

Elementary and Secondary Education Act

“No Child Left Behind Act of 2001”

The Elementary and Secondary Education Act (ESEA) was first passed in 1965, becoming the U.S. Department of Education’s primary funding vehicle for providing resources to the nation’s schools. Every five years since 1965, the “Act” has been modified and reauthorized. Consequently, since it has been a reauthorization of the same Act, the general name, ESEA, has remained the same. The new Act was passed by Congress in 2001 and signed into law by the President on January 8, 2002.

The following pages are a synopsis of the Act that is 1,184 pages. This synopsis is part of a general overview provided by the U.S. Department of Education that is 125 pages. While the Act itself outlines programs, program requirements, and information on eligibility requirements, many questions remain unanswered. The U.S. Department of Education sends additional regulation and guidance to provide further detail to the Act and much of this guidance will be sent out during the next year. This synopsis includes ONLY those programs where the U.S. Department of Education identifies a specific allocation to the states (SEAs) for use and distribution to the state’s schools. Other programs within the Act, where schools receive direct funding from the U.S. Department of Education or are competitive in nature, are not identified here. Additional information on these programs and various other federal funding information pieces may be found on the Office of Public Instruction’s (OPI) web site at www.opi.state.mt.us under “Federal Funding.” In addition, the total amount of federal dollars allocated to Montana for each program is identified in the upper right hand corner.

Programs contained in this synopsis:

1. Title I, Part A, Improving the Academic Achievement of the Disadvantaged; Improving Basic Programs
2. Title I, Part B, Even Start
3. Title I, Part B, Reading First State Grants
4. Title I, Part C, Education of Migratory Children
5. Title I, Part D, Programs for Neglected or Delinquent Children or Youth
6. Title I, Part F, Comprehensive School Reform Program
7. Title II, Part A, Teacher and Principal Training and Recruiting Fund
8. Title II, Part D, Enhancing Education Through Technology
9. Title III, Language Instruction for Limited English Proficient and Immigrant Students
10. Title IV, Part A, Safe and Drug-Free Schools and Communities
11. Title IV, Part B, 21st Century Community Learning Centers
12. Title V, Part A, Innovative Programs
13. Title VI, Part A, Grants for State Assessments
14. Title VI, Part B, Rural Education Initiative

The detail regarding program administration, flexibility, accountability and reporting are found within the Act. In general, the 2001 Act provides local school districts with more flexibility. However, a caveat to that additional flexibility is that there is increased accountability as well. In addition, there is an increased emphasis on using “what works” (science-based programs and strategies). There are also requirements for increased parental involvement and options and increased opportunities for the involvement of private school children and teachers.

Montana Allocation

\$34,531,081

GRANTS TO LOCAL EDUCATIONAL AGENCIES (Title I, Part A)

Overview

Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) provides local educational agencies (LEAs, or school districts) with extra resources to help improve instruction in high-poverty schools and ensure that poor and minority children have the same opportunity as other children to meet challenging State academic standards. The No Child Left Behind Act of 2001 (NCLB) reauthorizes the ESEA and incorporates nearly all of the major reforms proposed by President Bush in his own *No Child Left Behind* framework for education reform, particularly in the areas of assessment, accountability, and school improvement. The new law requires States to develop standards in reading and math, and assessments linked to those standards for all students in grades 3-8. LEAs and schools must use Title I funds for activities that scientifically based research suggests will be most effective in helping all students meet these State standards.

States also must develop annual adequate yearly progress (AYP) objectives-disaggregated by student groups based on poverty, race and ethnicity, disability, and limited English proficiency-that will result in all students achieving proficiency in reading and math within 12 years. Biennial State participation in the State-level version of the National Assessment of Educational Progress will provide benchmarks for ensuring the rigor of State Standards and Assessments.

NCLB also requires LEAs to permit students in schools that fail to meet annual State AYP objectives for two consecutive years to transfer to a better public school. If schools continue to fail to meet AYP, students will be permitted to use Title I funds to obtain educational services from the public- or private-sector provider selected by their parents from a State-approved list.

The new law requires schools identified for improvement (after failing to make AYP for two consecutive years) to develop improvement plans incorporating strategies from scientifically based research. Schools that fail to improve would be subject to increasingly tough corrective actions-such as replacing school staff or significantly decreasing management authority at the school level-and could ultimately face restructuring, which involves a fundamental change in governance, such as a State takeover or placement under private management. To help States, districts, and schools carry out needed improvements, NCLB significantly increases and makes mandatory the reservation of a portion of Part A Allocations for school improvement.

NCLB also authorizes State Academic Achievement Awards to schools that significantly close achievement gaps or exceed AYP standards for two or more consecutive years, as well as awards to teachers in such schools. However, the new law punishes States that fail to put in place systems of standards, assessments, and accountability by permitting-and in some cases requiring-the Secretary to withhold a portion of Federal funds provided for the administration of Title I.

Major Changes in NCLB Act

Standards and Assessments

- Requires the development of science standards by the 2005-06 school year.
- Maintains 1994 ESEA requirement for assessments in reading and math at three grade spans (3-5, 6-9, 10-12) through the 2004-2005 school year. Requires annual assessments in reading and math for grades 3-8 beginning in 2005-2006, with the addition of science assessments in 2007-2008 (but only in same three grade spans as the 1994 law). Implementation of new assessments may be deferred if Congress does not appropriate specified levels of funding for assessment development and administration, ranging from \$370 million for fiscal year 2002 to \$400 million in fiscal year 2005. Subpart 1 of Part A of Title VI authorizes \$490 million in fiscal year 2002 for formula-based State assessment grants and a related Grants for Enhanced Assessment Instruments program.
- Requires reading assessments using tests written in English for any student who has attended school in the US (excluding Puerto Rico) for 3 or more consecutive years, with LEA discretion to use tests in another language for up to 2 additional years. States also must annually assess English proficiency for all LEP students beginning with the 2002-03 school year.
- Requires, beginning in school year 2002-03, biennial State participation in NAEP reading and math assessments for 4th and 8th graders so long as the Department pays the costs of administering those assessments.

Program Effectiveness

- Incorporates new language intended to ensure that Title I funds are used only for effective educational practices. The authorization for both schoolwide and targeted assistance programs call for those programs to use effective methods and instructional strategies that are based on scientifically based research. Other provisions call for school improvement plans, professional development, and the technical assistance provided by LEAs to low-performing schools all to be based on scientifically based research.

Accountability

- Requires a single, statewide accountability system for all LEAs and public schools, except that LEAs and schools not receiving Title I funds are not subject to the school improvement provisions of 1116(c).
- Tightens the definition of adequate yearly progress (AYP) to include annual statewide measurable objectives for improved achievement by all students as well as specific groups, including economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, and LEP students. The overall goal is for all students to meet the "proficient" level no later than 12 years after the 2001-02 school year. AYP is to be based primarily on State assessments; one additional academic indicator is required and other indicators are permitted, but they may not be used to reduce the number or change the identity of schools otherwise subject to improvement under Sec. 1116. Each student group must meet the statewide achievement goal for a school to make AYP. If a group does not meet the State goal, the school can be considered to have made AYP if the percentage of students in that group not reaching the proficient level falls by at least 10 percent. At least 95 percent of each group must participate in State assessments. States may average up to three years of data in making AYP determinations.
- Requires State and LEA report cards to the public no later than the beginning of the 2002-2003 school year. Also requires annual State reports to the Secretary, to be transmitted in summary form to the Congress, beginning in 2002-03.
- Requires the Secretary to withhold of 25 percent of funds for State administration from States that have failed to meet the 1994 deadlines for putting in place standards and a system for measuring

AYP, and permits the Secretary to withhold an unspecified amount of State administrative funds from a State that fails to meet requirements of new law.

- Adds "Parents Right to Know" provision requiring LEAs to annually notify parents of their right to request information on the professional qualifications of their child's teachers.

School Improvement

The No Child Left Behind Act of 2001 significantly strengthens the school improvement provisions under section 1116 of Title I. The new law puts students first by requiring LEAs to offer choice and supplemental educational services to students attending schools identified for improvement, dedicates substantial new dollars to State and local improvement efforts, and requires progressively tougher improvement measures over time for schools that fail to improve, including potential reconstitution under a restructuring plan.

Funding

- Requires States to reserve 2 percent of Part A allocations for school improvement purposes in fiscal years 2002 and 2003, rising to 4 percent in 2004 and thereafter. (The 1994 law permitted, but did not require, the reservation of .5 percent of allocations for this purpose.) States must distribute 95 percent of these funds to LEAs for schools identified for improvement, corrective action, or restructuring.
- Establishes a separate \$500 million authorization for a new Assistance for Local School Improvement grant program under which States would make subgrants ranging from \$50,000 to \$500,000 to help LEAs comply with the improvement provisions of Sec. 1116.

School Improvement (failing to make AYP for 2 consecutive years)

- Requires schools identified for improvement to develop two-year improvement plans incorporating strategies from scientifically based research on how to strengthen the core academic subjects and address the specific issues that caused the school to be identified for improvement.
- Requires schools identified for improvement to reserve annually at least 10 percent of their Part A funds for professional development that directly addresses the problems that led to identification for improvement.
- Requires LEAs to immediately provide students attending schools identified for improvement the option of attending another public school, which may include a public charter school, that is not identified for improvement. LEAs must provide or pay for transportation to the new school, with a limit on the portion of Part A funds that may be used for this purpose (see 20 percent cap below).
- Permits students attending schools in the second year of school improvement (failure to make AYP for 3 consecutive years) to use Title I funds to obtain supplemental educational services from the public- or private-sector provider of their choice. Caps the per-child cost of such services at the lesser of the LEA per-child Part A allocation or the cost of services.
- Requires LEAs to "promptly" notify parents of eligible students attending schools identified for improvement, corrective action, or restructuring of their option to transfer their child to a better public school or to obtain supplemental services.
- Requires LEAs to give priority to low-achieving students from low-income families in making available choice and supplemental educational services. Only low-income children are eligible for supplemental services.
- Requires LEAs to use an amount equal to 20 percent of their Part A Allocations to pay for transportation of students exercising a choice option or obtaining supplemental educational services for eligible students. In reserving such funds, LEAs may not reduce allocations to schools identified for corrective action or restructuring by more than 15 percent.

- Permits a student who transferred to another school under these provisions to remain in that school through its highest grade, but the LEA is required to provide transportation to the new school only as long as the student's original school is subject to school improvement, corrective action, or restructuring.

Corrective Action

- Strengthens corrective action (required after 2 years in school improvement) to include actions more likely to bring about meaningful change at the school, such as replacing school staff responsible for the continued failure to make AYP, comprehensive implementation of a new curriculum (including professional development), and reorganizing the school internally. Corrective action schools also must continue to provide choice and supplemental services options to their students.

Restructuring

- Adds a new restructuring requirement for schools that fail to respond to corrective actions. If a school fails to make AYP after one year of corrective action, it must begin planning for restructuring, which involves fundamental change such as reopening the school as a public charter school, replacing all or most of the school's staff, or turning operation of the school over to a private management company with a demonstrated record of effectiveness, and implement its restructuring plan the following year. Schools identified for restructuring also must continue to provide choice and supplemental services options to their students.

Duration of Improvement Status

- Permits LEAs to end school improvement, corrective action, or restructuring if the school involved makes AYP for 2 consecutive years. An LEA may delay implementation of supplemental services requirements, corrective action, or restructuring if a school identified for such measures makes AYP for 1 year.

Rewards

- Authorizes State Academic Achievement Awards to schools that close achievement gaps or exceed AYP requirements, the designation of schools that make the greatest gains as Distinguished Schools, and financial awards to teachers in schools that receive Academic Achievement Awards. States may reserve up to 5 percent of annual Part A increases for Academic Achievement Awards, and 75 percent of these funds must be awarded to high-poverty schools.

LEA Improvement

- Requires LEAs identified for improvement to spend at least 10 percent of their annual Part A allocations on professional development.

Qualifications for Teachers and Paraprofessionals

- Requires LEAs to ensure that all Title I teachers hired after the first day of the first school year following the date of enactment are "highly qualified," which for new teachers means certified by the State (including alternative routes to State certification), holding at least a bachelor's degree, and passing a rigorous State test on subject knowledge and teaching skills (definition is in Title IX General Provisions).
- Requires States to develop plans with annual measurable objectives that will ensure that all teachers teaching in core academic subjects are highly qualified by the end of the 2005-2006 school year. States and LEAs must report annually, beginning with the 2002-03 school year, on progress toward this goal.
- Requires LEAs to use between 5 and 10 percent, inclusive, of their Part A allocations for fiscal years 2002 and 2003, and at least 5 percent thereafter, to ensure that all teachers are highly qualified by the end of the 2005-06 school year.
- Strengthens paraprofessional requirements to include two years of postsecondary education or, for an applicant with a high school diploma, the demonstration of necessary skills on a "formal State or local academic assessment." All new hires must meet these requirements, and existing paraprofessionals have 4 years to comply with them.
- Specifies permitted paraprofessional duties and emphasizes that paraprofessionals "may not provide any instructional services" except under the direct supervision of a teacher.
- Requires principals to "attest annually in writing" that their schools are in compliance with the teacher and paraprofessional qualification requirements in section 1119.

Services to Students in Private Schools

- Requires equitable inclusion of private school parents and teachers in parent involvement and professional development activities under sections 1118 and 1119, respectively.
- Expands consultation requirements to cover who will provide the services, including a "thorough consideration and analysis" of the potential use of third-party providers and a written explanation if an LEA decides not to honor a private school's request that services be provided by a third-party provider. Also requires consultation to include meetings of agency and private school officials, which must continue throughout implementation and assessment of services.
- Requires LEAs to document the required consultation, including affirmation by private school officials that consultation occurred, and to forward such documentation to the SEA. Also outlines complaint procedures if private school officials are dissatisfied with the outcome of the consultation.
- Specifies methods for determining the number of poor children in private schools and permits such determinations to be made biennially.

Other Changes

- Continues to permit States to reserve 1 percent of allocations under parts A, C, and D for State administrative activities, but caps the reservation at the amount a State would reserve if the total appropriation for those parts was \$14 billion.
- Lowers the poverty threshold for schoolwide programs to 40 percent.

New Accountability Provisions

The No Child Left Behind Act of 2001 maintains the same general Accountability structure-based on standards, assessments, AYP, and school improvement-as the 1994 ESEA reauthorization. However, the NCLB Act includes the following changes that significantly strengthen that structure:

- Requiring annual assessments to cover all children in grades 3-8.

- Tightening AYP requirements by specifying a minimally acceptable rate of progress to ensure that all groups of students-disaggregated by poverty, race and ethnicity, disability, and limited English proficiency-reach proficiency within 12 years.
- Requiring State and local report cards on progress in helping all students meet challenging State academic standards.
- Substantially increasing funding for State and local support for school improvement (from _ percent of Part A allocations under the 1994 ESEA reauthorization to 2 percent under the NCLB Act, rising to 4 percent in 2004).
- Requiring LEAs to offer students in schools identified for improvement, corrective action, or restructuring the option of attending a better public school, so that no student is trapped in a failing school.
- Requiring LEAs to allow students attending chronically failing schools (i.e., failing to make AYP for 3 or more years) to use Title I funds to obtain supplemental educational services that can help keep them on track to meet challenging State academic standards.
- Mandating the fundamental restructuring of any school that fails to improve over an extended period of time, including reopening the school as a charter school or turning over school operations either to the State or to a private company with a demonstrated record of effectiveness.
- Rewarding schools and teachers that succeed in narrowing achievement gaps or exceeding AYP requirements through Academic Achievement Awards.

Allocations

Authorizes allocation of Part A funds to local educational agencies that meet the requirements of 4 separate funding formulas: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants. Allocations are based primarily on the number of poor children in each school district (LEA). LEAs receive a single combined allocation that is adjusted by the State under certain circumstances.

The No Child Left Behind Act of 2001 made relatively minor changes to most Part A formula provisions:

- Updates of census poverty estimates are required every year rather than every two years, though only if technically feasible.
- The poverty rate-linked "hold-harmless" of 85%-95% was extended to Concentration Grants.
- LEAs that lose eligibility for Concentration Grants would nevertheless continue to receive them for up to 4 consecutive years.
- The small-State minimum for Basic and Concentration Grants rises to .25 percent of total allocations to States for fiscal year 2001 plus .35 percent of amounts over the fiscal year 2001 level. The small-State minimum for Targeted Grants and Education Finance Incentive Grants (neither of which was funded prior to fiscal year 2002) is .35 percent.

The Education Finance Incentive Grant formula was significantly modified by changing the count of children from the total population aged 5-17 to the number of Title I formula children (i.e., primarily census poverty counts). In addition, within-State allocations under the Incentive Grant program are now based on a variation of the Targeted Grants formula. As a result of these changes, the Incentive Grant program is now much more targeted to high-poverty urban and rural districts than under the 1994 law.

Set-Asides

Federal -

- None. Evaluations are funded through a separate authorization under Part E of Title I.

State -

- States may reserve up to 1 percent of allocations under parts A, C, and D "to carry out administrative duties" related to those parts.
- States also must reserve 2 percent of Part A allocations, rising to 4 percent in fiscal year 2004, to carry out State and local school improvement activities. States must allocate 95 percent of school improvement funds directly to LEAs.
- States must withhold from their Title I LEA Grant allocations amounts generated by annual counts of delinquent children in local institutions in order to support projects in LEAs with high proportions of children in local correctional facilities.

Local -

- LEAs must use between 5 and 10 percent, inclusive, of their Part A allocations for professional development aimed at ensuring that all teachers are highly qualified by the end of the 2005-06 school year (the requirement changes to a simple 5 percent floor in 2004).
- School improvement, corrective action, and restructuring potentially impose a variety of local set-asides. Both LEAs and schools identified for improvement, for example, must use at least 10 percent of their allocations for professional development aimed at correcting the deficiencies that led to identification for improvement. And LEAs with schools identified for improvement, corrective action, or restructuring may be required to use up to 20 percent of their Part A allocations to pay choice-related transportation costs and to provide supplemental educational services to students whose parents request them.

Montana Allocation

\$2,941,386

READING FIRST STATE GRANTS (Title I, Part B, Subpart 1)

Overview

Creates a new authority (replacing the Reading Excellence Act) to help States and local educational agencies utilize scientifically based reading research to implement comprehensive reading instruction for children in kindergarten through third grade.

Major Changes from Current Law

- **Formula Grants to State Educational Agencies** - Most of the funds available to each State will be distributed by formula (the antecedent Reading Excellence Act authorized competitive grants). As for the previous Reading Excellence Act grants, State grant applications would be reviewed by a peer review panel; grants would be for 6 years instead of 3 years. As in current law, States would award subgrants to local communities on a competitive basis.
- **Targeted Assistance Grants to State Educational Agencies** - Beginning in 2004, requires that some funds be awarded competitively to States and LEAs based on evidence that they have increased significantly the percentage of 3rd grade students reading at the proficient level and are improving the reading skills of students in the 1st through 3rd grades.
- **Local Uses of Funds** - Requires subgrantees to select and administer screening, diagnostic, and classroom-based instructional reading assessments to determine which students in kindergarten through grade 3 are at risk of reading failure. Also requires subgrantees to provide professional development, for teachers of students in kindergarten through grade 3 and special education teachers of students in kindergarten through grade 12, in the essential components of reading instruction.

Accountability (new requirements)

- **Federal** - Requires the Department to contract with an independent organization to conduct a 5-year, rigorous, scientifically valid, quantitative evaluation of the Reading First State Grants program. This evaluation must identify the effects of specific activities carried out by States and school districts on improving reading instruction, including the analysis and measurement of 9 specific items as prescribed by law.
- **State/Local** - In lieu of the State evaluation required by current law, requires States receiving a Reading First grant to submit an annual report to the Secretary that, among other things: 1) identifies those schools and LEAs that report the largest gains in reading achievement; 2) describes the progress that the SEA and LEAs in the State are making to reduce the number of students served in this program who are in 1st, 2nd, or 3rd grade and are reading below grade

level; and 3) provides evidence on whether the SEA and LEAs in the State have significantly increased the number of students reading at grade level or above and significantly increased the percentages of students described in Title I AYP provisions (racial/ethnic, low-income, LEP, etc.) who are reading at grade level and above.

In addition, within 60 days of the third year of the grant period, requires that each State submit an interim progress report to the Secretary that includes some of the information that is required in the annual reports.

Allocations

- **Federal to State** - Funds are allocated by formula based on States' relative share of children aged 5 to 17 from families with incomes below the poverty line, with States receiving a minimum of $\frac{1}{2}$ of 1 percent. Puerto Rico may receive no more than the percentage that it received for Title I, Part A for the preceding fiscal year.
- **State to Local** - Subgrants are awarded competitively to eligible LEAs by the SEA. In awarding subgrants, the SEA must give priority to eligible LEAs that have at least 15 percent of students from families with incomes below the Census poverty line or at least 6,500 children from families with incomes below the poverty line. Any LEA that receives a subgrant must receive, at a minimum, the LEA's relative share of the amount the LEA received for Title I, Part A for the preceding fiscal year. In addition, States must provide subgrants of sufficient size to enable the LEA to improve reading instruction and in amounts related to the number or percentage of students in kindergarten through grade 3 who are reading below grade level.

Set-Asides

- **Federal** - One-half of 1 percent for the outlying areas; $\frac{1}{2}$ of 1 percent for BIA; the lesser of 2.5 percent or \$25 million for evaluation and technical assistance; \$5 million for information dissemination activities conducted by the National Institute for Literacy; and beginning in 2004, the lesser of 10 percent or \$90 million from funds in excess of the FY 2003 appropriation for competitive Targeted Assistance Grants to SEAs.
- **State** - States may reserve up to 20 percent of funds for professional development; technical assistance; and planning, administration, and reporting activities. From this amount, States may spend up to 65 percent on professional development, up to 25 percent for technical assistance for LEAs and schools, and up to 10 percent for planning, administration, and reporting activities.
- **Local** - Up to 3.5 percent for planning and administration.

Montana Allocation

\$1,127,500

EVEN START (Title I, Part B, Subpart 3)

Overview

This program supports family literacy programs that integrate early childhood education, adult education, parenting education, and literacy activities for low-income families, including parents eligible for services under the Adult Education and Family Literacy Act and their children from birth through age 7.

Changes from Current Law

This program was reauthorized in December 2000 as part of the Consolidated Appropriations Act of 2001 (P. L. 106-554), with the following major changes:

- **Research** - In years where the appropriation exceeds the amount appropriated for the previous fiscal year, the Secretary is required to reserve \$2 million or 50 percent of the excess amount, whichever is less, for the National Institute for Literacy to carry out scientifically based reading research that focuses on adult literacy. In years where the appropriation is equal to or less than the amount appropriated for the previous fiscal year, the Secretary may reserve only what is needed to continue multi-year activities.
- **Statewide Family Literacy Activities** - Authorizes \$1 million for competitive grants to States for Even Start statewide family literacy initiatives in years when the appropriation increases over the previous year. Prior to this reauthorization, as part of the Reading Excellence Act, the Department was required to reserve \$10 million annually for this purpose.
- **Technical Assistance for Family Literacy Services** - Adds a provision that allows States to use a portion of program funds to help subgrantees to improve the quality of family literacy services.
- **Staff Qualifications** - Requires that, within 4 years, the majority of individuals providing academic instruction in Even Start whose salaries are paid in whole or in part with Even Start funds have an associate's, bachelor's, or graduate degree in a field related to early childhood education, elementary or secondary school education, or adult education, and, if applicable, meet State qualifications requirements for those areas; all new personnel must meet these requirements beginning on the effective date of the reauthorization (12/21/00). In addition, within 4 years, the individual responsible for the local administration of family literacy services must have received training in the operation of a family literacy program, and paraprofessionals who provide support for academic instruction must have a high school diploma or its equivalent.
- **Scientifically Based Reading Research** - Requires that instructional programs be based on scientifically based reading research.

- **Eligible Participants** - Allows Even Start programs that collaborate with Title I, Part A programs to expand Even Start services to children who are 8 years of age or older if funds from the Part A program are used to contribute to the cost of providing programs for these children.

The NCLB Act includes one amendment: Under the 2000 reauthorization of the program, States may reserve up to 6 percent of funds for State-level activities, including administration, technical assistance for program improvement through a grant or contract, and administering the Indicators of Program Quality requirements in the law. The reauthorized ESEA allows States to also use these funds for improving the quality of family literacy services provided under Even Start programs.

Accountability

- **Federal** - Requires an independent evaluation of the program to: (1) determine the performance and effectiveness of the program; (2) identify effective Even Start programs; and (3) provide technical assistance to States and subgrantees to ensure that local evaluations provide accurate information on the effectiveness of the program.
- **State** - Requires States to develop indicators of program quality (some are specified in the law) and use them to monitor, evaluate, and improve Even Start programs within the State. (States were required to submit these indicators to the Secretary by June 30, 2001 in order to receive program funds.)
- **Local** - Requires a subgrantee to provide for an independent program evaluation that is to be used for program improvement.

Allocations

- **Federal to State** - Formula allocations are based on each State's current-year share of Title I, Part A funds, with a minimum State allocation of the greater of \$250,000 or $\frac{1}{100}$ of 1 percent.
- **State to Local** - SEAs make competitive subgrants to partnerships of LEAs and other organizations, giving priority to proposals that target areas designated as empowerment zones or enterprise communities or that propose to serve families in other high-poverty areas.

Set-Asides

- **Federal** - Requires 6 percent of the annual appropriation for programs serving migrant children, the outlying areas, and Indian tribes and tribal organizations if the appropriated amount for the program exceeds \$200 million (or 5 percent when the appropriation is \$200 million or less). Requires a grant for an Even Start project in a women's prison. Allows up to 3 percent for evaluation and technical assistance.

In years in which the appropriation exceeds the amount appropriated for the preceding fiscal year, requires \$2 million, or 50 percent of the excess, whichever is less, for the National Institute for Literacy (NIFL) to carry out scientifically based research on family literacy. When the appropriation is the same or less than the preceding year's appropriation, requires "sufficient funds" for NIFL to continue multi-year research projects.

Authorizes \$1 million for competitive grants to States for Even Start statewide family literacy initiatives in years when the appropriation increases over the previous year.

- **State** - Allows SEAs to reserve up to 6 percent of their allocation to administer the program; provide technical assistance for program improvement and replication through subgrants or contracts; develop indicators of program quality and monitor, evaluate, and improve programs

based on the State's indicators; and (beginning with the 2001 amendment) improve the quality of family literacy services provided under Even Start programs. An SEA may use up to half of this reservation for program administration.

Montana Allocation

\$106,682

PREVENTION AND INTERVENTION PROGRAMS FOR NEGLECTED OR DELINQUENT CHILDREN OR YOUTH (Title I, Part D)

Overview

Retains, with a few changes, the current program to provide financial assistance to: (1) State educational agencies for educational services to neglected and delinquent children and youth under age 21 in State-run institutions for juveniles and in adult correctional institutions, and (2) local educational agencies for educational services to children and youth in local correctional facilities and to other at-risk populations.

Changes from Current Law:

- **State Agency program (Subpart 1)** - Phases in changes that, over four years, reduce the restrictions on Puerto Rico's allocation and give Puerto Rico a larger share of total funds (so long as no other State loses funding).
- **Transition Services** - Increases the amount States may spend on transition activities from a maximum of 10 percent to a maximum of 30 percent (and requires that States spend a minimum of 15 percent).
- **Local Agency program (Subpart 2)** - Retains the program (which States operate by setting aside money from Title I - A), but narrows the program to primarily focus on the academic and other needs of youth released from corrections facilities located in an LEA. (Dropout prevention is also an allowable activity, especially for pregnant and parenting teenagers.)
- **Annual Model Program** - Adds an authority allowing the Secretary to reserve up to 2.5 percent of funds to develop a uniform model to evaluate Title I, Part D programs and to provide technical assistance to support the capacity-building of State agency programs.

Accountability

- Maintains requirements that SEAs and LEAs evaluate their program at least once every three years, using multiple measures to determine program impact on participants achievement, credit accrual, transition from a facility to a regular LEA, and success in completing secondary school and obtaining employment.
- The Subpart 2 program: (1) allows an SEA to reduce or terminate a project if an LEA does not show progress in reducing dropout rates over a three-year period; and (2) requires that local correctional facilities and delinquent institutions, after receiving assistance for three years, demonstrate that there has been an increase in the number of youth returning to school,

obtaining a secondary school diploma or its equivalent, or obtaining employment after these youths are released.

Allocations

- **Federal to State** - Funds are allocated to States through a formula based on the number of children in State-operated institutions and per-pupil education expenditures for the State. Each State's allocation is generated by child counts in State institutions that provide at least 20 hours of instruction from non-Federal funds; adult correctional institutions must provide 15 hours a week.
- **State to State Agency** - Once the Department determines the State's allocation, the SEA makes subgrants to each state agency based on its proportionate share of the States adjusted enrollment count of N or D children and youth.

Set-Asides

- **Federal** - up to 2.5 percent for evaluation (and for the development of a uniform model to evaluate Part D) and technical assistance.
- **State** - Up to 1 percent of funds for State administrative costs.

Montana Allocation

\$740,518

COMPREHENSIVE SCHOOL REFORM PROGRAM (Title I, Part F)

Overview

Retains, without major changes, the current program to support the development, adoption, and implementation of comprehensive school reforms that are based on reliable research and effective practice and that will improve the academic achievement of children in participating schools.

Changes from Current Law

- **Authorization** - Creates a separate authorization for the program in the ESEA (under Title I, new Part F). Previously, the program had no separate statutory authorization; it was created in the Department's fiscal year 1998 appropriations act and was implemented based on instructions included in the reports accompanying the Department's fiscal year 1998 and 1999 appropriations. Congress has appropriated funds for the program under Part E (Federal Evaluations, Demonstrations, and Transition Projects) of Title I and Part A (Fund for the Improvement of Education) of Title X.
- **Targeting** - Limits awards to LEAs that receive funding under Part A of Title I. By comparison, the FY 2001 appropriations made 83 percent of the funding available for LEAs eligible to receive funds under Part A.
- **Additional Reform Component** - In addition to the nine components required currently, adds two new components stipulating that grantees use program funds for comprehensive reforms that: (1) have been found (a) through scientifically based research to improve significantly the academic performance of participating students compared to non-participating students; or (b) show strong evidence that the model would significantly improve the performance of participating students; and (2) provide support for teachers, principals, administrators, and other school staff.
- **Quality Initiatives** - Requires the Secretary to carry out "quality initiatives" consisting of: (1) a public-private effort to assist States, LEAs, and schools in making informed decisions in approving or selecting providers of comprehensive school reform; and (2) activities to (a) foster the development of comprehensive school reform models; and (b) provide effective capacity building for comprehensive school reform providers to expand their work to more schools, ensure quality, and promote financial stability.
- **Emphasis on Proven Strategies** - Requires that grantees implement comprehensive reforms based on scientifically based research.

Accountability

- **Federal** - Requires national evaluation of, among other things, results achieved by schools after 3 years of implementing comprehensive school reforms and the effectiveness of comprehensive school reforms in schools with diverse characteristics.
- **State** - Requires each State to conduct an annual evaluation of the effects of the reforms on student achievement and submit the report to the Secretary.

- **Local** - Requires that schools adopt comprehensive reforms that are based on scientifically based research and effective practices and that include a plan for evaluating annually the implementation of the reforms and their effect on student achievement.

Allocation of Funds

- **Federal to State** - Formula based on each State's prior-year share of Title I Basic Grants (Sec. 1124).
- **Within State** - Competitive awards to LEAs that receive funds under Part A of
- Title I, with a priority for LEAs planning to use funds in schools in improvement or corrective action under Title I.

Set-Asides

- **Federal** - (1) Up to 1 percent for the BIA and Outlying Areas; (2) up to 1 percent for national evaluation activities; and (3) up to 3 percent for Quality Initiatives.
- **State** - Up to 5 percent for administrative, evaluation, and technical assistance expenses

Montana Allocation

\$13,637,700

**IMPROVING TEACHER QUALITY STATE GRANTS
(Title II, Part A)**

Overview

Authorizes a new State formula grant program that combines the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training, and recruiting high-quality teachers.

Major Changes from Current Law

- **Increased Flexibility** - Allows LEAs increased flexibility to allocate funds among professional development, class-size reduction, and other teacher quality activities, without the requirements that are in current law.
- **Mathematics and Science Activities** - Eliminates the Eisenhower priority for professional development in mathematics and science and creates a separate Math and Science Partnerships competitive grant program.
- **Competitive Funds** - Caps the amount for competitive grants awarded by State agencies for higher education working in conjunction with the SEA at \$125 million, rather than providing that a certain percentage of program funds be reserved for this purpose. This will reduce the percentage of funds available for this part of the program as appropriations increase.
- **State Uses of Funds** - New State activities include, among others, reforming teacher and principal certification/licensing requirements, alternative routes to State certification, teacher and principal recruitment and retention initiatives, reforming tenure systems, teacher testing, and merit pay.
- **Local Uses of Funds** - New local activities include, among others, teacher and principal recruitment and retention initiatives, signing bonuses and other financial incentives, teacher and principal mentoring, reforming tenure systems, merit pay, teacher testing, and pay differentiation initiatives.
- **Class-Size Reduction** - Allows LEAs to use program funds to reduce class size, and does not limit the use of program funds for class-size reduction activities in grades 1 through 3, as current law does.
- **National Activities** - Authorizes the Secretary to: (1) establish a national teacher recruitment campaign, which includes activities carried out through the National Teacher Recruitment Clearinghouse, to assist high-need LEAs in recruiting and training teachers and to conduct a national public service campaign about the resources for, and routes to, entering the field of teaching; (2) make competitive grants to assist high-need LEAs to recruit and train principals and assistant principals; (3) make competitive grants to support teachers seeking advanced certification or advanced credentialing to SEAs, LEAs, the National Council on Teacher Quality working with an LEA or SEA, or another certification or credentialing organization working with an

LEA or SEA; (4) make competitive grants to LEAs and partnerships to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty; and (5) establish a National Panel on Teacher Mobility to study strategies for increasing mobility and employment opportunities for highly qualified teachers. Also authorizes funds for the University of Northern Colorado to assist other IHEs in training special education teachers.

Accountability (new requirements)

- If the SEA determines, based on reports submitted by LEAs describing their performance under the Title I teacher qualification requirements (after these requirements have been in effect for two years), that an LEA in the State has failed to make progress toward meeting its measurable objectives, the LEA must develop an improvement plan to help it meet its objectives. The SEA must provide technical assistance to the LEA and, if applicable, to schools within the LEA while the LEA is developing the improvement plan.
- After an additional year, if the SEA determines that an LEA still has failed to make progress toward meeting its measurable objectives and has failed to make Title I adequate yearly progress for 3 consecutive years, the SEA must enter into an agreement with the LEA on the use of the LEA's funds under this program, including developing professional development strategies and activities and prohibiting the use of Title I, Part A funds for any paraprofessional hired after the determination is made.
- In addition, after 3 years of poor performance, SEAs would also provide funds directly to schools to enable teachers to choose, in consultation with the school principal, the professional development activities in which they would like to participate.

Allocations

- **Federal to State** - Funds are allocated by formula, with each State first receiving its FY 2001 amount for the Eisenhower Professional Development State Grants and Class-Size Reduction programs. Remaining funds are allocated based 35 percent on child population (ages 5 to 17) and 65 percent on child poverty, with each State receiving a minimum of _ of 1 percent.
- **State to Local** - Subgrants to Local Educational Agencies are suballocated to LEAs by formula. LEAs first receive the amount they received in FY 2001 for the Eisenhower Professional Development State Grants and Class-Size Reduction programs. Remaining funds are allocated based 20 percent on child population (ages 5 to 17) and 80 percent on child poverty. Subgrants to Eligible Partnerships are awarded competitively by the State agency for higher education (SAHE) working in conjunction with the SEA.

Set-Asides

- **Federal** - One-half of 1 percent each for the outlying areas and the BIA.
- **State** - Ninety-five percent of funds for Subgrants to Local Educational Agencies; the lesser of 2.5 percent or \$125 million for Subgrants to Eligible Partnerships; and remaining funds are for State-level activities. An SAHE or SEA may use up to 1 percent of its funds for planning and administration.

Montana Allocation

\$3,075,897

STATE AND LOCAL TECHNOLOGY GRANTS (Title II, Part D, Subpart 1)

Overview

Consolidates the current Technology Literacy Challenge Fund (TLCF) and Technology Innovation Challenge Grant programs into a single State formula grant program to support the integration of educational technology into classrooms to improve teaching and learning.

Changes from Current Law

- **Within-State Allocations** - Requires each State to award half of the amount available for LEAs through a formula based on Title I shares and half through a competitive process. Currently, States award the entire amount available for LEAs through a competitive process.
- **Targeting** - Requires LEAs to make competitive awards to high-need LEAs or partnerships that include a high-need LEA and at least one entity that can assist the high-need LEA to integrate technology effectively into classroom instruction. Defines a high-need LEA as an LEA that: (1) serves concentrations of poor students; and (2) (a) serves at least one school identified as in need of improvement under Title I or (b) has a substantial need for assistance in acquiring and using technology. Also requires States, when making competitive awards, to give a priority to LEAs that receive a formula allocation that is too small to carry out effectively the purposes of the program.
- **Providing Professional Development** - Requires each LEA receiving formula funds to use at least 25 percent of its formula allocation for high-quality professional development activities to prepare teachers to integrate technology into instruction. (The current statute does not have a similar requirement.) Allows States to exempt from this requirement an LEA that can demonstrate that it already provides high-quality professional development in the integration of technology into instruction.
- **Emphasis on Proven Strategies** - Requires local applicants to describe how they would identify and promote strategies, based on relevant research, that integrate technology effectively into curricula and instruction.
- **National Activities** - Requires a national study (described below) and authorizes the Department to provide technical assistance to recipients of program funds.

Accountability

- **Federal** - Requires the Secretary to conduct an independent study, using an experimental research design, to identify the conditions and practices under which educational technology: (1) is effective in increasing student achievement; and (2) increases the ability of teachers to integrate technology effectively into curricula and instruction. Requires wide dissemination of the study.

- **State and Local** - Requires each State and LEA to develop accountability measures and a process for evaluating the extent to which the activities carried out with program funds are effective in supporting the integration of technology into curricula and instruction.

Allocations

- **Federal to State** - Formula allocations based on each State's current-year share of Title I, Part A funds.
- **Within State** - Requires States to award one-half of the amount available for LEAs by formula based on each LEA's prior-year share of Title I, Part A. States must use the remaining funds for competitive awards to high-need LEAs or partnerships that include high-need LEAs.

Set-Asides

- **Federal** - (1) up to 2 percent for national activities, including conducting the required study and providing technical assistance to grantees; (2) one-half of 1 percent for the Outlying Areas; (3) three-quarters of 1 percent for the BIA; and (4) the amount needed for continuation awards under the Technology Innovation Challenge Grants program.
- **State** - Authorizes SEAs to reserve up to 5 percent for State-level activities, such as providing technical assistance to grantees and developing performance measurement systems to evaluate the effectiveness of technology programs.
- **Local** - No specific set-aside for administrative expenses but, under the Education Department General Administrative Regulations, LEAs can use a reasonable amount for necessary administrative expenses.

Montana Allocation

\$500,000

LANGUAGE INSTRUCTION FOR LIMITED ENGLISH PROFICIENT AND IMMIGRANT STUDENTS (Title III)

Overview

Consolidates the 13 current bilingual and immigrant education programs into a State formula program and significantly increases flexibility and accountability. (Most of the consolidation is accomplished only if the appropriation is at least \$650 million.) Maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging State standards required of all other students.

Major Changes from Current Law

- **Trigger** - If the appropriation exceeds \$650 million, authorizes formula awards to States based on the State's share of limited English proficient and recent immigrant students. States, in turn, make competitive subgrants to local educational agencies. If a State does not apply, the Secretary makes competitive awards directly to "specially qualified agencies" (school districts).
- **Discretionary Programs** - If the appropriation is less than \$650 million, continues to authorize three discretionary grant programs for instructional services, three support services programs, four professional development programs, and Immigrant Education formula grants. These programs are similar to those in the previous law.
- **State Plans** - Requires States to submit State plans establishing standards and benchmarks for LEP students aligned with State standards.
- **Continuations** - Provides for continuation grants to current instructional service and professional development grantees for the original period of their grant. Consequently, diverts an estimated \$209 million from the formula in 2002 and declining amounts thereafter.
- **National Leadership Activities** - Authorizes National Leadership Activities: National Professional Development Project, National Clearinghouse, and evaluation activities. Under the National Professional Development Project, the Secretary makes 5-year competitive grants to institutions of higher education for professional development activities that will improve classroom instruction for limited English proficient students.
- **Small-State Minimum** - Guarantees all States at least \$500,000 under the formula program.

Accountability

- States must establish annual achievement objectives for limited English proficient students that are related to gains in English proficiency and meeting challenging State academic standards and that are aligned with Title I achievement standards.
- States must assure that subgrantees will comply with the Title I requirement to annually assess in English children who have been in the United States for 3 or more consecutive years. States must hold subgrantees accountable for making adequate yearly progress as described in Title I and meeting all annual achievement objectives.

Allocations

- **Federal to State** - The Secretary determines formula allocations based on the State's share of limited English proficient students (80 percent) and recent immigrant students (20 percent). In 2002 and 2003, the Secretary calculates State shares using 2000 Census data. Thereafter, the Secretary may use either American Community Survey data from the Department of Commerce or data submitted by the States.
- **State to Local** - States allocate funds to school districts based on share of the limited English proficient student population except that States can reserve up to 15 percent for school districts that have experienced significant increases in the percentage or number of immigrant students or that have limited or no experience in serving immigrant students.

Set-Asides

- One-half of one percent or \$5 million (whichever is higher) for schools operated predominantly for Native American students; one-half of one percent for the outlying areas; 6.5 percent for National Leadership Activities; and such sums as necessary for continuation awards.

**SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES
(Title IV, Part A)**

Overview

Retains, with some changes, State formula grants and national discretionary activities for drug and violence prevention.

Requires (in Title IX General Provisions) States to allow students who attend a persistently dangerous school, or who become a victim of a violent crime at school, to transfer to a safe school; requires States to report on school safety to the public; and requires school districts to implement drug and violence prevention programs of demonstrated effectiveness.

Major Changes from Current Law

- **New Program** - Within the authorization of appropriations for National Programs, adds several authorities for specific programs that are not in current law, including:

Community service for expelled or suspended students. This program authorizes formula grants to States to carry out programs under which students expelled or suspended from school are required to perform community service. Funds are allocated to the 50 States, the District of Columbia, and Puerto Rico half on the basis of school-aged population and half on the basis of each State's share of Title I concentration grant funding for the preceding year, with a small State minimum allocation of one-half of one percent of the total.

School security and technology resource center. This program authorizes the Secretary, the Attorney General, and the Secretary of Energy to enter into an agreement for the establishment at the Sandia National Laboratories, in partnership with the National Law Enforcement and Corrections Technology Center-Southeast and the National Center for Rural Law Enforcement in Little Rock, Arkansas, of a center to be known as the "School Security Technology and Resource Center." This Center, which the statute requires to be administered by the Attorney General, would be a resource to local educational agencies for school security assessments, security technology development, evaluation and implementation, and technical assistance relating to improving school security. The Center would also conduct and publish school violence research, coalesce data from victim communities, and monitor and report on schools that implement school security strategies.

National center for school and youth safety. Authorizes the Secretary and the Attorney General to establish a National Center for School and Youth Safety which is required to carry out four prescribed activities: (1) emergency assistance (including counseling for victims and enhanced security) to local communities to respond to school safety crises; (2) a national, toll-free telephone anonymous student hotline for students to report criminal activity, threats of criminal activity, and other warning signs of potentially violent or criminal behavior; (3) consultation with the public regarding school safety through the use of a toll-free telephone number staffed by individuals with expertise in enhancing school safety; and (4) information and outreach. Under this last category, the Center would be required to compile information about best practices in school violence prevention, intervention, and crisis management, and serve as a clearinghouse

for model school safety program information; and ensure that local governments, school officials, parents, students, and law enforcement officials and agencies, especially those in rural and impoverished communities, are aware of the resources, grants, and expertise available to enhance school safety and prevent school crime.

Grants to reduce alcohol abuse. Authorizes the Secretary, in consultation with the Administrator of the Substance Abuse and Mental Health Services Administration (SAMHSA) in the Department of Health and Human Services, to award competitive grants to local educational agencies (LEAs) to develop and implement innovative and effective programs to reduce alcohol abuse in secondary schools. The Secretary may reserve up to 20 percent of the amount used to carry out this section to enable the Administrator of SAMHSA to provide alcohol abuse resources and start-up assistance to the LEAs receiving these grants, and 25 percent of the funds under this program to award grants to low-income and rural LEAs. As a condition of funding, all grantees are required to implement one or more of the proven strategies for reducing underage alcohol abuse as determined by SAMHSA.

Mentoring programs. Authorizes the Secretary to award grants to local educational agencies (LEAs), non-profit community-based organizations, or a partnership of the two to establish and support mentoring programs and activities for children who are at risk of educational failure, dropping out of school, or involvement in criminal or delinquent activities, or who lack strong positive role models. The programs must be designed to link these children (particularly those living in rural areas, high-crime areas, or troubled home environments, or children experiencing educational failure or attending schools with violence problems) with mentors who have received training and support in mentoring and are interested in working with such children to, among other things, provide general guidance and emotional support, promote personal and social responsibility, offer academic assistance and encourage them to excel in school and plan for the future, and discourage illegal use of drugs and alcohol and violence. Funds must be used for activities including but not limited to, hiring and training mentoring coordinators and support staff; recruiting, screening, and training mentors; and disseminating outreach materials. However, the mentors may not be compensated directly with grant funds.

- **Authorization Trigger for National Programs** - Does not authorize an increase in funding for National Programs in any fiscal year in which the appropriation for State grants is not increased by at least 10 percent over the previous year.
- **Safe and Drug-Free Schools and Communities (SDFSC) Advisory Committee** - Establishes a new Advisory Committee composed of representatives of other Federal agencies, State and local governments (including school districts), and researchers and expert practitioners to advise the Secretary of Education and to help coordinate Federal school- and community-based substance abuse and violence prevention programs.
- **Local Plan for Safe and Drug-Free Schools** - Requires LEAs that receive SDFSC funds to have a plan for keeping schools safe and drug-free that includes appropriate and effective discipline policies, security procedures, prevention activities, a student code of conduct, and a crisis management plan for responding to violent or traumatic incidents on school grounds.
- **New Limit on Local Administrative Costs** - Institutes a cap of 2 percent on the amount of SDFSC formula funds that an LEA may use to administer the program. (There is no LEA cap on administrative costs under current law; however, under the Department's general administrative regulations, LEAs are limited to administrative costs that are reasonable and necessary.)
- **Local Uses of Funds** - Retains the 20 percent cap on the amount of SDFSC funds LEAs may spend for school security-related activities, but doubles this cap to 40 percent for funds used to hire and train school security personnel.

Accountability

- Requires local prevention programs to meet **principles of effectiveness**. To be funded, programs must be: (1) based on an assessment of objective data about the drug and violence problems in the schools and communities to be served; (2) based on performance measures aimed at ensuring that these schools and communities have a safe, orderly, and drug-free learning environment; (3) grounded in scientifically based research that provides evidence that the program to be used will reduce violence and illegal drug use; (4) based on an analysis of the prevalence of "risk factors, protective factors, buffers, assets, or other variables," identified through scientifically based research, that exist in the schools and communities in the State; (5) include consultation with and input from parents; and (6) evaluated periodically against locally selected performance measures, and modified over time (based on the evaluation) to refine, improve, and strengthen the program.
- Establishes a new **Uniform Management Information and Reporting System** under which States will provide information on a school-by-school basis to the public on truancy rates and on the frequency, seriousness, and incidence of violence and drug-related offenses resulting in suspensions and expulsions; and also report to the public on the types of curricula, programs, and services provided by grantees, and on the incidence and prevalence, age of onset, perception of health risk, and perception of social disapproval of drug use and violence by youth.

Allocations

- **Federal to State** - State grant allocations are based 50 percent on the Title I concentration grants formula and 50 percent on population, with a hold-harmless to ensure that no State receives less in 2002 or future years than it received in 2001. Governors may elect to receive up to 20 percent of their State's allocation; the remainder goes to the State educational agency.
- **State to Local** - SEA allocations to LEAs are based 60 percent on Title I basic and concentration grants, and 40 percent on enrollment.

Set-Asides

- **Federal Reservations of State Grant Funds** - (1) 1 percent or \$4.750 million (whichever is greater) for the Outlying Areas; (2) 1 percent or \$4.750 million (whichever is greater) for the BIA; and (3) 0.2 percent for programs for Native Hawaiians.
- **Federal Reservations of National Programs Funds** - (1) Up to \$2 million for a national impact evaluation; and (2) the amount necessary to make continuation awards to grantees under the Safe Schools/Healthy Students initiative.
- **State Reservations of SEA Funds** - Up to 5 percent for program activities and up to 3 percent for administrative costs (and for fiscal year 2002 only, up to 4 percent for administrative costs, if the additional funds are used to implement the required uniform management and reporting system) - provided that, in any fiscal year, at least 93 percent of the SEA's allocation is distributed to LEAs.
- **State Reservations of Governors' Funds** - Up to 3 percent for administrative costs.

Montana Allocation

\$1,522,706

21ST CENTURY COMMUNITY LEARNING CENTERS (Title IV, Part B)

Overview

The reauthorized 21st Century Community Learning Centers program will: (1) allocate funds to States by formula; (2) target funds to schools with the greatest need; and (3) require centers to provide academic enrichment activities.

Changes from Current Law

- **Awarding of Funds** - Converts the 21st Century Community Learning Centers authority to a State formula grant. Currently, the Department makes competitive awards directly to LEAs. Under the reauthorized authority, funds would flow to States based on their share of Title I, Part A funds. States would use their allocations to make competitive awards to eligible entities.
- **Emphasis on Providing Academic Enrichment Opportunities** - Clearly establishes that the purpose of the program is to provide academic enrichment activities to students, particularly students who attend low-performing schools, to help them meet State and local standards. To ensure that centers operate high-quality programs, local grantees are required to develop programs that meet specified principles of effectiveness.
- **Targeting** - Requires States to make awards only to applicants that will primarily serve students who attend schools with concentrations of poor students. Also, requires States to provide a priority for applications proposing to target funds to schools identified for improvement under Title I and submitted jointly by an LEA receiving Title I Part A funds and a community-based organization or other public or private entity.
- **Extends Eligibility to Additional Organizations** - Allows community-based organizations (which would include faith-based organizations) and other public or private entities, in addition to local educational agencies, to compete for program funds.

Accountability

- **Local** - Requires local grantees to implement programs that meet specified principles of effectiveness. In addition, requires grantees to evaluate periodically their programs to assess progress toward achieving the goal of providing high-quality opportunities for academic enrichment.
- **State** - Requires each State to develop performance indicators and performance measures that it can use to evaluate programs and activities.
- **Federal** - No specific accountability provisions, but authorizes the Secretary to reserve up to one percent for, among other things, national evaluation activities.

Allocations of Funds

- **Federal to State** - Formula based on each State's prior-year share of Title I, Part A.
- **Within State** - Competitive awards to eligible entities.

Set-Asides

- **Federal** - (1) The amount necessary to support awards made prior to the reauthorization; (2) up to 1 percent for the BIA and Outlying Areas; and (3) up to 1 percent for national activities.
- **State** - (1) Up to 2 percent for administration, peer review, and supervision of awards; and (2) up to 3 percent for, among other things, evaluation and technical assistance activities.

Montana Allocation

\$1,911,525

INNOVATIVE PROGRAMS STATE GRANTS

(Title V, Part A)

Overview

Retains, with a few changes, the previous Title VI Innovative Education State Grants program that provides flexible funds to States and LEAs for innovative educational programs.

Major Changes from Current Law

- **Allocations to Local Educational Agencies** - Maintains, for funding up to the FY 2002 level, requirement that States allocate at least 85 percent of their funds to LEAs based on relative enrollments in public and private schools. In addition, however, 100 percent of the funds that a State receives beyond what it received in fiscal year 2002 must be distributed to LEAs. For small States, at least 50 percent of those funds must be distributed to LEAs.
- **State Uses of Funds**

Administration - Modifies antecedent law so that States may use their entire 15 percent set-aside for administration.

School Renovation, IDEA, and technology - Adds a provision that allows SEAs to use program funds for certain activities authorized in the Department's fiscal year 2001 Appropriations Act, including urgent school renovation, activities authorized under part B of the Individuals with Disabilities Education Act (IDEA), and technology activities related to school renovation.

Other new allowable uses - Including the support of charter schools; statewide education reform, school improvement programs and technical assistance and direct grants to LEAs; yearly student assessments; implementation of State and local achievement standards; and independent analyses to measure and report on student achievement; and certain school safety programs.

- **Local Uses of Funds** - New allowable activities include, among other things: professional development and class-size reduction activities; charter schools; community service programs; consumer, economic, and personal finance education; public school choice; programs to hire and support school nurses; school-based mental health services; alternative education programs; prekindergarten programs; academic intervention programs; programs for CPR training in schools; smaller learning communities programs; activities to advance student achievement; programs and activities that use best practice models; same-gender schools and classrooms; service-learning activities; school safety programs; programs that use research-based cognitive and perceptual development approaches and rely on a "diagnostic-prescriptive model" to improve students' learning; Title I supplemental educational services; magnet schools; dropout prevention; gifted and talented education; and parental and community involvement.

Adds new requirements that, within 120 days of enactment, the Secretary issue specific award criteria and other guidelines for LEAs planning to use program funds to provide same gender schools and classrooms.

Accountability (new requirements)

- Eliminates the FY 1998 evaluation requirement in the State application section of current law. Replaces the current-law requirement on the biennial submission of data on the use of funds, types of services provided, and students served with a requirement for an annual statewide summary of how the program is improving student achievement or improving the quality of education for students.
- Adds a requirement that local applications include assurances that programs, services, and activities will be evaluated annually.

Allocations

- **Federal to State** - Funds are allocated by formula based on States' relative share of the school-age population, with each State receiving a minimum of $\frac{1}{100}$ of 1 percent.
- **State to Local** - States must allocate at least 85 percent of their funds to LEAs based on the relative enrollments in public and private schools. This formula must be adjusted, upon approval of the Secretary, to provide higher per-pupil allocations to LEAs that have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as: 1) children living in areas with high concentrations of low-income families, 2) children from low-income families, and 3) children living in sparsely populated areas.

100 percent of the funds that a State receives beyond what it received in FY 2002 must be distributed to LEAs. For small States, at least 50 percent of those funds must be distributed to LEAs.

Set-Asides

- **Federal** - Up to 1 percent for the outlying areas.
- **State** - Up to 15 percent for State administration.

GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (Title VI, Part A, Subpart 1)

Overview

Authorizes \$490 million for: (1) formula grants to States to assist States in developing the assessments required under No Child Left Behind; and (2) competitive grants to States, or consortia of States, to support collaborative efforts with IHEs or research institutions to improve the quality of assessments (Enhanced Assessment Instruments Grants).

Program Description

- **Appropriations** - Provides a single authorization of appropriations for the two programs. Requires that any amount appropriated in a fiscal year less than or equal to the amount required by statute ("trigger amount") for State assessments be used for State formula grants. Under the assessment trigger, the Title I requirement for States to administer annual assessments in grades 3 through 8 is contingent on the appropriation of specifically authorized funding levels for assessment development grants in fiscal years 2002 through 2005.

Requires that any amount appropriated in a fiscal year that exceeds the statutory trigger be used for competitive awards.

- **Uses of Funds** - States may use their formula funds to pay the costs of the development of the additional State standards and assessments required by NCLB Act. If a State has already developed the required standards and assessments, it may use its funds to: (1) administer the assessments; or (2) carry out other activities designed to hold LEAs and schools accountable for results, such as:
 - developing challenging State academic content and student academic achievement standards and aligned assessments in subjects areas other than those required under Title I;
 - developing or improving assessments of English language proficiency;
 - ensuring the validity and reliability of State assessments;
 - refining State assessments to ensure continued alignment with the State's standards and to improve the alignment of curricula and instructional materials;
 - developing multiple measures to increase the reliability and validity of State assessment systems;
 - strengthening the capacity of LEAs and schools to improve student achievement;
 - expanding the range of accommodations available to students with limited English proficiency and students with disabilities to improve the rates of inclusion of such students; and
 - improving the dissemination of information on student achievement and school performance.
- States may use their competitive awards to: (1) improve the quality, validity, and reliability of State assessments; (2) use multiple measures of student academic achievement; (3) chart the progress of students over time; and (4) develop comprehensive academic assessment instruments, such as performance and technology-based academic assessments, to evaluate student achievement.

Accountability

- **Federal** - No specific accountability provisions.

- **State** - States receiving an Enhanced Assessment Instruments Grant must provide the Secretary with an annual report describing the activities it carried out under the grant and the results of those activities. Ultimately, States are required to meet the Title I accountability requirements.

Allocations

- **Formula Allocations** - Requires that the amount less than, or equal to, the annual trigger amount (\$370 million in 2002 rising to \$400 million by 2005) flow to States in the following manner: (1) each State receives \$3 million; and (2) the remaining amount is allocated based on each State's share of 5 to 17 population.
- **Competitive Grants** - Requires that any funds appropriated in excess of the trigger amount needed for formula allocations be used for competitive Enhanced Assessment Instrument Grants to States. Requires that a State receive, at a minimum, the same amount as it would receive if the amount available for the competition was allocated on the basis of 5-to-17 population.

Requires that any amount remaining after the Secretary has funded all approvable applications for competitive awards flow to States based on States' shares of 5-to-17 population.

Set-Asides

- **Formula Allocations** - one-half of 1 percent for the BIA; and one-half of 1 percent for the Outlying Areas.
- **Competitive Allocations** - None

RURAL EDUCATION INITIATIVE (Title VI, Part B)

Overview

Retains the current *Rural Education Achievement Program* (renamed *Small, Rural School Achievement*), which provides additional formula funds and flexibility in the use of certain Federal funds to small rural districts. Creates a new program to provide additional funds to rural districts that: (1) are ineligible to participate in the *Small, Rural School Achievement* program; and (2) serve concentrations of poor students. Appropriations are to be divided equally between the two programs.

Small, Rural School Achievement Program (Same as the Rural Education Achievement Program authorized in 2001 appropriations act)

Changes from Current Law

- **Increased Flexibility** - Provides participating LEAs with additional flexibility by authorizing them to consolidate their allocations under the Teacher Quality, Innovative Programs (formerly Title VI), Safe and Drug-Free Schools, and Educational Technology programs. Currently, districts are authorized to consolidate funds under the Eisenhower Professional Development, Innovative Education Program Strategies (current Title VI), and Safe and Drug-Free Schools programs.

Allows LEAs to use their consolidated funds to carry out activities authorized under the Title I, Teacher Quality State Grants (Title II-A), Educational Technology State Grants (Title II-D), Language Acquisition State Grants (Title III), Innovative Program State Grants (Title V-A), and Safe and Drug-Free Schools State Grants (Title IV-A). Under antecedent legislation, LEAs may use consolidated funds to carry out activities authorized under the Title I, Eisenhower

Professional Development, Safe and Drug-Free Schools, and Technology Literacy Challenge Fund programs.

- **Expanded Eligibility** - Makes eligible LEAs that: (1) (a) have an average daily attendance of fewer than 600 students; or (b) serve only schools located in counties with a population density of fewer than 10 persons per square mile; and (2) (a) serve only schools with an NCES local code of 7 (rural) or 8 (rural near an urban area); or (b) the Secretary determines are located in an area defined as rural by a governmental agency of the State. Currently, only LEAs that: (1) have an average daily attendance of fewer than 600 students; and (2) serve only schools with an NCES local code of 7 or 8 are eligible.

Accountability

- **Local** - Requires a participating LEA to administer an assessment that is consistent with the Title I requirements.
- **State** - Requires States to: (1) determine, after the third year that an LEA participates, whether the LEA met the State's definition of adequate yearly progress; (2) permit LEAs that met the definition of adequate yearly progress to continue to participate; and (3) permit an LEA that did not meet the definition of adequate yearly progress to continue to participate only if it agrees to use its consolidated funds for Title I school improvement activities.
- **Federal** - No specific accountability provisions.

Allocations

- **Federal to LEA** - Formula to LEAs in an amount equal to: (1) \$20,000 plus \$50 for each student in average daily attendance above 50 students in schools served by the LEA, except that no LEA may receive more than \$60,000; (2) minus the amount the LEA received the previous year under the Teacher Quality, Innovative Programs, Safe and Drug-Free Schools, and Educational Technology programs.

Set-Asides

- **Federal** - None.
- **Local** - None.

Rural and Low-Income School Program (New)

Montana Allocation

\$482,164

- **Eligible LEAs** - Makes eligible an LEA that: (1) serves only schools with an NCES locale code of 6 (small town), 7 (rural), or 8 (rural near an urban area); and (2) has a child-poverty rate of at least 20 percent.
- **Specially Qualified Agencies** - Authorizes eligible LEAs in States that choose not to participate in the program to apply directly to the Secretary for assistance.
- **Applications** - Requires each State or specially qualified agency to establish, at a minimum, specific educational goals and objectives related to: (1) increased student achievement; (2) decreased student dropout rates; or (3) other factors that the SEA or specially qualified agency may choose to measure.
- **Uses of Funds** - Authorizes LEAs to use program funds for: (1) teacher recruitment and retention; (2) professional development; (3) educational technology; (4) parental involvement activities; (5) activities authorized under Safe and Drug-Free Schools; (6) activities authorized under Part A of Title I; and (7) activities authorized under Title III.

Accountability

- **Local** - Requires a participating LEA to administer an assessment that is consistent with the Title I requirements. In addition, specially qualified agencies must provide the Secretary with an annual report on: (1) how the LEA used the funds; and (2) progress toward the goals and objectives included in its application for funds.
- **State** - Requires States to: (1) determine, after the third year that an LEA participates, whether the LEA met the State's definition of adequate yearly progress; (2) permit LEAs that met the definition of adequate yearly progress to continue to participate; and (3) permit an LEA that did not meet the definition of adequate yearly progress to continue to participate only if it agrees to use its consolidated funds for school improvement activities. In addition, participating States must provide the Secretary with an annual report on: (1) the method used by the SEA to allocate funds to eligible LEAs; (2) how LEAs and schools used the funds; and (3) progress toward the goals and objectives included in the State's application for funds.
- **Federal** - Requires the Secretary to report biennially to Congress on: (1) the methods used by States to allocate funds to eligible LEAs; (2) how LEAs and schools used program funds; and (3) the progress made by States toward the goals and objectives included in their applications for funds.

Allocations

- **Federal to State** - Formula based on each State's share of students in average daily attendance in eligible districts.
- **Within State** - Participating States have the option to allocate funds through: (1) a formula based on an LEA's share of the number of students in average daily attendance in eligible districts within the State; (2) a competitive process; or (3) an alternative formula that, to the satisfaction of the Secretary, more effectively targets funds to high-poverty districts. Requires the Secretary to make awards to specially qualified agencies through: (1) a formula based on an LEA's share of the number of students in average daily attendance in eligible districts within the State; or (2) a competitive process.

Set-Asides

- **Federal** - One-half of 1 percent each for the BIA and the Outlying Areas.
- **State** - Up to 5 percent for administrative expenses.

Program Description **EDUCATION FOR HOMELESS CHILDREN AND YOUTH**
(Title X, Part C, amendments to the McKinney-Vento Homeless Assistance Act)

Overview

Retains, with some changes, the current program to provide grants to States to help ensure that homeless children and youth have access to the same free and appropriate public education, including preschool education, as other children and youth.

Changes from Current Law

- **Separate Schools for Homeless Children and Youth** - Prohibits States that receive McKinney-Vento funds from segregating homeless students, except for short periods of time for health and safety emergencies or to provide temporary, special, supplementary services. Exempts States with separate schools for homeless children or youth operating in fiscal year 2000 in a covered county (San Joaquin County, CA; Orange County, CA; San Diego County, CA; and Maricopa County, AZ). Requires the Secretary of Education to report on separate schools and LEAs that operate such schools not later than 2 years after the date of enactment.
- **Transportation** - Requires an LEA (at the request of the parent or guardian) to provide, or arrange for, transportation to the homeless child's school of origin when that school is within the LEA. When the school of origin is in a different LEA from the LEA where the homeless child is living, requires both LEAs to agree on a method for sharing transportation responsibility and costs.
- **Enrollment in School of Choice** - Requires that, pending resolution of a dispute about school placement, an LEA immediately enroll a homeless student in the student's school of choice and provide a written explanation of the rights of appeal to the parent or guardian and student.
- **Reservation of Funds for State Activities** - Permits State reservations of up to 25 percent (or, in the case of States receiving the minimum award, 50 percent) for State activities. Formerly, States could reserve up to 5 percent of their award or up to the hold-harmless (the amount of their 1990 allocation), whichever was greater. At the 2002 appropriation level, most States would be allowed to reserve larger amounts for State activities.
- **Subgrants** - Requires that subgrants to LEAs be awarded competitively. Under previous law, subgrants were awarded based on need.
- **Local Liaison** - Requires all districts, not just districts receiving subgrants, to designate local liaisons for homeless children and youth.
- **Distribution of Funds** - Requires, rather than authorizes, 1 percent to be transferred to the Department of the Interior for BIA schools, and increases the State minimum award amount to the greater of \$150,000, _ of 1 percent, or the amount of the State's fiscal year 2001 award.

Accountability

- **Federal** - Requires the Secretary to report on the status of education of homeless children and youths, including information on: (1) the education of homeless children and youth, and (2) the actions of the Secretary and the effectiveness of the programs supported under the subtitle. Report is due 4 years after the date of enactment.
- **States** - Requires States to collect and report (to the Secretary) information on the nature and extent of problems homeless children and youth have in gaining access to the same free appropriate public education as their non-homeless peers.

- **Separate Schools** - Requires separate schools to meet the same academic requirements as regular public schools. Secretary must report to Congress within 2 years on the operations of these schools.

Allocations

- **Federal to State** - Formula based upon each State's current year Title I share.
- **Within State** - Competitive awards to LEAs.

Set-Asides

- **Federal** - 0.1 percent for the Outlying Areas, 1 percent for BIA schools, and the Secretary may reserve funds for technical assistance, evaluation, and dissemination.
- **State** - Up to 25 percent (or up to 50 percent in the case of States receiving minimum awards) may be reserved for State leadership activities.