educators must work diligently to create a supportive environment that will help each of our Ophelias withstand the hurricane that is undermining the precious positive sense of self.

Review by David VanCleaf
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