

August 18, 2010

Ms. Julie Baltazar
California Department of Education
Sacramento, California

Via Email

Dear Ms. Baltazar:

This is a formal public comment on California's request for a waiver from the US Department of Education regarding the 25% carryover provision for ARRA School Improvement Grant funding awards to LEAs, per the Notice posted on the California State Board of Education website on August 10, 2010, indicating the opportunity to submit public comment by August 20, 2010. The comment focuses on the List of SIG Funding by LEA dated August 10, 2010 that was associated with the just referenced Notice.

Should ED grant the requested waiver, the proposed List may be improved in three areas:

(1) There are a number of proposed LEA awards that include exorbitant amounts that qualify as "golden fleece" amounts that would embarrass both California officials and ED sponsors of the ARRA SIG program. For example:

- Kings Chavez Arts Academy with Enrollment = 131 has a proposed award of \$4 million [the adjusted request (after CDE Technical Adjustments) was \$1.1 million for the school and \$3.7 million for district oversight, with the recommended award further adjusted for school size to \$4 million]. The amount for district oversight is exorbitant and should be adjusted further.
- West Shores HS (Coachella Valley) has a proposed award of \$5 million [the adjusted request was \$2.2 million for the school and \$3.7 million for district oversight, with the recommended award reduced to \$5 million]. The amount for district oversight is exorbitant and should be adjusted further.
- Semitropic Elementary has a proposed award of \$4 million [the adjusted request was \$3.9 million for the school and \$3.6 million for district oversight, with the recommended award reduced to \$4 million]. The amount for district oversight is exorbitant and the amount for a school with Enrollment = 234 is extremely questionable.
- San Francisco Unified School District has a proposed award of \$45 million [original request was \$48.3 million, reduced to \$45 million] for 4 very small schools [Average Enrollment = 267] and 5 modest sized schools [Average Enrollment = 563] with original requests of roughly \$5 million each. The school requests are unjustifiably high for schools of this size, and the district oversight request is very questionable.

These "golden fleece" proposed awards point to the need for greater scrutiny of the requested funds, particularly (but not limited) to requests for district oversight funds. One way to adjust requested awards to avoid proposed exorbitant district oversight awards would be to limit district oversight awards to \$250,000 per school from the LEA, with individual school and district awards combined not to exceed federal per school limits. Such a cap on district oversight awards would reduce the requests for the 92 schools proposed for funding by roughly \$24 million, from the \$434 million in requests after CDE Technical Adjustments to roughly \$410 million.

(2) The list of proposed awards shows that California plans to award \$412 million (if the waiver is approved by ED) to the 92 schools with qualified applications, leaving all remaining 96 schools on the *persistently low-achieving schools* list [total # schools = 188] approved by the State Board in March 2010 with severely reduced opportunities for funding in future years. This funding strategy lacks big picture strategic planning .

The larger picture is that ED estimates roughly \$600 million will be available for California *persistently low-achieving schools* via SIG grants for implementation over three years beginning

with 2010-11. [The US Department of Education website indicates \$416 million for the 2010-11 school year, \$69 million for the 2011-12 school year, and an estimated \$117 million for the 2012-13 school year.] For the proposed awards now being considered, with an extremely short application deadline only 113 of the 188 eligible schools applied for 2010-11 funding. Of these, 21 applications were disqualified and 92 applications are proposed for funding. Many of the 21 schools disqualified have already implemented the interventions required for this program, yet are being denied funding due to deficiencies in their applications. California's state application to ED required 4 revisions over 3 months before it was approved by ED, yet California was not denied funding due to difficulties in generating an approvable application. It would seem wise for California to follow ED's example and permit the 21 schools whose applications were disqualified yet who have implemented the mandated interventions to revise their applications and be awarded funds this year. In addition, it would seem wise to apportion the total anticipated \$600 million over three years such that the 75 schools that did not apply this year would have a reasonable amount of anticipated funding to motivate future participation in the SIG program.

If California were to set an award target of roughly \$360 million for the 92 schools with qualified applications, it would reserve roughly \$50 million from the 2010-11 funds for the remaining 96 schools on the full list of *persistently low-achieving schools*. This \$50 million would join the roughly \$70 million to be available for SIG funds for 2011-12 and the roughly \$120 million anticipated for 2012-13 to total \$240 million anticipated for the schools not being funded at this time. This division of the larger \$600 million pot over the three years envisioned for funding seems a rational way to both reward schools who stepped up to the plate by submitting qualified applications under extremely tight application deadlines this summer, while reserving sufficient funds for the 96 unfunded *persistently low-achieving schools* for future awards.

If this award target is adopted, then \$50 million of the potential \$120 million available for the 2011-12 school year would actually be 2010-11 funds that could be awarded later this year to the 21 schools that submitted deficient applications this summer yet have already implemented the required interventions. These 21 schools could be invited to submit revised applications for potential awards up to \$50 million on a first come first serve basis. The revised applications would be subject to the same review process and award adjustments that were applied for the already qualified 92 schools. If funds are not exhausted from this \$50 million reserve during 2010-11, such funds would join the \$70 million in "new" SIG funding for 2011-12 applications.

(3) The adjustments for school size on the August 10 list do not appear to be consistent from LEA to LEA nor have a coherent policy rationale. With a consistent policy rationale applied to all schools on the list, as well as perhaps special circumstance considerations, it would appear quite possible to reduce the recommended awards for the current 92 qualified schools to the suggested award target of \$360 million. I would suggest the following:

- For schools with "large" enrollments (greater than 1000), apply the federal cap of \$6 million per school. For schools with "medium" enrollments (from 400 to 1000), cap individual school awards at 80% of the federal cap, or \$4.8 million per school. For schools with "small" enrollments (less than 400), cap individual school awards at 60% of the federal cap, or \$3.6 million. Such caps have solid policy rationale in that larger schools require more dollars to implement the required interventions than medium or smaller schools, and medium sized schools require more than smaller schools. Such an award cap was anticipated in the funding priority language submitted by California to ED as part of the application for SIG funds in March 2010, and that language was approved by ED on June 24, 2010.
- For schools on the *persistently low-achieving schools* list with current achievement status indicating less need [as defined by most recent API = Decile 2 or 3] than the other schools on the list, reduce their caps by 1/6. This would mean that Decile 2-3 schools with large enrollment would be capped at \$5 million, Decile 2-3 schools with medium enrollment would be capped at \$4 million, and Decile 2-3 schools with small enrollments would be capped at \$3.0 million. This reduction makes good common policy sense (limit

dollars for schools not on the bottom of the bottom) and may be justified by the "other factors" language for funding priorities in California's approved SIG application. If the strategy for addressing proposed "golden fleece" awards per (1) above is followed, the awards list for the 92 qualified schools would total roughly \$410 million. Applying the reductions for school size and other factors would result in reductions of roughly \$34 million, bringing total proposed awards down to the \$375 million range.

If the award target of \$360 million suggested in (2) is adopted, then there are several options for reducing the proposed awards an additional \$15 million to meet the target. One strategy might involve tweaking the school size cutoffs -- increasing the cutoff for small schools to Enrollment = 500 would generate another \$11 million in reductions, and increasing the cutoff from medium sized schools to 1200 would generate another \$4 million in reductions. Another strategy might be further scrutiny for the four charter schools on the list. California's application to ED signaled special scrutiny for charter schools, with language that charter schools on the *persistently low-achieving schools* list choosing other than the Closure model "must clarify how the intervention selected will create a significantly different instruction model and school culture to improve student achievement." The four charter schools on the list have a recommended award total of roughly \$11 million after the suggested reductions, and school-by-school scrutiny in accordance with California's funding priorities for awarding SIG funds to LEAs may well yield additional reductions from the \$375 million listed above. Finally, even after the reductions suggested above, there may remain LEA awards that appear unjustified [such as Semitropic and San Francisco Unified] that may be reduced to avoid the appearance of "golden fleece" awards.

In short, this public comment provides a roadmap for additional changes to the List of SIG Funding by LEA posted on the State Board website on August 10, 2010. The suggestions include reductions for exorbitant "golden fleece" awards now on the List, a strategy for allocating the SIG award money over three years to be fair to the 96 schools not qualified for immediate funding, and strategies for reducing the immediate pending 2010-11 awards for the 92 qualified schools by roughly \$50 million to accommodate a good solid longer range plan for this program.

Respectfully Submitted,

Doug McRae