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# ELEMENTARY AND SECONDARY EDUCATION

# Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements

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The Honorable William Goodling
Chairman, Committee on Education
and the Workforce

The Honorable John Kasich
Chairman, Committee on the Budget

The Honorable Christopher Shays
Chairman, Subcommittee on Human Resources
Committee on Government Reform
and Oversight
House of Representatives

As you requested, this report presents information on (1) the major federal requirements that affect school districts, (2) the issues that school districts face in implementing these requirements, and (3) the impact of the Department of Education's flexibility initiatives on school districts' ability to address these implementation issues.

We are sending copies of this report to the Secretary of Education, the Secretary of Agriculture, the Administrator of the Environmental Protection Agency, and other interested committees and parties. We will also make copies available to others on request.

This report was prepared under the direction of Harriet C. Ganson, Assistant Director, Education and Employment Issues, who may be reached at (202) 512-9045, if you or your staffs have any questions. Major contributors to this report are listed in app. IV.

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# Executive Summary

As dissatisfaction with America's educational system has grown, efforts to implement broad, systematic education reform have accelerated. In calling for new initiatives to improve teaching and learning, some education experts and local administrators have advocated loosening federal requirements that are thought to potentially impede new or innovative instructional approaches. As this view has found increasing acceptance over the past 5 years, the Congress and the Department of Education have put in place several initiatives to promote flexibility. Some observers have welcomed these provisions, but others have expressed concern that important objectives—such as promoting equal educational opportunity—may be compromised if federal requirements are loosened.

To obtain more information on these issues, the Chairman of the House Committee on Education and the Workforce, the Chairman of the House Committee on the Budget, and the Chairman of the House Subcommittee on Human Resources, Committee on Government Reform and Oversight, asked GAO to (1) describe the major federal requirements that affect school districts, (2) identify the key issues that school districts face in implementing these requirements, and (3) analyze the impact of the Department of Education's flexibility initiatives on school districts' ability to address these implementation issues.

## Background

Because the approximately 15,000 U.S. school districts vary greatly in size and scope, school districts' involvement with the federal government can also vary. Reflecting their large and diverse populations, some districts offer an array of specialized programs, such as magnet schools, vocational programs, and programs for students with limited English proficiency. As a result, these districts may receive federal assistance from funding streams that target these specific areas, and may also be subject to a greater number of federal program requirements. Other (often smaller) districts may be involved with the federal government through a smaller number of broadly targeted programs and widely applicable regulations. As a whole, however, federal funds account for only a small share of total education spending—about 7 percent in school year 1995-96, compared with state and local contributions of 47 and 46 percent, respectively.

## Results in Brief

The wide range of federal requirements that affect school districts reflects many different policy goals and program objectives—including ensuring equal educational opportunity, promoting high-quality instruction, guarding against safety and health hazards, and protecting the integrity of

federal funds. Many of these federal requirements—especially those that most directly affect teaching—come with federal dollars, but others do not. Federal laws and regulations affect school districts in all their varied activities, including the food they serve in the cafeteria, the special education programs for students with disabilities, the employment of school and district staff, and the construction and maintenance of school buildings. Federal requirements are augmented by state and local requirements and court decisions.

District officials generally expressed support for federal programs and mandates, recognizing the importance of goals such as ensuring school safety and promoting equal educational opportunity. At the same time they noted their concerns with implementation issues that made achieving these goals more difficult. Rather than focusing on a single federal program or requirement, these implementation issues extend across several broad areas, including

- the difficulty in obtaining accurate, timely, and sufficiently detailed information about federal requirements and federal funding;
- the limited funds available to meet program and administrative costs; and
- the logistical and management challenges presented by certain requirements, such as those that specify timelines to complete procedural tasks or require specialized personnel.

In the past 5 years, several initiatives have been designed and implemented to provide more flexibility to school districts. For example, districts may be able to obtain waivers (temporary exemptions from certain specific federal requirements) and can sometimes combine or transfer certain federal program funds. However, some of these initiatives have not been widely used by the districts. In addition, because they are narrowly structured, these flexibility initiatives generally do not address school districts' major concerns. Although information-related issues are very important to school district officials, the recent flexibility initiatives increase the amount of information districts need, rather than simplifying or streamlining information on federal requirements. Federal flexibility efforts neither reduce districts' financial obligations nor provide additional federal dollars. Because the flexibility initiatives are limited to specific programs, their ability to reduce administrative effort and streamline procedures is also limited. Broadening the scope of federal flexibility efforts, however, raises concerns about whether the underlying goals of federal programs can be achieved without the guidance of specific regulatory provisions.

# Principal Findings

## Federal Requirements and Financial Assistance Reflect Desire for Safe and Effective Schools for All Students

The body of federal requirements that affect school districts reflects a variety of purposes and objectives. To help ensure equal educational opportunity for students with various types of disadvantages, the federal government has passed antidiscrimination laws and funded special programs targeted at (among others) children with disabilities, homeless children, and children with limited English proficiency. To improve instructional quality in key subject areas, the federal government has sponsored special programs directed at subject areas such as math and science, vocational education, and information technology. To support education by ensuring a safe environment for students and teachers, federal environmental requirements (such as those concerning asbestos) are intended to guard against particular health hazards. To protect the integrity of federal funds, federal requirements include financial provisions such as spending restrictions and carryover limits.

In addition to their sizable financial contributions to the schools, states also play a key role in administering federal programs and distributing federal funds. As part of their monitoring and oversight activities, states often impose additional requirements on school districts. For example, in one state GAO visited, the state requires school districts to submit more documentation on certain purchases made with federal funds than required by federal regulations. For many districts, it can be difficult to distinguish between state and federal requirements, especially in cases where a state requirement arises from the implementation of a federal program or regulation.

## Implementation Issues Relating to Federal Requirements Affect How Districts Plan, Fund, and Operate Educational Programs

For school district officials, implementing this array of federal requirements can be a challenging task. School district officials generally supported the goals and purposes of the associated programs and mandates, recognizing the value in such objectives as ensuring student safety. However, they also identified implementation issues that sometimes made meeting these requirements difficult. First, school district officials need—and many lack—accurate, timely, and detailed information on federal requirements and funding allocations to ensure compliance, plan educational programs, and conduct long- and short-term financial planning. The number and complexity of federal requirements make it hard to keep informed, even considering the technical assistance provided

by state and federal agencies. With incomplete information, district officials may make only conservative and narrow interpretations of federal requirements, believing they have less flexibility than they actually do. As a result, districts may lose the opportunity to structure programs as they would like. In addition, misunderstandings about the scope of federal requirements may lead some districts to spend more than necessary to comply with federal regulations, particularly in environmental areas.

Second, staff from the majority of districts GAO visited expressed concern about the cost of administering federal programs and providing mandated services, especially in light of limited federal support. District officials generally recognized the value of federal mandates in areas such as special education, environmental requirements, and building accessibility, but they said these are often costly to implement. In addition, program directors and superintendents identified two key areas—eligibility determination for certain targeted federal programs and accounting and reporting requirements—as major contributors to their administrative costs. For example, district officials told us that the process for determining students' eligibility for free and reduced-price lunches remains paper-intensive and challenging, although efforts to streamline the process have been helpful. Staff from a few districts expressed dissatisfaction with restrictions on raising and spending funds; however, these issues were raised less frequently.

Third, district officials identified several types of logistical and management challenges associated with certain federal requirements, such as meeting mandated timelines, finding qualified and capable staff or suppliers to provide required services, and balancing competing goals or needs. For example, to ensure that special education students receive the help they need in a timely manner, school districts are required to complete certain tasks within a set number of days. Special education directors said that meeting these timelines sometimes created logistical problems for them—for example, when staff or service providers were unable to complete their tasks because of illness or emergency.

## Recent Flexibility Initiatives Are Generally Not Structured to Address School Districts' Major Implementation Issues

Recent efforts to provide additional flexibility to school districts include waivers, financial flexibility mechanisms, and consolidated planning. Waivers—temporary exemptions from certain specific federal requirements—can allow districts to suspend some federal program rules. Several new financial flexibility mechanisms allow school districts additional flexibility in the use of certain federal program funds; for

example, one provision can allow districts to shift a limited amount of funds from one covered program to another. Finally, a consolidated planning process allows school districts to submit one plan or funding application that covers several federal programs, rather than prepare separate documents for each program.

These initiatives are generally not structured to address the information, funding, and management issues that school districts identified as their primary concerns. First, rather than simplifying the necessary information on federal requirements, these flexibility initiatives actually expand the amount of information school district officials need. To take advantage of these provisions, district staff must know that they exist and learn how to use them. Because these initiatives are program-specific, and each applies to a different set of programs, district officials need detailed information on each provision—information that is often difficult to find.

Second, flexibility initiatives do not address school districts' funding concerns; by design, they cannot increase the flow of funds to school districts nor can they relieve districts of their major financial obligations. The areas covered by the flexibility initiatives are not those that school districts cited as especially costly: special education, environmental, and building accessibility requirements. Similarly, the flexibility initiatives can have only a limited impact on school districts' administrative costs because they do not cover several key program areas such as food service and special education. However, waivers and consolidated planning can help some districts streamline processes in other administrative areas, including the process of applying for federal funds.

Third, the limited coverage of flexibility initiatives also precludes them from addressing several of the logistical and management issues that school districts identified as key issues, such as meeting timelines for evaluating special education students and finding qualified personnel (such as bilingual teachers) to implement key federal programs. For example, because the flexibility initiatives do not extend to special education requirements, districts cannot use these provisions to address their concern with timelines.

## Agency Comments

GAO provided a draft of this report to the Department of Agriculture, the Department of Education, and the Environmental Protection Agency (EPA) for their review and comment.

In its comments, the Department of Agriculture suggested that because the report was based on information collected from a limited number of school districts, GAO should add information to the report putting issues related to school nutrition programs into context. For example, it suggested adding material to the report explaining that the administrative process associated with determining school nutrition program eligibility is part of an effort to achieve a balance between accessibility for participants and accountability for public funds. GAO has included such contextual information in the report. The Department also expressed concern that the draft report indicated the cost of running school nutrition programs is prohibitive due to administration burdens. Relatedly, it said the reader may be left with the impression that the cost of implementing the updated nutrition standards in the school nutrition programs, issued in response to the Healthy Meals for Healthy Americans Act, is prohibitive. Although district officials expressed concern about administrative issues and the potential cost of implementing the updated nutrition standards, they did not state that these costs are prohibitive. GAO added language to the report to clarify this point. Other Department of Agriculture officials also made technical comments that GAO incorporated as appropriate. The Department's comments appear in appendix III.

Program directors and other officials from the Department of Education's Office of Elementary and Secondary Education and Office of Special Education Programs provided oral comments on the report. These officials told GAO that they believe that flexibility has had a positive impact in addressing local concerns. They cited the granting of waivers, the approval of 12 states to participate in the Ed-Flex project, state acceptance of consolidated planning, and a growth in the number of schoolwide projects as examples of positive results. GAO agrees that the implementation of flexibility provisions such as schoolwide programs and consolidated planning has provided benefits to some state and local officials. However, by design these provisions do not address the key implementation issues identified by local school districts. In addition, Department officials stated that they do not believe the waiver provisions are very burdensome or complicated and that, as a result, GAO may have overstated districts' and states' information needs in using flexibility provisions. GAO agrees that the process of applying for waivers does not appear to be overly burdensome or complicated. However, districts do need to know which programs and requirements are covered by flexibility provisions and how those provisions may be used, and this information can be difficult to find. GAO revised the report to clarify that gathering

information on these provisions can be difficult, even if the provisions are relatively simple to use once this information has been obtained.

Department officials also emphasized that the Department provides considerable technical assistance to grantees on flexibility provisions and the flexibility within federal programs. For example, Department officials cited guidance on federal programs that included information on flexibility provisions. This guidance was sent to all states, which were requested to share it with local school districts and with auditors. GAO recognizes the Department's extensive efforts in this area. However, GAO's interviews with Department officials, state officials, and school districts indicate that school districts face information gaps that can affect their ability to successfully implement federal programs and take advantage of flexibility initiatives.

EPA officials, including program managers in the areas of asbestos and underground storage tanks, said the report was fair and accurate and had no additional comments.

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## Abbreviations

| | |
|---|---|
| ADA | Americans With Disabilities Act |
| AHERA | Asbestos Hazard Emergency Response Act |
| CAROI | Cooperative Audit Resolution and Oversight Initiative |
| EDGAR | Education Department General Administrative Regulations |
| EEOC | Equal Employment Opportunity Commission |
| EPA | Environmental Protection Agency |
| ESEA | Elementary and Secondary Education Act |
| ESL | English as a Second Language |
| GEPA | General Education Provisions Act |
| IASA | Improving America's Schools Act |
| IDEA | Individuals With Disabilities Education Act |
| IEP | Individualized Education Program |
| OSHA | Occupational Safety and Health Administration |
| UST | underground storage tank |

# Introduction

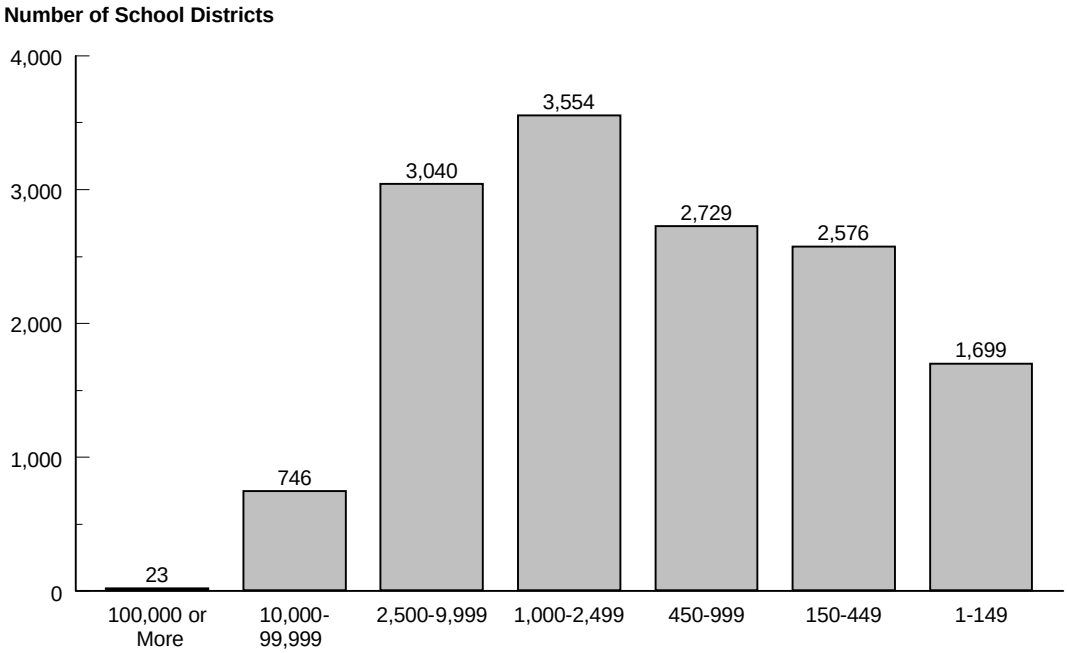
Because U.S. school districts differ a great deal in size and scope, their involvement with the federal government can also vary. Districts that offer a wide variety of educational choices—such as magnet schools, vocational programs, and programs for students with limited English proficiency—may receive federal assistance from a large number of sources and be subject to additional program requirements. Other (often smaller) districts may be involved with the federal government through a smaller number of more broadly targeted programs and requirements, such as those that provide funding for teacher training.

Although there has been widespread agreement on the need to improve the educational system, school districts are central to some education reform efforts and more peripheral to others. Certain education reform movements, like charter schools, have minimized the role of the school district. In contrast, in other reform efforts the district plays a central role in improving curriculum, instructional methods, student assessment, and professional development. Many proponents of all varieties of education reform—regardless of their view of school districts—regard flexibility as a key element in efforts to improve teaching and learning. However, little information is currently available about what types of flexibility are thought to be needed and how federal flexibility initiatives have been used.

## School Districts Vary in Size, Programs Offered, and Federal Involvement

U.S. school districts vary greatly in size, from rural districts with only one school to citywide systems encompassing hundreds of schools and hundreds of thousands of students. In enrollment, school districts range from some with only a few students to New York City with over 1 million. As shown in figure 1.1, while only a few districts had enrollments of over 100,000 students in school year 1995-96, a much larger number of districts reported serving fewer than 150 students. These small districts, although numerous, accounted for less than one-half of 1 percent of total student enrollment. Some districts (usually smaller ones) served only younger children or only secondary students. Although about 74 percent of school districts provided instruction from the beginning of school through 12th grade, 22 percent of school districts provide instruction only through grade 8, and the remaining 4 percent have a low grade of 7 or higher and a high grade of 12. Districts with more than 100,000 students accounted for about 12 percent of student enrollment but made up less than 1 percent of all school districts. Similarly, while more school districts were located in rural areas, urban districts served a greater proportion of students.

**Figure 1.1: Number of U.S. School Districts, by Enrollment Size**




Differences in the composition of the student population are sometimes reflected in the specialized programs found in many districts and schools. In 1993-94 (the most recent school year for which data are available), 43 percent of public schools provided English as a Second Language (ESL) programs, and 18 percent of public schools provided bilingual programs, for students with limited English proficiency. Many districts offer vocational-technical programs, which provide skill training in specialized areas as well as academic instruction.[1] Some districts offer "magnet" programs, which focus on a special subject theme. Some districts have established alternative schools; in 1993-94 there were approximately 2,600 of these schools in the country.[2]

Districts that have a wide variety of specialized programs may receive federal assistance from separate funding streams that target these specific

[1]Some districts that offer vocational programs do not operate these programs themselves, but send their students to vocational programs operated by another district.

[2]This total includes some schools that were classified as "other."

areas. For example, in 1997, 64 districts that were implementing desegregation plans received federal funds for magnet school programs, and, in 1996, 509 school districts received federal funds to support programs for children with limited English proficiency. As a result, larger districts and districts with a wider variety of programs and populations may receive federal assistance from a larger number of sources and also be subject to a greater number of federal program requirements. One large urban district we visited received a total of 27 federal grants, from agencies as diverse as the Department of Education, the Department of Housing and Urban Development, and the Department of Agriculture. Many of these programs targeted specific areas or specific groups of students, such as students with limited English proficiency, neglected and delinquent youth, and Native Americans. Another, smaller district received only four federal grants, all from the Department of Education and all targeted fairly broadly.

## Some Major Education Reform Efforts Reduce School Districts' Role, While Others Maintain District-Level Focus

Many Americans see the nation's public elementary and secondary schools as average at best. With American students' achievement in mathematics and science lagging behind that of their peers in other industrial nations, dissatisfaction with the educational system has fueled calls for widespread systematic reform. Various education reform efforts have adopted differing approaches toward the role of the school district. Some initiatives view school district organizations as part of the problem, while others are designed to rely strongly on district leadership.

Two education reform strategies—charter schools and school-based management—have attempted to expand the role of principals and other school administrators, reducing or even eliminating the role of the school district in making key decisions on educational programs. Charter schools are schools formed by parents, teachers, and/or community members who collectively determine the school's structure, mission, and curricular focus. Charter school laws essentially allow entities other than school districts to start and operate public schools. Charter schools therefore are generally not required to follow all policies, procedures, and requirements of the local school district. In addition, although they receive public funds and must comply with federal requirements, charter schools are generally designed to operate with more autonomy from state and local regulations. Charter schools are responsible for meeting the terms of their charters, however, and these charters may include specific educational outcomes.[3]

[3]For more information about charter schools, see Charter Schools: Federal Funding Available but Barriers Exist (GAO/HEHS-98-84, Apr. 30, 1998).

Proponents of charter schools believe that this freedom from district-level and state-level requirements will lead to better academic outcomes both at charter schools and at the surrounding district schools.

Another type of reform initiative—school-based management—has also focused on freeing building-level administrators from some of the restrictions imposed by district-level management. Initiatives in school-based management have become common, particularly in light of perceptions that district bureaucracies and school boards are unresponsive and impose restrictive requirements that hinder the ability of individual schools to meet their unique needs. Under school-based management, the school district typically delegates some control over decisionmaking on budgets, personnel, and/or instructional programs to school administrators, teachers, parents, or other members of the community. For example, school-based management could allow individual schools to choose to offer either half-day or full-day kindergarten, instead of following a uniform policy that was decided at the district level. Similarly, school-based management could allow individual schools to hire fewer staff and buy more computers (or vice versa), rather than have those decisions made by the district office. Proponents of school-based management believe that allowing the people most closely associated with children to make decisions about a school will make the school more responsive to children's needs.[4]

Although charter schools and school-based management primarily focus on administration at the school level, other reform efforts involve changes in curriculum, instructional strategies, professional development, and student assessment that are implemented on a districtwide basis. For example, one school district we visited established new standards, curricula, and assessments at the district level aimed at increasing accountability for student learning. Similarly, in our 1993 report on education reform efforts, we reviewed another school district that had developed its own school improvement model, which was subsequently adopted by other districts. Another district in this study had adopted a policy of testing students frequently and evaluating teachers on the basis of student performance on certain tests that related specifically to the district's standard curriculum.[5]

[4]For more information about school-based management, see Education Reform: School-Based Management Results in Changes in Instruction and Budgeting (GAO/HEHS-94-135, Aug. 23, 1994).

[5]For more information on district-level reform efforts, see Systemwide Education Reform: Federal Leadership Could Facilitate District-Level Efforts (GAO/HRD-93-97, Apr. 30, 1993).

Whether reforms are initiated outside of the school district (as in charter schools) or at the school or district level, many proponents of education reform believe that efforts to improve teaching and learning will be more successful if local school districts have more flexibility to adapt federal programs to local needs. The National Governors Association, along with several major education associations, has advocated increased flexibility for school districts, including a loosening of federal and state requirements that are thought to potentially impede new or innovative reform approaches. Over the past 5 years, the Congress has enacted several provisions designed to provide schools and districts with more flexibility in how they use federal funds. In addition, for certain areas the Congress has given the Department of Education the authority to grant waivers—temporary exceptions to certain federal requirements—to states and school districts. While some experts have welcomed these provisions, other observers have urged caution. Because many federal and state restrictions were established to protect students, they fear that important social purposes—such as protecting civil rights—may be compromised if federal restrictions are loosened or lifted. Despite the importance of this debate, little information has been available about the issues school districts face in implementing various federal requirements, what flexibility they would find most useful, and how existing flexibility has been used.

## Objectives, Scope, and Methodology

The Chairman of the House Committee on Education and the Workforce, the Chairman of the House Committee on the Budget, and the Chairman of the House Subcommittee on Human Resources, Committee on Government Reform and Oversight, asked us to report on how federal requirements affect local school districts. Specifically, the objectives of this study were to

- describe the major federal requirements that affect school districts;
- describe the issues that local school districts face in implementing these requirements; and
- analyze the impact of the Department of Education's flexibility initiatives on school districts' ability to address these implementation issues.

Our approach relied on data from a variety of sources. We interviewed officials from 87 school districts using a variety of methods—telephone interviews, group interviews, and site visits. We also interviewed representatives from 15 major education associations and federal and state program officials. We surveyed officials from all 50 states to obtain

information on the use of financial flexibility mechanisms by states and local school districts. We reviewed the education finance literature and analyzed federal laws and regulations applying to school districts. In addition, we analyzed data from the Department of Education on school district characteristics and the use of federal waivers. We did not verify the data we obtained from the Department of Education.

We focused our review on 36 federal programs or mandates that education experts, school district staff, state and federal officials, and the literature identified as having a major impact on school districts. We reviewed the relevant legislation (and, in some cases, the regulations and/or agency guidance) to obtain descriptive information about the programs or mandates. These 36 requirements were defined according to their impact on school districts, not necessarily by law or by program. For example, the Americans With Disabilities Act (ADA) contains provisions regarding the accessibility of public buildings and also regulates the employment protections extended to persons with disabilities. These provisions clearly have separate and distinct implications for school districts, although they are contained in the same piece of legislation. Therefore, we elected to treat these requirements separately. Similarly, the Elementary and Secondary Education Act (ESEA) and the Improving America's Schools Act (IASA), which reauthorized ESEA in 1994, deal with many programs in a single legislative act. In other cases, multiple pieces of legislation may provide a vehicle for very similar requirements. For example, the Asbestos School Hazard Abatement Act and the Asbestos Hazard Emergency Response Act (AHERA) established regulations for the management of asbestos in schools. Because both laws affect how schools and districts manage asbestos, we considered these requirements together. Although our list of major requirements is not comprehensive, it does capture the requirements that education experts and district officials viewed as having a significant impact on school districts' administration and operations.

We used several methods to gather information on school districts' views of the issues that affect their implementation of federal requirements. Early in our study, we conducted two group interviews of school district personnel at major education conferences. The district officials who participated in these group interviews represented 15 states from across the country. From these group interviews, and from our interviews with associations and federal officials, we learned that state requirements—and differing state interpretations of federal requirements—can play a crucial role in the implementation of federal laws and regulations. Because school district officials could not, in general, distinguish between state and

federal requirements, obtaining the views of district officials nationwide would be problematic because district staff in different states would be responding to different sets of requirements. For this reason, we conducted the majority of our interviews with school district officials in a few states. As a result, when we discussed particular requirements with officials from different districts, we could adequately account for variation across states, although we cannot generalize our results to all states.

We selected three states—Pennsylvania, Massachusetts, and Louisiana—as the major focus of our study. We chose these states because each had a diverse student population in terms of income, disability status, and urban and rural areas, and because they differed in other characteristics, including the mix of state and local funding for education, the relative amount of state funding provided to poorer and wealthier districts, the number of federal waivers granted to districts in the state, and whether the state had been designated as an "Ed-Flex" state.[6]

In each of these three selected states, we obtained detailed information from site visits and from a telephone survey of school district superintendents and other officials. We visited two districts (one relatively large and one relatively small) in each of the three states. (Characteristics of the districts we visited are shown in table 1.1.) The districts we visited ranged from a large inner-city district with 257 schools and over 200,000 students to a rural district with 2 adjacent schools and an enrollment of just over 1,000. We selected these districts primarily on the basis of enrollment size, geographic location, and urban/rural mix; where more than one district met our requirements we made a random selection from these districts. During our site visits, we interviewed the district's superintendent;[7] the food service director; the assistant superintendent, business manager, or facilities manager; the Title I and special education directors;[8] and directors of other programs (such as vocational education) where applicable. We also visited state officials with responsibility for special education, Title I, and other major programs in each state.

[6]Under the Education Flexibility Partnership Demonstration Program (Ed-Flex), the Department of Education has delegated to selected states a portion of its authority to waive certain federal requirements.

[7]The superintendent in one of these districts refused our request for an interview.

[8]One district we visited did not receive Title I funds.

**Table 1.1: Characteristics of the Districts We Visited**

| Characteristic | Boston | Wachusett | Berlin Brothersvalley | Philadelphia | East Feliciana | St. Landry |
|---|---|---|---|---|---|---|
| Student enrollment | 62,980 | 6,285 | 1,073 | 208,973 | 2,682 | 16,694 |
| Number of schools | 125 | 11 | 2 | 257 | 4 | 35 |
| Total staff | 7,828.4 | 728.4 | 132 | 25,528 | Not available | Not available |
| Total budget[a] | $491,500,000 | $39,357,831 | $8,066,368 | $1,500,000,000 | $11,592,049 | $63,462,166 |
| Per pupil spending | $7,804.06 | $6,262.18 | $7,517.58 | $7,177.96 | $4,322.17 | $3,801.50 |

[a]The time period for the budget figures varies somewhat due to the differences in the fiscal year for different states and school districts.

In addition, we conducted a telephone survey with officials from school districts in each of these three states. We selected a random sample of school districts in each state, stratified by size. We drew this sample from the Department of Education's Common Core of Data database, which contains information on the approximately 15,000 school districts in the United States as reported by states and school districts for the 1993-94 school year. In drawing the sample, we eliminated districts that reported no schools for the 1993-94 school year. We verified our data through the current school district listing provided on each state's Internet site. We eliminated a few districts from the sample because they were no longer operating or had already participated in a site visit or group interview. For each of the 83 districts selected, we sent a letter to the district superintendent asking the superintendent or assistant superintendent to participate in a 1-hour telephone interview with us regarding the implementation of federal requirements. Superintendents were invited to include key staff members in the interview (many of them did) or to solicit comments from staff prior to the interview. A total of 59 school districts (71 percent) participated in the survey. In each state, at least 5 percent of the districts in the state participated in the survey. However, due to the small number of total participants and the qualitative nature of many of the questions, the survey was not designed to enable us to project quantitative estimates at the state level. In these interviews, we asked districts about the information and technical assistance they received on federal requirements, the eligibility determination process, federal funding, application processes, accounting and reporting requirements, and other areas. All data were self-reported.

Our group interviews, site visits to states and school districts, and telephone survey results also provided important information on how

federal flexibility efforts have affected local school districts. We obtained additional information on waivers of state requirements, consolidated planning and reporting initiatives, and financial flexibility mechanisms by surveying education officials in the 50 states. In this survey, we asked state officials about the number and types of waivers granted for state requirements, the extent to which school districts in their state submitted consolidated applications and reports, and the extent to which school districts in their state used certain financial flexibility mechanisms. In addition, we reviewed the Department of Education's data on waivers and interviewed federal and state officials to discuss their views on flexibility initiatives. We also reviewed the legislation, regulations, and guidance associated with these efforts.

Our work was done between September 1997 and August 1998 in accordance with generally accepted government auditing standards.

# Federal Requirements and Financial Assistance Reflect Desire for Safe and Effective Schools for All Students

School districts serve their communities in several key roles—not only as educators but also as food service providers, employers, and managers of public facilities. In each of these roles, the school district is faced with federal requirements designed to ensure equal educational opportunity, protect the integrity of federal funds, improve quality in key educational areas, and ensure students' and employees' safety and health. Many of these requirements are accompanied by federal dollars, although federal funding seldom provides complete support. States play a key role in administering federal programs and also impose their own restrictions on school district activities.

## Federal Requirements Are Designed to Promote Equity and Excellence in Education

School districts must comply with federal requirements in several areas, including not only education but also environmental, employment, and food services. This range of programs and mandates reflects a variety of purposes and objectives. Federal programs and mandates are designed to ensure equal educational opportunity, improve educational quality (especially in certain targeted areas), guard against safety and health hazards, and protect financial integrity.

Two of these goals—equal educational opportunity and improving quality—concern how the district provides instruction. Many federal education programs (including some of the largest federal efforts) are intended to ensure equal educational opportunity for children with various types of disadvantages. For example, the federal government funds programs specifically targeted to children with disabilities, poor children, homeless children, and children with limited English proficiency. Other federal education programs are directed not at particular children but at particular topics or subject areas that are thought to have special national or economic importance. Federal teacher training programs, for example, give priority to math and science instruction. Through targeted programs, the federal government also earmarks funds for vocational education and for integrating technology into the classroom.

Other federal programs and requirements are designed to indirectly facilitate high-quality education by ensuring that students and teachers work and learn in a safe environment. A number of federal requirements, including environmental mandates and nutrition requirements for school meals, aim to ensure or improve students' safety and health. In addition, those programs that distribute federal dollars carry a concern with ensuring the integrity of those funds. Documentation, spending, and auditing requirements address these concerns. Table 2.1 summarizes the

types of objectives for federal programs or mandates and provides examples in each category.

**Table 2.1: Program Objectives and Examples of Federal Programs and Requirements**

| Objective | Example of program or requirement |
|---|---|
| Ensuring equal educational opportunity | The Individuals with Disabilities Education Act provides financial assistance to school districts and establishes procedures to ensure that students with disabilities receive a free, appropriate public education. |
| | The Stewart B. McKinney Homeless Assistance Act provides funding to help states and districts ensure that homeless children have access to public schools. |
| | The Bilingual Education program provides funds for school districts to assist students with limited English proficiency, using instructional approaches chosen by the district (including, but not limited to, bilingual education). |
| Improving quality in educational areas with special importance | The Technology for Education program provides funding for schools to upgrade their technology, including purchasing computers and educational software. |
| | The Eisenhower Professional Development program provides money for teacher training, with a special emphasis on math and science. |
| Guarding against safety and health hazards | The Asbestos Hazard Emergency Response Act requires school districts to manage asbestos to guard against exposure to harmful asbestos fibers. |
| | The Safe and Drug Free Schools and Communities Act provides funding for local school districts' programs to prevent violence and substance abuse. |
| Protecting the integrity of funds | Federal education programs, including Title I, include financial accountability measures that restrict how districts spend federal funds and limit the amount school districts can carry over from one year to the next. |
| | The Tax Reform Act of 1986 limited school districts' ability to earn higher rates of interest on the proceeds of bonds they issue under their tax-exempt status. |

## Federal Requirements Affect School Districts in Their Roles as Educators, Food Service Providers, Employers, and Facilities Managers

Many people think of school districts only as educators, because teaching children is their fundamental mission. However, in addition to their primary function as educators, school districts also serve in other roles, many of which are resource-intensive and of great importance to the community. For example, in addition to operating classrooms, schools operate restaurants—most serving lunch and many serving breakfast. In one rural school district we visited, the single school cafeteria served lunch to about 1,000 students each day—probably more than any other restaurant in the local area. School districts are also employers of teachers, aides, administrators, and custodians. School districts manage one or more public buildings, which may be used by the community for voting, adult education, or recreational activities. In each of these roles the school district is subject to a variety of federal requirements.

### Federal Programs Influence How Districts Provide Educational Services

As educators, districts receive funding from the federal government and in return must follow program requirements. The largest federal education programs provide financial assistance to many school districts, although the programs target specific student populations. For example, in school year 1997-98 about 89 percent of the school districts in the United States received funding from the Title I program, which helps school districts finance programs to assist disadvantaged students, particularly in reading and math. Along with financial assistance, federal programs come with requirements concerning which students or what subject areas are to be targeted, what records must be kept, and how school districts are allowed to spend federal dollars. Title I requirements specify a formula for how funds must be distributed to schools within a district. Similarly, Perkins Act programs, which support vocational education, require school districts to give priority in allocating funds to sites or programs that have higher concentrations of students with disabilities, economically or educationally disadvantaged students, and students with limited English proficiency. Federal regulations also require school districts (and other recipients of federal funds) to keep records of equipment purchased with federal funds and to submit to an annual financial audit in accordance with the Single Audit Act.

The different education programs vary in the extent to which they prescribe and restrict school districts' use of federal funds. For example, the Safe and Drug Free Schools program is often considered a flexible program; within the broad guidelines established by the statute, school districts are free to develop their own programs. In contrast, the Individuals With Disabilities Education Act (IDEA) specifies several

procedures school districts must follow in providing educational services to children with disabilities. Under IDEA, districts must assess a student's need for additional services; for each student, create an Individualized Education Program (IEP) that details the support services the student will receive; offer services in accordance with the IEP; review each child's IEP annually and revise it as appropriate; and reevaluate the child's need for special education services as appropriate, but at least once every 3 years.[9]

Other federal requirements also affect how school districts provide educational services, even though they are not associated with any specific federal program. For example, even if a school district does not receive funds under federal bilingual education programs, the district is still required by federal civil rights law to provide meaningful access to education for students with limited English proficiency.

## School Districts Receive Federal Assistance Under Food Service Programs

School districts also receive federal assistance in their role as food service providers. In fiscal year 1997, nearly 94,000 schools—including almost 99 percent of public schools—chose to participate in the National School Lunch program, serving an average of more than 26 million lunches daily. Nearly 68,000 schools participated in the National School Breakfast program, serving an average of 6.9 million breakfasts every day in fiscal year 1997. Under these federally funded child nutrition programs, school districts receive cash assistance based on the number of meals they serve and the number of low-income children who are served free or reduced-price meals.[10] Schools also receive additional federal support in the form of agricultural commodities such as meats, fruits and vegetables, and dairy products. About 17 percent of the total dollar value of the food served in the school lunch program is provided through commodities.

In return for this federal support, schools must provide free and reduced-price meals to children from low-income families and ensure that the meals meet federal nutrition standards. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Children from families with incomes between 130 and 185 percent

[9]For more information about the varying degrees of flexibility within grant programs, see Grant Programs: Design Features Shape Flexibility, Accountability, and Performance Information (GAO/GGD-98-137, June 22, 1998).

[10]In school year 1997-98, the federal reimbursement rates were: $1.89 for each free lunch served; $1.49 for each reduced-price lunch; $0.18 for each full-price lunch; $1.045 for each free breakfast; $0.745 for each reduced-price breakfast; and $0.20 for each full-price breakfast. Some schools in the school breakfast program may qualify for a higher reimbursement rate (the "severe need" rate) if a specified percentage of their breakfasts are served free or at a reduced price. Higher rates for both breakfast and lunch are also paid to schools in Alaska and Hawaii.

of the poverty level are eligible for reduced-price meals.[11] In addition, as of school year 1996-97,[12] schools must serve meals which meet several nutrition requirements established in the 1990 Dietary Guidelines for Americans, including limiting total fat to 30 percent of calories and limiting saturated fat to less than 10 percent of calories. School lunches must also provide at least one-third of the Recommended Dietary Allowances of protein, calcium, iron, vitamin A, and vitamin C; school breakfasts must provide at least one-quarter of these levels.[13]

## Like Other Employers, School Districts Are Subject to Worker Protection Legislation

School districts are generally subject to the same workplace regulations as other employers. For example, antidiscrimination laws generally apply to school districts as well as to private businesses. Like other employers, school districts are generally prohibited from discriminating against employees because of race, color, religion, sex, or national origin by Title VII of the Civil Rights Act; similarly, the Age Discrimination in Employment Act prohibits discrimination against workers aged 40 and over. In addition, under the Americans With Disabilities Act (ADA) and section 504 of the Rehabilitation Act, school districts are prohibited from discriminating on the basis of disability and required to provide reasonable accommodation to an employee with a disability.[14]

Other worker protection legislation also applies to teachers and other school district workers. Although school districts are specifically exempt from the Occupational Safety and Health Act, some states require school districts to adhere to certain workplace safety standards. In addition, school districts are generally required to provide unpaid leave under the Family and Medical Leave Act,[15] and to follow the minimum wage, child

[11]Schools may charge no more than $0.30 for a reduced-price breakfast and up to $0.40 for a reduced-price lunch.

[12]State agencies may authorize some schools to delay implementation to a later date, but not later than school year 1998-99.

[13]Compliance with the nutrition standards and the calorie levels is determined by averaging lunches or breakfasts over a school week.

[14]A reasonable accommodation is one that will enable the individual with a disability to perform the necessary work without imposing an undue hardship on the employer. For example, a reasonable accommodation for an individual in a wheelchair might be to raise his or her desk so that the wheelchair can fit comfortably beneath it. For more information, see People With Disabilities: Federal Programs Could Work Together More Efficiently to Promote Employment (GAO/HEHS-96-126, Sept. 3, 1996); and Persons With Disabilities: Reports on Costs of Accommodations (GAO/HRD-90-44BR, Jan. 4, 1990).

[15]Special provisions in the law allow school districts to play a role in scheduling unpaid leave for teachers and other instructional staff.

labor, and overtime provisions of the Fair Labor Standards Act.[16] In addition to these federal requirements, many school districts are governed by collective bargaining agreements that may also establish policies affecting compensation, overtime, and workplace conditions. In school year 1993-94, an estimated 64 percent of all public school districts had a collective bargaining agreement with a teachers' union or organization.[17]

## In Managing Their Facilities, School Districts Must Comply With Accessibility and Environmental Requirements

As managers of public facilities, school districts are responsible for ensuring that these facilities are accessible to people with disabilities. Under ADA and section 504 of the Rehabilitation Act, school districts face accessibility requirements that differ for new and existing buildings. For existing buildings, school districts must operate their programs so that, when viewed in their entirety, the programs are accessible to individuals with disabilities. The law does not require a school district to retrofit each of its existing facilities to make them fully accessible to individuals with disabilities. However, a more stringent standard applies to new construction and to certain renovations of existing facilities; these buildings must be readily accessible and useable by individuals with disabilities and must comply with design standards.[18]

School districts also must comply with certain environmental standards where they are applicable. For example, AHERA required school districts to inspect schools for asbestos, to draw up an asbestos management plan that identifies where asbestos is located in the schools, and to reinspect schools every 3 years to ensure that asbestos materials have not become damaged.[19] Similarly, to protect groundwater from contamination, school districts that operate underground storage tanks (UST) must comply with federal and state safety requirements. Certain USTs are required to meet EPA requirements for spill protection and corrosion prevention; owners of affected USTs must upgrade their tanks to meet these standards by

[16]For more information about workplace regulation, see Workplace Regulation: Information on Selected Employer and Union Experiences (GAO/HEHS-94-138, vols. I and II, June 30, 1994).

[17]This overall percentage masks sharp differences by region—in the Northeast, 98 percent of districts had a collective bargaining agreement, compared with only 12 percent in the South.

[18]For more information on school districts and accessibility requirements, see School Facilities: Accessibility for the Disabled Still an Issue (GAO/HEHS-96-73, Dec. 29, 1995).

[19]Asbestos-containing material is generally safe as long as it is intact or encapsulated. However, when asbestos-containing materials become worn or damaged, they may discharge dangerous asbestos fibers into the surrounding air.

December 22, 1998.[20] If a UST is found to have a leak, the owner may also be required to take action to prevent further contamination of the soil. Additional requirements may govern school districts' disposal of hazardous materials (for example, chemicals from a high school science lab). Other environmental requirements may also apply to school districts. For example, one district we visited found that the well used by one school violated EPA standards, and a new well was dug to replace it.

## Federal Funding Accompanies Many Major Federal Requirements but Does Not Fully Support Most Program Activities

Of the 36 major federal programs or legislative mandates in our review,[21] over half carry some federal funding. Programs that directly support instructional activity (such as Title I and Safe and Drug Free Schools) carry some federal dollars, as do the child nutrition programs that support school food service programs. Programs and requirements less directly related to the educational role of the school district, however, are less likely to provide direct financial assistance. Employment-related requirements, for example, do not provide financial support; and environmental requirements generally come without financial assistance. Indirect federal support—especially in the form of information and technical assistance—is often provided for many federal programs and mandates, whether or not direct financial assistance is also provided. For example, EPA has published documents to provide information on UST requirements, and the federal Department of Education provides support for technical assistance, mainly through state agencies.

For many major programs, federal financial contributions do not fully fund the activities these programs support. Federal dollars account for a relatively low share of total education spending (about 7 percent in school year 1995-96), while state and local funds account for about 47 and 46 percent, respectively.[22,23] Although reliable information on local expenditures for specific program areas is scarce, the available figures show similar results. For example, the Department of Education has estimated that in the early 1990s, in 24 states, about $13.9 billion was spent annually to provide services to children with disabilities under IDEA, yet

[20]These standards generally apply to USTs over 110 gallons in capacity that contain petroleum products. Tanks used to store heating oil that is used on the premises of the tank are exempt. Residential USTs are also exempt.

[21]For a complete list of these programs and mandates, see app. I.

[22]Figures for local funds also include revenues contributed by intermediate units.

[23]Revenues and Expenditures for Public Elementary and Secondary Education: School Year 1995-96, U.S. Department of Education, Office of Educational Research and Improvement, National Center for Education Statistics, NCES 98-205 (Apr. 1998).

federal funds accounted for only 7 percent of these costs. In our 1993-94 survey of school districts, the average amount of federal funding school districts reported receiving for vocational education equaled only 11 percent of the average amount of funding districts reported receiving from state and local sources.[24] Similarly, one of the large districts we visited received $695,242 in federal bilingual education funds but budgeted about $30 million for bilingual education instruction. Food service programs appear to be an exception to this overall pattern, being fully or nearly fully funded by federal dollars; a research study found that in school year 1992-93, the federal reimbursement rate for a free lunch under the National School Lunch program was approximately equal to the median cost of producing a school lunch.[25]

Although it is clear that the cost of many education activities exceeds the overall federal contribution, the precise size of this gap is difficult to determine for specific areas or requirements. Little information is available on the true cost of many education and education-related activities that are supported with federal funds. Even at the level of the local school district, it is usually difficult to determine exactly how much has been spent on different educational activities such as "regular" classroom instruction, special education, dropout prevention, assistance to students with limited English proficiency, and so forth. Some of the districts we visited set up their budgets to provide such program-specific information, but others did not. When districts do generate their budgets on a program-specific basis, their definitions and methods of classifying expenses may be inconsistent with those of other districts, making comparisons across districts often difficult and sometimes impossible.

These difficulties are further complicated by the wide variation in per pupil spending across school districts. For example, for the six districts we visited, the highest-spending district spent over twice as much per student ($7,804.06) as the lowest-spending district ($3,801.50). Factors such as district size, geographic differences in salaries and other expenses, the age and condition of school facilities, and the composition of the student body (such as the number of students with disabilities or with limited English proficiency) can contribute to such differences and make

[24]Vocational Education: Changes at High School Level After Amendments to Perkins Act (GAO/HEHS-95-144, July 12, 1995).

[25]Abt Associates, School Lunch and Breakfast Cost Study, prepared under contract to the Food and Nutrition Service, U.S. Department of Agriculture, Oct. 1994.

it difficult to say what level of expenditure is adequate or appropriate for a particular program.[26]

## States Often Play a Key Role in Requirements Affecting School Districts

Several programs provide funding directly from the federal government to school districts. These programs include Impact Aid, which provides general financial assistance to school districts adversely affected by federal property or by large numbers of federally connected children, and Head Start, which provides a broad array of educational and social services to low-income children through local agencies (some of which are school districts). However, 17 of the 23 programs we reviewed that provide federal funding distribute these dollars through the states. The largest federal education programs—Title I and IDEA, which provided $8 billion and $4.8 billion in fiscal year 1998, respectively—distribute their funds through state education agencies.

The role played by the state agency differs substantially across various federal programs. For example, under the Adult Education program, states have considerable discretion in distributing federal funds because each state can determine the criteria it will use to award competitive grants. In contrast, Eisenhower Professional Development program funds (which finance teacher training) are merely passed through the state, with district allocations already determined by the formula set out in the federal statute. The role of the state in program administration also varies. In the National School Lunch program, the state plays a key role in selecting and distributing federal commodities. For many programs, states play a key oversight role as well. Under IDEA, for example, the states assume a major part of the responsibility for ensuring that school districts comply with the law's requirements.

For most of the programs we reviewed that provide federal funds, school districts must submit plans or applications to either the state or the federal government.[27] These plans or applications generally contain information on how the funds will be used, certifications that federally prescribed procedures will be followed, and assurances that federal funds will be expended in accordance with the purpose of the program. For certain

[26]For more information on differences in spending across school districts, see Wayne Riddle and Liane White, "Expenditures in Public School Districts: Estimates of Disparities and Analysis of Their Causes," Developments in School Finance 1996, U.S. Department of Education, Office of Educational Research and Improvement, the National Center for Education Statistics, NCES 97-535 (July 1997); and Disparities in Public School District Spending, 1989-90, U.S. Department of Education, Office of Educational Research and Improvement, National Center for Education Statistics, NCES 95-300R (Feb. 1995).

[27]For specific information on which federal programs require plans or applications, see app. II.

programs in some states, school districts must also request and receive reimbursement from the state, rather than receiving grant funds up front.

In fulfilling their role as administrators of federal programs, state governments sometimes place additional requirements on school districts. For example, federal requirements allow districts to purchase equipment costing under $5,000 without separate documentation; however, in one state we visited, a lower threshold of $500 had been set by the state government.[28] In cases where a state requirement arises from the implementation of a federal program or regulation, it becomes especially hard to distinguish a state requirement from a federal one. From the point of view of the local school district, it may not be important where the requirement originated because the district must comply in any case. Staff in most of the school districts we visited told us that they could not tell or did not know which requirements were state and which were federal, and education experts told us that this was probably true of most districts nationwide.

States have also imposed many requirements on educational programs in areas unregulated by the federal government, such as curriculum and teacher certification. For example, by 1996, 44 states had set minimum curriculum requirements for high school graduation, 43 states required districts to offer a half-day or full-day kindergarten, and 46 states established professional development requirements or continuing education requirements for teachers. States also specify a required number of days or hours for the school year.[29]

In addition to federal and state requirements, school districts are also affected by requirements imposed by local governments and by the courts. Local requirements such as building codes can affect school district operations. Some school districts are also affected by judicial decisions. For example, one district we visited had been required by a court order to fund several programs as a result of a long-standing desegregation lawsuit. In the area of special education, judicial decisions can affect what services the district provides and which students receive them.

[28]For more information on state requirements and on three states' efforts to provide more flexibility with respect to state-imposed requirements, see Regulatory Flexibility in Schools: What Happens When Schools Are Allowed to Change the Rules? (GAO/HEHS-94-102, Apr. 29, 1994).

[29]For more information on state requirements, see Council of Chief State School Officers, Key State Education Policies on K-12 Education: Content Standards, Graduation, Teacher Licensure, Time and Attendance (Washington, D.C.: Oct. 1996).

# Implementation Issues Relating to Federal Requirements Affect How School Districts Plan, Fund, and Operate Educational Programs

School district officials generally expressed support for federal initiatives, recognizing the importance of such goals as ensuring equal educational opportunity and protecting children's health and safety. At the same time they noted their concerns with implementation issues that make achieving these goals more difficult. Rather than focusing on a single federal program or requirement, these concerns extend to a wide variety of implementation issues that affect all phases of program and service delivery. School districts' key implementation issues include: (1) the lack of adequate information on federal requirements and federal funding, which can make school districts less efficient and less innovative in implementing federal requirements; (2) program and facilities costs associated with federal requirements, as well as the administrative costs associated with federal programs; and (3) the logistical and management challenges presented by certain federal requirements, which can make it difficult to meet federally prescribed timelines and to find the qualified staff or providers to successfully implement federal requirements. In confronting this wide variety of implementation issues, school district officials expressed a desire for more information, additional funding, and greater procedural flexibility.

## Information on Federal Requirements and Funding Is Essential for Program and Financial Planning

School district staff need extensive information about federal requirements and funding allocations. To do their jobs well, district administrators need to know the requirements associated with the various programs, as well as the more broadly applicable environmental and employment regulations. Although state agencies provide technical assistance, district officials reported crucial information gaps. The number and complexity of federal requirements, combined with the challenges posed by staff turnover, make keeping up with the requirements a challenge for both district and state staff. Without sufficient information about federal requirements and funding, school districts may spend funds unnecessarily, lose opportunities to structure programs to meet local needs, and face uncertainty that limits their ability to conduct financial planning.

### School Districts Often Lack Crucial Information, Despite State Technical Assistance Efforts

School district officials need to have detailed knowledge of federal requirements in order to design educational programs in compliance with federal laws and regulations and to conduct long- and short-term financial planning. However, education experts, school district staff, and state officials agreed that districts often have incomplete information about federal requirements. Because district officials must comply with

numerous federal laws and regulations in a variety of complex areas—such as special education, nutrition standards for school meals, and environmental requirements—maintaining detailed knowledge can be difficult. District and state officials told us that the large number of federal laws and regulations often makes it hard to keep informed, especially as requirements and personnel change. In addition, the complexity of certain federal requirements can prove to be a challenge to district program directors. For example, one special education director told us that "you need a law degree and an MBA to understand the special ed regulations."[30]

Although the Department of Education also provides technical assistance, Department officials told us that it is primarily the states that face the challenging task of keeping school districts informed. Our telephone interviews confirmed that states are the school districts' primary source of information and technical assistance; when we asked district officials whom they called first when they had a question on the Title I or IDEA programs, about 80 percent said that they contacted their state Department of Education.

Staff from 88 percent of the districts we interviewed by telephone said that the assistance they received from the state Department of Education was "helpful" or "very helpful." However, school district officials still faced information gaps that may limit their ability to implement innovative and cost-effective education and support programs. For example, one program director we interviewed told us that her contact at the state was prompt and accurate in responding to questions but did not move proactively to provide information, leaving her unaware of key regulatory provisions and of potential grant opportunities. Another program director expressed a similar concern, and said that it was especially difficult to keep up with changes in the law without added clarification from state or federal officials.

State and federal agencies face several challenges in using technical assistance to address districts' need for additional information. For example, turnover of key administrative personnel at both the state and the district level can have a negative impact on the effectiveness of technical assistance. A survey conducted by the Council of the Great City

[30]Our results here are consistent with the results of our previous studies of business's reaction to federal requirements. In 1996, we found that companies had difficulty developing a list of regulations that were applicable to them and that misunderstandings and misinterpretations may have led companies to incur unnecessary expenses in complying with federal requirements. In 1994, we found that many employers exhibited a lack of awareness and knowledge of many federal workplace requirements. For more information, see Regulatory Burden: Measurement Challenges and Concerns Raised by Selected Companies (GAO/GGD-97-2, Nov. 18, 1996), and GAO/HEHS-94-138, June 30, 1994.

Schools[31] of 49 large urban school districts found that the average tenure of district superintendents in these large districts was less than 3 years. Several education experts and district officials told us that states also experience personnel turnover, and as a result some states may face shortages of knowledgeable staff to provide technical assistance. In addition, federal and state officials told us that they sometimes find their efforts to use information technology (such as the Internet and e-mail) frustrated by a lack of such technology at the local level.

## Lack of Information Can Impede Districts' Ability to Plan and Implement Federal Programs and Local Initiatives

School districts' lack of knowledge may have a major effect not only on their ability to administer federal programs, but also on their ability to implement local initiatives to improve teaching and learning. School district officials need to know what is required of them—both financially and programmatically—and what assistance they will receive. Without sufficient information on federal requirements and funding, districts may spend funds unnecessarily, lose opportunities to structure programs as they desire, and face uncertainty that limits their financial planning.

Misunderstandings about the scope of requirements may lead school districts to spend more money than necessary in complying with federal requirements, particularly in environmental areas. As a result, districts may lose the opportunity to use these funds for other programs designed to achieve key local objectives. For example, the superintendent in one district we visited told us that district officials did not know what to do about asbestos in the schools; in retrospect he believed that the district might have been able to save some money if they had had more detailed knowledge about the asbestos requirements at the time. An official from another district told us that officials had not fully understood all the requirements they had to follow when renovating their gymnasium; if they had known about all the regulations before issuing the bond to pay for the renovation, they would have tried to raise more money, she added. Similarly, an EPA official told us that a lack of knowledge may lead some districts to spend more than necessary to comply with the requirements on USTs.

With incomplete information, district officials may interpret federal requirements in very conservative and narrow ways, believing they have less flexibility than they actually do. Limited knowledge may lead some district officials to mistake long-standing practice for legal requirement, making them more reluctant to adopt new educational initiatives. As a

[31]The Council of the Great City Schools is an association of large urban school districts.

result, districts may lose the opportunity to structure programs as they would like. One district program coordinator told us that when she is not absolutely sure of the requirements, she tends to be cautious "even if somebody at the Department of Education told me it's OK." Similarly, a state official said that "lots of mandates are perceived, not actual" because often local school districts do not understand what is required or how much flexibility they actually have.

In addition to needing information on what is required, district staff also need to know how to use available flexibility mechanisms (such as waivers) to assist them in improving educational programs. According to district staff, federal officials, and other education experts, some districts are not fully aware of the flexibility provisions available to them. Moreover, in 1997 the Department of Education's Inspector General reported that many districts had insufficient information to take advantage of flexibility provisions such as waivers and consolidated planning.[32] The Inspector General's results are consistent with some districts' responses to our questions. For example, one district superintendent responded to our question about federal waivers by saying, "I just never thought it was possible."

Finally, even when district staff have a good understanding of federal requirements, they also need accurate and timely information on the funding they will receive. District superintendents and program directors expressed frustration with the lack of timely information on federal funding allocations. According to these officials, by the time the Congress appropriates the funds, the federal agencies allocate the money to the states, the states allocate money to the districts, and the funds are made available to the district, the district staff have only a brief window of opportunity to plan their programs and make their purchases. For example, in one district we visited, the district budget that was distributed to school and central office staff carried a warning that changes were possible because information on the coming year's federal allocations was not available. An official from this district told us that some federal grant funds are sometimes received very late, causing the district to cut purchases of textbooks and other supplies. Several district-level program directors we interviewed advocated multiyear funding as a way of reducing the uncertainty of the funding process.

[32]See U.S. Department of Education, Office of Inspector General, State and Local Education Agencies Need More Technical Assistance to Take Full Advantage of the Flexibility Provisions of Title XIV of the Improving America's Schools Act, No. 04-70001 (Aug. 1997).

## School Districts Support Program Purposes but Cite Limited Funds to Administer Programs and Implement Federal Requirements

School district officials generally agreed with the purposes and goals associated with many federal programs and requirements, including special education and environmental requirements. However, they also expressed concern about both the program costs and the administrative costs of implementing federal laws and regulations. Program costs in areas such as special education, environmental requirements, accessibility, and nutrition standards greatly exceed federal assistance, according to school district officials. In addition, district staff told us that the eligibility determination processes and accounting and reporting requirements associated with federal programs can contribute to a heavy administrative load. To a lesser extent, some district officials viewed federal restrictions on raising or spending funds as an issue.

### District Officials Expressed Support for Goals of Federal Requirements

Many school district officials we interviewed expressed their support for the purposes underlying certain federal requirements. This widespread support extended to all types of program objectives, including equal educational opportunity and improving instructional quality as well as safety and financial integrity. District staff's support for federal objectives included not only programs with substantial funding but also requirements where funding is not provided. Special education directors told us that students with disabilities had benefited a great deal from special education. Officials from several districts also said that they believe restrictions on how districts spend federal funds were appropriate and necessary to prevent fraud and abuse. One district official, explaining why he believes targeting and spending restrictions are necessary, told us, "When $11 billion is left on a tree stump I know what happens." In another district, the facilities manager told us that various environmental requirements (such as those related to asbestos and other chemical hazards) were necessary to protect health and safety. Some district staff also agreed with the goal of promoting better nutrition in school meals.

### Although Districts Support Special Education, They Report That Program Costs Greatly Exceed Federal Assistance

Although district officials generally agreed with the need to provide a quality education to children with disabilities, they also expressed concern about the cost of providing these services, especially in the context of limited federal support. District superintendents and special education directors identified a variety of factors as major contributors to the higher costs of special education: (1) the large number of students who require special education, (2) a few students whose very severe conditions require extensive care and support, (3) a lack of assistance from other parties (such as insurers and other public agencies) in providing related services,

and (4) the costs of litigation and procedural issues. These same elements are frequently mentioned in the special education literature,[33] although research to measure the impact of each of these factors has not yet been conducted.

First, in many districts a large number of students require special education and related services. In the 50 states and the District of Columbia, about 4.8 million students aged 6 to 17 were served under IDEA in the 1995-96 school year. This amounts to approximately 10.6 percent of all students in that age group. However, this percentage can vary considerably across school districts and across states. For example, across states the percentage of students aged 6 to 17 served under IDEA ranged from 7.6 percent in Hawaii to 14.85 percent in Massachusetts. In one district we visited, over 20 percent of students were receiving special education.

Second, although many students with disabilities are fully integrated into regular classrooms and require little additional support, a few children with severe disabilities require more extensive—and more expensive—support and care. For example, in one district we visited, the special education director told us that the annual cost of caring for two autistic children in the district amounted to approximately $150,000, and four other students with psychiatric disorders were being served at a cost of about $38,000 each. State officials and staff from other districts also pointed to similar high-cost cases as an important factor in the cost of special education.

Third, some district staff told us—and state officials confirmed—that districts sometimes had difficulty obtaining financial assistance from public agencies and private insurers for related services (especially health services) they provided to a student with a disability. Under IDEA, the school district is obligated to provide a "free appropriate public education" to any student with a disability, including both special education and "related services." "Related services" are defined under IDEA as services that may be required to help a child with a disability benefit from special education, including transportation, speech-language pathology and audiology services, physical and occupational therapy, social work, counseling, and medical services. Similarly, assistive technology (such as special computer software, a plastic device to assist in

[33]For a summary of this literature, see Nineteenth Annual Report to Congress on the Implementation of IDEA, U.S. Department of Education (1997); and Stephen Chaikind, Louis C. Danielson, and Marsha L. Brauen, "What Do We Know About the Costs of Special Education? A Selected Review," The Journal of Special Education, 26 (4) (1993), pp. 344-70.

holding a pencil, or other items) may be needed to help the student participate in school. Because many related services are health-related or medical in nature, they may be covered under private health insurance policies or under Medicaid, the government insurance program that provides health care to poor families. In addition, other related services (such as counseling or mental health care) may fall within the purview of other state agencies such as the Department of Mental Health or Social Services. However, some school district officials reported that they had difficulty obtaining assistance or reimbursement from these other sources. Even when assistance could be obtained, we were told, it was ofetn insufficient to meet the costs. One district official told us that obtaining funds from Medicaid and other health insurers was "an unbelievable nightmare." In its 1997 reauthorization of IDEA, the Congress specified that other public agencies should provide services within their purviews and required states to establish an interagency agreement or other mechanism to establish which agency is financially responsible for which services and to otherwise coordinate between agencies. However, it is too soon to determine the impact of this provision on local school districts.

Finally, school district and state officials identified dispute resolution—especially litigation—as a contributing factor to special education costs. According to district officials, the possibility of litigation not only creates legal costs, but also can make school districts more cautious and less innovative in dealing with special education issues. As one district official told us, "You always call the lawyer first on any special education-related issue." The superintendent in another district said that a single due process hearing could cost his district around $8,000 to $10,000 in legal fees and salary costs, regardless of the outcome. The special education director in that district also expressed concern about legal costs. He added that because of the high cost of litigation, he does not believe that he can refuse parents' requests, even when he believes they are unreasonable. Despite these anecdotal reports of high costs, however, disability advocates often view litigation as necessary to prod some school districts into providing necessary and required services. One disability advocate we interviewed said that some school districts simply will not provide services "until they are called on it."

## Environmental and Facilities Requirements Are Often Viewed as Both Beneficial and Costly

District staff expressed support for environmental requirements designed to ensure the safety of students and staff; however, some also worried about the cost of making these needed improvements. When discussing funding issues, many district officials mentioned the need to abate or

remove asbestos when renovating, remodeling, or repairing school buildings. Asbestos abatement can be costly, even in the context of a remodeling project. For example, when one district we visited remodeled two buildings in 1991, asbestos removal cost the district a total of $174,376. In another district we visited, district staff told us that they had to postpone repairs to one school's roof because they could not afford the cost of removing the current roof, which contains asbestos. In our 1994 survey on school facilities, schools reported having spent an average of $43,000 on asbestos in the previous 3 years; furthermore, schools reported needing to spend an average of $71,000 over the next 3 years on asbestos.[34]

Asbestos abatement issues will continue to present school districts with difficult and often expensive financial choices, as more schools are remodeled or modernized. School enrollments are growing; at the same time, many of America's schools are in poor condition, needing not only repair but additional space to accommodate modern instructional techniques like alternative student assessments.[35] Finally, as we reported in 1995,[36] many schools need to put in place the building infrastructure needed to support information technology, including electrical wiring, conduits/raceways for computer cables, and additional electrical outlets. As a result, many school districts will be faced with asbestos abatement expenses as they prepare to modernize their aging buildings.

Incomplete implementation of existing requirements may also compound schools' difficulties with asbestos. For example, an EPA study estimated that only 16 percent of the original AHERA inspections were "thorough inspections"; the remaining 84 percent of inspections failed to either accurately identify, quantify, or record the location of asbestos-containing material in the school.[37] As a result, a school or district that relied on its AHERA plan to avoid disturbing asbestos might experience asbestos problems in areas it could not or did not anticipate. In addition, federal officials expressed concern that because of lack of communication, turnover in personnel, or other reasons, school or district officials might fail to adequately review their AHERA plan before beginning remodeling work, and as a result they might encounter asbestos-related problems.

[34]The median figures for asbestos spending were considerably lower: $5,500 for spending in previous years and $10,000 for needed spending in the next 3 years. For more information, see School Facilities: America's Schools Report Differing Conditions (GAO/HEHS-96-103, June 14, 1996).

[35]One special education director told us that the growing number of students in special education—and smaller class sizes in special education classes—also created a need for more space.

[36]See School Facilities: America's Schools Not Designed or Equipped for 21st Century (GAO/HEHS-95-95, Apr. 4, 1995).

[37]See Asbestos in Schools: Evaluation of the Asbestos Hazard Emergency Response Act (AHERA): A Summary Report, EPA, Office of Toxic Substances, EPA 560/4-91-012 (June 1991).

In some districts, staff also mentioned the difficulty in absorbing the cost of upgrading or removing USTs. Representatives from education associations also cited USTs as an expense that poses problems for some school districts. The cost of upgrading USTs can vary considerably depending on a number of factors, including the condition of the soil, labor costs in the area, type of upgrade, length of downtime, and when the upgrade is done (upgrades done closer to the December 22, 1998, deadline for compliance are expected to be more expensive). EPA has estimated that upgrading a three-tank system may cost from about $13,000 to $20,000, while permanently closing a UST may cost roughly $5,000 to $11,000.

Staff in five of the six districts we visited, as well as some of the districts in our phone survey, told us that making buildings accessible for people with disabilities was a major expense. Staff from one urban district told us that the cost of making all facilities fully accessible would be "astronomical," and it had been "a strain" to find funds to meet the current accessibility requirements (which do not require making all buildings accessible). The business manager in another district told us that not only were the accessibility renovations costly, but that maintaining equipment such as wheelchair lifts was also expensive. Their comments are consistent with the results of our December 1995 study on school accessibility.[38] About 56 percent of the schools we surveyed for that study believed that they would need to spend some money in the coming 3 years (1995-1998) to improve accessibility. In addition, 53 percent of schools in the survey reported having incurred expenditures in the previous 3 years (1991-1994) to improve accessibility. According to the survey results, schools across the country could have been expected to spend about $5.2 billion on accessibility in the 1995 to 1998 period. Like the district staff we interviewed, school officials in that study reported that many schools were not made accessible because of a lack of funding.

## Some Food Service Directors Concerned About Cost of Implementing Nutrition Standards

Despite their general support for the goal of improving the nutritional value of school meals, some district staff also told us that they believe the new nutrition standards have increased or will increase their costs. According to a study conducted by the Department of Agriculture, the nutrition standards can be implemented without increasing the cost of the meals.[39] However, several food service directors we interviewed disagreed. They told us that training staff in new methods of food

[38]See GAO/HEHS-96-73, Dec. 29, 1995.

[39]See Federal Register, June 10, 1994, vol. 59, no. 111, pp. 30218-30251, and Federal Register, Jan. 27, 1995, vol. 60, no. 18, pp. 5514-5528.

preparation has been time-consuming and challenging. Additionally, we were told that some items that used to be made in-house (like salad dressing) were replaced with more expensive commercial versions to meet the new federal standards that limit the fat content of school meals. The potential magnitude of this issue is still unclear, however, as many districts are still in the relatively early stages of implementing these requirements.

## For Certain Targeted Programs, Eligibility Determination Can Be Resource-Intensive for Many Districts

Several of the largest federal programs for school districts are targeted to a particular group, such as students with disabilities or students from low-income families. Although this program design allows federal dollars to be directed to those students most in need, it also requires school district staff to determine which students are eligible for assistance. School district staff described eligibility determination under two of these federal programs as particularly challenging, but for very different reasons. District officials viewed eligibility determination for school lunch and breakfast programs as challenging (despite efforts to help streamline the process), mainly because of the volume of paperwork that must be processed within a short period of time. For special education, the challenge in determining eligibility rests with the individualized nature of an eligibility process that often requires detailed reviews by various professionals.

### School Lunch and Breakfast Programs

A major challenge in administering federally funded food service programs comes at the beginning of the school year, when school and district staff must identify which students are eligible for free and reduced-price meals. In five of the six districts we visited, more than 25 percent of district children are eligible for free and reduced-price meals. Every one of the food service directors in these districts identified eligibility determination as a major challenge. Superintendents and other officials from school districts in our telephone interviews also commented on the difficulty and expense involved in determining eligibility for free and reduced-price meals, although they continued to participate in the child nutrition programs.

Students are eligible for free or reduced-price lunches and/or breakfasts on the basis of income and family size. This program structure, while allowing federal dollars to be targeted to those students most in need, requires school district staff to determine which students are eligible for assistance. At the beginning of the year, school districts generally distribute applications to school children and their families. Once

applications are returned by the parents, district staff process the applications to determine a child's eligibility. Some district officials told us that because of pride or privacy concerns, some students and parents (particularly at the high school level) do not return applications even if they know they are eligible. To ensure that only eligible students receive benefits, the school district is also required to verify income information for a sample of applications. Once eligibility determinations have been made, district officials must notify the parents and then incorporate the eligibility information into the district's food service system. All of this processing takes place at the beginning of the school year, a very busy period for all school staff.

Food service staff at the districts we interviewed used two strategies to try to limit the work created by this application process. First, districts used a process called "direct certification" to quickly identify and enroll a portion of eligible students. Under direct certification, students from families that receive food stamps or public assistance can be certified as eligible for free or reduced-price meals. Data from public assistance records is matched with school files, obviating the need for parents to fill out applications and for district staff to process the forms.

All of the districts we visited used direct certification, and the food service directors were grateful for the opportunity to use this streamlined process. However, district officials added that while direct certification was helpful, they still faced an administrative challenge in processing applications. Because many families who qualify for free or reduced-price meals do not receive public assistance or food stamps, district officials must gather and process data on a large number of families who cannot be enrolled through direct certification. For example, in one district we visited, district officials could use direct certification to enroll only about 31 percent of eligible students; for the remaining 69 percent, the district had to distribute, collect, and process applications.

Second, some districts have also used a more sweeping strategy to reduce the costs associated with eligibility determination—a universal service or no-fee option. Under these options, schools serve lunches and/or breakfasts to all students at no charge, regardless of whether their family income would qualify them for a free meal. Districts are reimbursed based on the number of qualifying students for the year before they began serving no-fee meals. At the end of the 3-to-5-year program period, districts must generally redetermine students' eligibility to provide a new, up-to-date basis for reimbursement.

Under universal or no-fee service, districts reduce the administrative costs associated with determining eligibility and with counting and claiming meals by reimbursement category. However, the cost of the meals increases as the district pays for meals served to students who would not otherwise be eligible for free meals. In addition, with all meals served for free, more students may eat in the cafeteria rather than bring lunch from home, further increasing the cost of the food service program. For any one district, total costs may increase or decrease depending on the strength of these factors. Two of the districts we visited had one or more schools participating in these programs recently, and they reported different experiences. In one district we visited, the no-fee approach was in place at several schools, and district officials told us that universal feeding had lowered their total costs while allowing them to serve more children. In contrast, the food service director in another district reported that they had experimented with universal programs in two schools but discontinued the initiative because the total costs of operating the programs increased at both schools.[40]

## Special Education Programs

Eligibility determination for special education can also be a resource-intensive process, according to school district officials. Staff in over half (53 percent) of the districts we surveyed by telephone said that eligibility determination for special education posed challenges for the district. According to district officials, the individualized nature of determining eligibility for special education allows students with disabilities to have educational programs tailored to their specific needs. However, precisely because eligibility and program decisions must consider each child's unique situation, it is difficult for school districts to streamline the process.

Under IDEA, a child is eligible for special education services if he or she is "a child with a disability"—that is, a child who needs special education and related services because of mental retardation, hearing impairments, speech or language impairments, visual impairments, emotional disturbance, orthopedic impairments, autism, traumatic brain injury, learning disabilities, or other health impairments.[41] To help determine

[40]In both these districts, schools in the universal program had at least 80 percent of students eligible for free and reduced-price meals. As we noted in our testimony on the pilot program that preceded the current universal options, for the program to be cost effective a school needs to have a large number of students who qualify for free and reduced-price meals. See Food Assistance: Early Results of USDA's No-Fee School Meal Pilot Program (GAO/T-RCED-94-184, Apr. 14, 1994).

[41]States and school districts are allowed (but not required) to also consider a child eligible for special education if that child is 3 to 9 years of age and experiencing developmental delays in physical, cognitive, communication, social or emotional, or adaptive development and therefore is judged to need special education and related services.

eligibility, school districts may obtain expert opinions from various professionals, including doctors, child psychologists, social workers, and others. These professionals may either be on the school district staff or work as independent contractors, but in any case are paid by the school district. If a child's parents are not satisfied with the school district's evaluation, they have the legal right to have another evaluation done by independent professionals, at the school district's expense.

Once a child is determined eligible for special education, a decision must be made about what services and supports the child needs. Each child must have an Individualized Education Program (IEP) that describes the child's educational performance, the goals for the child in the coming year, and the special educational and support services the child will receive to help meet these goals. The IEP is developed—and must be agreed to—by an "IEP team." By federal law, the IEP team must include the parents of the child; at least one of the child's regular education teachers, if the child is or may be participating in a regular classroom; at least one special education provider; and a representative of the school district. The parents or district staff may also invite other individuals to participate. States may impose additional requirements on the composition of the IEP team. For example, Massachusetts requires that, for an older student who may need continuing services outside the school system, a representative from an agency that provides adult services be invited to the IEP meetings at least 2 years before the anticipated exit date. The IEP must be reviewed each year and revised as appropriate by the IEP team, and students must be reevaluated for eligibility at least once every 3 years.

This highly individualized process allows students with disabilities to have educational programs tailored to their specific and unique needs. However, school district superintendents and special education directors told us that this process comes at a high price in terms of time and money. For example, prior to the 1997 amendments to IDEA, school districts were not required by federal law to have a regular classroom teacher participate in the development of the IEP. Many district officials told us that implementing this new requirement would be difficult and costly, primarily because substitute teachers must be hired to take over classroom duties when regular teachers are attending IEP meetings during normal school hours.

Staff from some school districts also told us that, in their opinions, the IDEA definition of eligibility is unclear or too subjective, making eligibility determination more difficult. For example, one special education director

told us that in his experience, almost any child who is referred for an evaluation concerning emotional disturbance is given that diagnosis. Officials from other districts echoed this concern with respect to emotional disturbance and disability in general, especially when possible disability diagnoses are raised in the context of a student's inappropriate conduct.

The definition of disability in general, and the subcategories of emotional disturbance and learning disability in particular, have been controversial. Some have advocated a relatively narrow definition that would emphasize well-understood conditions, while others have recommended a wider definition to encompass less prevalent and less well-defined, but also potentially debilitating, conditions. Researchers and other experts in varying disciplines often disagree on definitions of disability and related conditions, and the prevalence of certain conditions varies.[42] The ambiguity and subjectivity surrounding this process is a source of confusion and frustration for some district officials.

## For Some Districts, Accounting and Reporting Requirements Add to Administrative Load

Districts' administrative resources must also be used to meet federal accounting and reporting requirements. Officials from 49 percent of the districts in our telephone interviews identified at least one program's accounting and reporting requirements as problematic or challenging, as did staff in three of the districts we visited. Many of the comments reflected a general dissatisfaction with having to do the paperwork to comply; however, some school district staff also raised other issues. Some staff members were frustrated by duplication and inconsistency in accounting and reporting requirements across programs. Others expressed the opinion that existing accounting and reporting requirements were not sufficiently focused on program results.

Staff at the districts we visited provided specific examples of accounting and reporting requirements they found particularly difficult. Many of these requirements originated at the state level, not from federal laws or regulations. For example, officials from districts in one state mentioned a requirement that equipment purchases over $500 be documented separately when paid for with federal funds. Federal regulations allow for

[42]For more information on these controversies, see G. Reid Lyon, "Learning Disabilities," in "Special Education for Students with Disabilities," The Future of Children, 6 (1) (Spring 1996), pp. 54-76; Equal Educational Opportunity and Non-Discrimination for Students with Disabilities: Federal Enforcement of Section 504, U.S. Commission on Civil Rights, Equal Educational Opportunity Project Series, Vol. II (Sept. 1997); and Judith D. Singer and others, "Variation in Special Education Classification Across School Districts: How Does Where You Live Affect What You Are Labeled?" American Educational Research Journal, 26 (2) (Summer 1989), pp. 261-81.

equipment purchases up to $5,000 without additional documentation, but states can impose more stringent requirements (as this state did). A finance director in a district in another state told us that his state had once had the same requirement but had recently raised the threshold to the federal limit of $5,000. This one change, he said, saved the district a great deal of time and trouble.

In addition, both state and school district officials told us that auditing and reporting requirements sometimes lag behind federal and state initiatives to provide additional flexibility to school districts. For example, one school district official told us that although the law allows a school to combine federal funds and apply these funds to the entire school under the "schoolwide program" provisions of Title I, state auditors still required separate accounting of funds.

### Staff From a Few Districts Were Dissatisfied With Restrictions on Raising and Spending Funds

Staff in a few districts identified issues related to spending and raising funds as a concern. For example, officials from several districts criticized certain provisions of the Tax Reform Act of 1986. These provisions are designed to prevent state and local governments from selling tax-exempt bonds at a low interest rate and then investing the money to earn a higher interest rate rather than spending it on local projects. One district official told us that the tax provisions not only decrease revenues but may also cause districts to spend the funds more hastily, leading to poorer project decisions. Other district staff talked about restrictions on spending funds; they told us they would like more flexibility in how they could use federal dollars. However, not all district officials we interviewed felt this way. One Title I director, for example, said that he supports the provision in Title I that earmarks funds for parental involvement activities because this requirement is "a spur that makes things happen."

## Certain Federal Requirements Can Create Logistical and Management Challenges for School Districts

In addition to the direct financial impact of federal requirements, district officials also identified several other types of challenges associated with operational requirements. These nonfinancial issues include logistical challenges in meeting federal timelines, challenges in finding qualified and capable staff or providers to implement programs or requirements, and management challenges in balancing competing goals or needs.

## Procedural Timelines Designed to Ensure Compliance Can Also Complicate Program Logistics

To ensure that special education students receive the help they need in a timely manner, school districts are subject to procedural timelines. For example, districts are required to hold the IEP meeting within 30 days after the student's eligibility has been established. After the IEP meeting, the district must provide the agreed-upon services "within a reasonable period of time." (The Department of Education has stated that it views a period of 60 days from the date of evaluation as "reasonable" in most cases, although this interpretation does not have the force of law.) Districts are also required to review each student's IEP annually and to reassess each student's eligibility once every 3 years. Other procedural timelines govern the district in disciplining special education students and in changing the student's placement (whether for disciplinary or other reasons).[43]

These timelines can protect students with disabilities by ensuring that they receive the services they are promised. A representative from a disability advocacy group told us that some school districts resort to "stalling" rather than provide agreed-upon services. Similarly, one school district official stated that in the past, not enough had been done to ensure that evaluations were done in a timely manner.

District officials also told us, however, that these timelines sometimes create logistical problems for them. For example, some district staff viewed the 60-day time frame for conducting evaluations as unrealistic or difficult. The complex nature of the evaluation process and limited staff (especially in small districts and in rural areas) may contribute to the difficulty. For example, one special education director in a small rural district told us that there was only one child psychologist in the area. When this person became ill, the district was unable to meet its timelines. Staff from several districts we visited (and others we interviewed by telephone) told us that the fixed time periods were too rigid and that they would prefer to have more flexibility.

[43]Many special education directors and district superintendents also mentioned a particular one-time deadline: the time frame given to update students' IEPs in accordance with the 1997 IDEA amendments. The Department of Education's proposed regulations would have required school districts to have completed updating all students' IEPs in compliance with the 1997 amendments by July 1, 1998. Several school districts we visited, and others we interviewed by phone, viewed this deadline as unreasonable; and the Department of Education has decided to allow a longer implementation time frame. For more information, see Individuals With Disabilities Education Act: School Districts' Response to Regulatory Deadline (GAO/HEHS-98-156, Apr. 22, 1998).

## Personnel Shortages Can Make Compliance More Difficult and More Costly

Successfully implementing federal programs can be more difficult when a school district faces a shortage of qualified personnel. For example, in one state, staff from several school districts, especially in rural areas, told us that they had a difficult time finding certified special education teachers. In some states (including Colorado, New York, and Louisiana) 15 to 28 percent of special education teachers are not fully certified. Some rural districts may also have difficulty finding providers of certain related services such as physical therapy and speech pathology, according to district and state officials. Similarly, in a Department of Education study, over one-quarter of schools reported that it was very difficult or impossible to fill vacancies for bilingual or ESL teachers.[44]

Several district officials and association representatives also cited difficulties in obtaining qualified environmental contractors, again particularly in rural or outlying areas. The facilities manager in one district we visited told us that because there are few qualified asbestos contractors in the area, these contractors have little competition and can charge high prices. Similarly, EPA has warned owners and operators of USTs that the number of qualified contractors is limited.

## District Officials Concerned About Other Operational Requirements

Some district officials expressed concern that certain federal requirements do not match the needs of their communities. These superintendents and district program directors stated that certain federal requirements sometimes supersede established local practices; as a result, they believe they are less able to balance competing educational goals.

### Disciplining Special Education Students Poses Special Challenges

The most frequently cited example of such a requirement concerns certain provisions of IDEA that limit districts' ability to discipline special education students by removing them from the classroom. These provisions are designed to prevent districts from denying a free and appropriate public education to a student because of behavior that is related to the student's disability. As stated in the proposed regulations implementing the 1997 amendments to IDEA, school districts may freely remove a student with a disability from the classroom for up to a total of 10 days in a school year. If a school district wants to remove a child with a disability from the classroom for a cumulative total of more than 10 days in a school year, the

[44]See Schools and Staffing in the United States: A Statistical Profile, 1993-94, U.S. Department of Education, Office of Educational Research and Improvement, National Center for Education Statistics (July 1996).

district generally must reconvene the IEP team.[45] The district has somewhat more latitude in cases involving weapons or illegal drugs. If a student with a disability carries a weapon or illegal drugs to school, the district may move the student outside the school to an alternative educational setting (such as a special program for troubled youth) for up to 45 days. However, if the district invokes this rule, it must also reconvene the IEP team. In addition, if the student's parents object to the district's action, the parents have the right to take the district to a due process hearing.

These procedural protections may apply not only to students who have an IEP in place but also to some students who have not yet been declared eligible for special education. A student who has not been determined eligible for special education may be entitled to IDEA's procedural protections if the school district had knowledge of the child's potential eligibility. If the child's parents have expressed concern in writing, the behavior or performance of the child demonstrates the need for special education, or district personnel have expressed concern about the child's performance or behavior, then the district is presumed to have had knowledge of the child's potential eligibility.

School district officials told us that they find discipline issues to be very challenging because of the need to carefully balance the rights and needs of the child with a disability against the rights and the needs of the other children for a safe and disciplined environment. Some superintendents and special education directors stated that they believe the federal rules are too rigid, reducing their ability to strike this delicate balance. The expense, time, and trouble of going through hearings could deter district officials from disciplining students with disabilities, we were told. One special education director told us that, in effect, "you cannot discipline these kids, period." As a result, staff from several districts told us that the IDEA rules created a double standard because students with disabilities are treated differently from students who are not labeled as disabled.

For these reasons, district officials expressed concern that the requirements are potentially unfair, could lead to morale problems among staff, and could send the wrong message to both students with disabilities and their peers. For example, one special education director told us that it is very hard for him to explain to parents of other students that students with disabilities have procedural rights that their children do not, even for

[45]The district can also ask a hearing officer for permission to place the child in an alternative setting for 45 days.

identical offenses. In another district, the superintendent told us about an incident where a student attacked and injured another child and also threatened the classroom teachers, an aide, and the superintendent. Finally, the school called the police. The police and the district attorney recommended that the student be kept off campus. To implement that recommendation, the district had to have an administrative hearing, rewrite the student's IEP, and provide homebound instruction for the student.

## Food Service Directors Concerned About Student Acceptance of Meals Under Nutrition Standards

Some food service directors told us that they were concerned about their ability to balance the goal of serving nutritious meals with the goal of serving meals that children will eat and enjoy. Staff told us that they feared the new nutrition requirements would result in less food being consumed by students—because either more students would bring lunch from home or (more commonly) larger amounts of food would be discarded (plate waste). One food service director stated that "we're supposed to implement something here that they [the students] don't get at home." Although it is too soon in the implementation process to determine if these effects are occurring on a wide scale, the concern may be well founded. In our 1996 survey of school cafeteria managers, the foods with the highest percentage of plate waste were fruits and vegetables. More than half of the middle and high school cafeteria managers believed that increasing the amounts of fruits and vegetables in school meals—as many districts would do to meet the nutrition requirements—would increase plate waste. Similarly, cafeteria managers reported that increasing the number of servings for bread and grains would increase plate waste.[46,47]

[46]Regulations published in 1995 modified the meal pattern requirements by increasing the portion sizes for fruits/vegetables and for breads/grains according to grade level. The Healthy Meals for Children Act (P.L. 104-149, May 29, 1996) modified the National School Lunch Act to allow school food authorities to use the meal pattern in effect for the 1994-95 school year. The use of this meal pattern allows schools to continue to use serving sizes for fruits/vegetables and for breads/grains that were in effect prior to the 1995 regulations.

[47]See School Lunch Program: Cafeteria Managers' Views on Food Wasted by Students (GAO/RCED-96-191, July 18, 1996).

# Recent Flexibility Initiatives Are Generally Not Structured to Address the Major Implementation Issues Affecting School Districts

Responding to calls for greater flexibility in education programs, the Congress and the Department of Education have implemented several initiatives to give school districts more freedom in designing programs and using federal funds. These efforts—waivers, schoolwide programs, financial flexibility provisions, and consolidated planning—have expanded districts' options within covered programs and requirements. However, the narrow scope of these initiatives precludes them from addressing the key information, financial, and operational issues identified by school district officials.

## Recent Initiatives Were Designed to Provide Greater Flexibility to School Districts

Since 1994, the Congress and the Department of Education have implemented several efforts to provide additional flexibility to school districts. Waivers—temporary exemptions from certain specific federal requirements—can allow districts to suspend some program rules. Several provisions allow school districts additional flexibility in the use of federal funds. Under a consolidated planning process, school districts can submit one plan or funding application that covers several federal programs, rather than prepare separate documents for each program. Some of these flexibility initiatives have been used infrequently, and their use varies considerably across states.

### Waivers Available for Some Federal Programs and Requirements

In an attempt to provide states and local school districts increased flexibility, the Congress authorized the Department of Education to grant waivers —temporary exceptions to a limited number of federal requirements. States and school districts can ask the Department to waive certain specific federal requirements when necessary to support local efforts to raise student achievement. The Department can waive certain requirements of (1) ESEA, which contains several key education programs, including Title I; (2) the Perkins Act, which funds vocational education; and (3) the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR), which contain regulations (such as recordkeeping standards) that apply to education programs in general. In requesting a waiver, school districts are required to describe how a waiver would allow them to improve students' academic performance.

Under the Education Flexibility Partnership Program (Ed-Flex), the Department of Education has delegated to 12 states[48] a portion of its

[48]The 12 Ed-Flex states are Colorado, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, New Mexico, Ohio, Oregon, Texas, and Vermont.

authority to waive certain federal requirements. In these states, school districts generally apply to their state education agency for waivers of federal requirements instead of to the U.S. Department of Education. However, states and school districts in non-Ed-Flex states may also request similar waivers. Instead of these waivers being approved at the state level, the waivers are approved at the federal level through the Department of Education.[49]

The authority to grant waivers is limited to specific education programs. Although these include several of the major education programs (including Title I), other important programs are omitted. For example, although the Department can waive some requirements of the Safe and Drug Free Schools program, it cannot waive any of the requirements of IDEA. Similarly, while the Department can grant waivers under the Eisenhower Professional Development program, programs such as Adult Education and Goals 2000 are excluded. In addition, the Department cannot waive any of the requirements that lie within the purviews of other federal agencies. As a result, these waivers do not cover environmental requirements, employment requirements, or the requirements of the food service programs.

Even within covered programs, many of the requirements that relate to key federal objectives cannot be waived. For example, waivers are not permitted for any federal education requirement relating to (1) health and safety, (2) civil rights, (3) maintenance of effort, (4) comparability of services, (5) the equitable participation of students in private schools, (6) parental participation and involvement, or (7) the distribution of funds to state and local education agencies. In addition, waivers are not permitted if granting a waiver would undermine the purposes of the federal legislation; and for many programs, certain restrictions might be considered an integral part of the program's purpose.

In its September 30, 1997, report to the Congress, the Department of Education reported that it had received relatively few waiver requests from school districts. According to the report, the Department received 375 waiver requests from school districts from school year 1994-95 until just before school year 1997-98. This represents less than 3 percent of school districts in the nation. Similarly, Ed-Flex states granted relatively few waivers during the first 2 years of the project.

[49]For more information on the Ed-Flex program, see Education Programs: Information on the Ed-Flex Demonstration Project (GAO/HEHS-98-61R, Dec. 15, 1997).

Of the waivers that have been granted, nearly two-thirds (64 percent) have concerned two Title I issues. The most frequent use of waivers (43 percent) has been to allow school districts to change the way they distribute Title I dollars to schools within the district.[50] Waivers of these targeting restrictions have allowed some districts to provide extra funding for efforts to improve poor-performing schools; waivers of targeting provisions have also allowed districts to continuously fund schools in cases where poverty rates are relatively similar, rather than shifting funds from school to school from year to year. Districts have also used waivers to expand school eligibility for schoolwide programs (21 percent). Schoolwide programs allow individual schools to combine their Title I funds with other federal dollars (such as funds from IDEA and Perkins Act vocational education programs) to implement a plan to improve instruction in the whole school, rather than targeting Title I funds to specific children who are thought to be at risk.

## Several Initiatives Are Designed to Increase Financial Flexibility

In recent years, several provisions have been undertaken to provide school districts with more flexibility in using federal funds: (1) increased use of schoolwide programs, (2) consolidation of administrative funds, (3) the "unneeded funds" provision, and (4) the Cooperative Audit Resolution and Oversight Initiative (CAROI). Each of these provisions is designed to give school districts more freedom to apply federal funds according to their needs, within a limited set of federal programs.

Some district and state officials told us that schoolwide programs can offer greater flexibility and have helped improve schools. However, not all schools are eligible to participate in schoolwide programs, and some eligible schools choose not to. According to Department of Education estimates, of the approximately 53,000 Title I schools in the United States, about 22,000 are eligible for schoolwide programs, and about 15,000 of these have chosen to participate. Under current law, a Title I school is eligible for schoolwide status only if at least 50 percent of the children enrolled in the school or residing in the school attendance area are from low-income families, or if it has received a waiver. Not all eligible local schools and districts endorse or use schoolwide programs; some prefer to target their Title I funds to those children they believe are at greatest risk. For example, one Title I director told us that in his district many schools do not use schoolwide programs because they believe their programs are working well as currently structured.

[50]Title I specifies a complex formula for how funds must be distributed to schools within a school district. For example, districts are generally required to provide funding to all schools with a poverty rate of above 75 percent before the district funds any school with a poverty rate below 75 percent.

Other financial flexibility provisions are more narrowly designed and less frequently used. For example, for certain federal programs school districts are allowed (with the approval of the state education agency) to consolidate the administrative funds available to the district under certain federal programs. School districts using this provision can combine the funds set aside for district administration under separate federal programs and apply them to the district's cost of administering this group of programs, rather than applying each funding source only to the administrative costs for that one program. This provision applies to only six programs: Title I, Migrant Education, Eisenhower Professional Development grants, Technology for Education, Safe and Drug Free Schools, and Innovative Education Program Strategies (Title VI). Other programs, such as Even Start, IDEA, and Goals 2000, are not included. In practice, this provision is frequently unavailable and seldom used. In our survey of state education agencies, about one-third reported that they did not allow local school districts to consolidate administrative funds. Further, even when this alternative was allowed, many school districts elected not to use it. In about two-thirds of the states that offered the option, less than 10 percent of districts chose to use the provision.

A similar provision, called the "unneeded funds" provision, allows school districts, with the approval of their state education agency, to shift up to 5 percent of funds across certain federal programs: Migrant Education, Eisenhower Professional Development grants, Technology for Education, Safe and Drug Free Schools, and Innovative Education Program Strategies (Title VI).[51] Other programs, such as Perkins Act, IDEA, and Emergency Immigrant Education, are not included. As with consolidation of administrative funds, the "unneeded funds" option is often unavailable and seldom used. In our survey of the 50 state education agencies, only about half the states reported that they allowed local school districts to take advantage of the "unneeded funds" provision. Further, even when this alternative was offered, it was rarely used. In about two-thirds of the states that offered the option, no school districts used it; of the states where it was allowed, in only one did more than 10 percent of districts use the provision.

Finally, the Department of Education created CAROI in response to concerns from state and district administrators that the manner in which the Department conducted its audits and other monitoring activities might conflict with the recent focus on providing additional flexibility. The

[51]Districts may use the "unneeded funds" provision to shift funds into Title I, but cannot shift funds from Title I to any of the other covered programs.

Department's proposal brief states that CAROI should allow the Department to conduct its audit process in a more flexible, useful, and cooperative fashion, and to more efficiently resolve audit findings so as to promote better program performance. However, because this initiative has not yet been fully implemented, its impact on school districts is uncertain.

## Under Consolidated Planning Process, Districts May Submit One Funding Application for Several Federal Programs

To obtain funding for certain federal programs, school districts must submit plans or applications to either the state or the federal government.[52] These plans or applications generally contain information on how the funds will be used, certifications that federally-prescribed procedures will be followed, and assurances that federal funds will be spent in accordance with the purpose of the program. However, district officials and education experts expressed concern that the fragmented nature of the application process is not only unnecessarily resource-intensive but also might impede program coordination. In recent years, the Congress, the federal Department of Education, and the states have attempted to improve the planning and application process for federal programs. States and school districts are now allowed (and in some cases required or encouraged) to submit consolidated plans—that is, to submit one plan that covers two or more covered federal programs.

In our survey of state education agencies, 24 states said that they require school districts to submit consolidated plans when applying for federal education program funds. Consolidated plans were most often required to include four programs: (1) Title I, (2) the Eisenhower Professional Development program, (3) Safe and Drug Free Schools, and (4) Innovative Education Program Strategies (Title VI). In addition, some states also require school districts to include other programs, such as the Perkins Act vocational education programs, in the consolidated plan. Where consolidated plans are not required, states generally give the school districts the option of choosing consolidated or separate plans.

Districts' use of consolidated plans varied substantially across states. A few states told us that all districts submitted only separate plans, while others reported that all districts submitted consolidated plans. In our telephone survey, districts expressed varying preferences for consolidated or separate plans. Staff in 46 percent of districts said they preferred consolidated plans, 34 percent said they preferred separate plans, and 20 percent had no preference. The reaction was similar in the districts we

[52]Of the 36 major federal programs that we reviewed, 18 required school districts to submit a plan or application. For information on the funding process for these programs, see app. II.

visited. The program directors and superintendents that preferred consolidated plans often stated that consolidated plans helped promote program coordination. However, others that favored separate plans said that they prefer to keep a more detailed focus on individual programs.

## Federal Flexibility Initiatives Have Limited Applicability to the Key Issues Affecting School Districts

Federal flexibility initiatives are generally not structured to address the information, funding, and management issues school districts identified as their primary concerns. Waivers, schoolwide programs and financial flexibility provisions, and consolidated planning neither provide information on federal requirements nor reduce districts' need for such information. These provisions do not increase federal assistance to school districts, nor do they relieve districts of any of their major financial obligations. Several of these efforts may help districts reduce their administrative costs, but not in those administrative areas that districts identified as key concerns. Similarly, the major flexibility initiatives do not extend to the requirements that posed logistical and management challenges for school districts. As a result, the federal efforts to provide additional flexibility to school districts have limited applicability to those areas that concern district officials the most.

### Flexibility Initiatives Increase Districts' Informational Needs

Although information-related issues are of key concern to school district officials, the recent flexibility initiatives increase the amount of information districts need, rather than simplify or streamline information on federal requirements. Federal flexibility initiatives do not provide school districts with additional information. Furthermore, because they are not applicable across the range of federal requirements, flexibility initiatives cannot streamline or simplify the information on federal programs. Instead, these efforts actually expand the amount of information school district officials need. To take advantage of the flexibility provisions, district officials must know that the provisions exist and learn how to use them. Gathering this information can be difficult, even if the provisions are relatively simple to use once this information has been obtained. Because these initiatives are program-specific, and each initiative applies to a different set of programs, superintendents and program directors must contend with a complicated set of legislative provisions.

Moreover, information on federal flexibility initiatives may be hard to find. In 1997, the Department of Education's Inspector General reported that many states had not provided guidance to school districts on financial

flexibility provisions. Similarly, we found that information concerning federal requirements and flexibility initiatives is often missing from state education agencies' Internet web sites. As shown in table 4.1, of the 50 web sites maintained by the state Departments of Education, only 7 provided information concerning federal waivers, only 2 provided information on the "unneeded funds" provision, and only 20 provided information on consolidated planning. Similarly, many states did not provide any guidance on the implementation of Title I and IDEA —the largest federal education programs and the focus of many school district concerns.

**Table 4.1: Number of State Education Agencies Providing Information on Their Internet Web Sites**

| Topic | Number of states that provide information on the topic on their Internet web site |
|---|---|
| Federal waivers | 7 |
| State waivers | 19 |
| Consolidated planning/application | 20 |
| Consolidation of administrative funds | 5 |
| "Unneeded funds" provision | 2 |
| Title I | 24 |
| IDEA | 33 |
| A link to the U.S. Department of Education | 34 |

## Flexibility Initiatives Can Do Little to Alleviate Districts' Concerns About Program and Administrative Costs

Federal flexibility initiatives neither provide more money nor relieve districts' major obligations. Although school districts cited the limited nature of federal financial assistance as a key issue, flexibility initiatives do not increase the flow of federal funds to school districts. Additional program funds would have to be appropriated from a Congress that, like school districts, must allocate scarce funds among competing worthy objectives. In addition, because these flexibility efforts do not make fundamental changes in the requirements of federal programs and mandates, school districts continue to be responsible for providing required services. None of the requirements that school districts cited as especially costly—special education, environmental requirements, accessibility, or nutrition standards—can be reduced or eliminated under any of the federal flexibility initiatives. For example, waivers cannot be used to suspend federal requirements relating to health and safety or civil rights. Similarly, although IDEA and Title I funds can be combined and used to support a schoolwide program, the school district is still responsible for providing the appropriate services to disadvantaged and disabled children.

As a result, flexibility efforts cannot address school districts' concerns about substantial program costs in the face of limited resources.

Similarly, flexibility efforts can have only limited impact on school districts' administrative costs. District superintendents and program directors identified two areas—eligibility determination for certain targeted programs and accounting and reporting requirements—as major contributors to the administrative cost of implementing federal requirements. None of the recent initiatives was specifically designed or intended to address these key concerns. Because federal flexibility efforts are limited to a few programs, these initiatives are not able to address problems that arise outside these programs' parameters. For example, because neither food service nor IDEA is covered, waivers can do nothing to assist school districts in streamlining the time-consuming and costly eligibility determination process for these programs. The narrowness of the flexibility provisions can also hamper districts' efforts to address administrative issues that cut across many federal programs and requirements. For example, some district officials expressed frustration with the duplication and inconsistency in accounting and reporting requirements across federal programs. Waivers would be unable to address these concerns because no requirements can be waived for many of these programs (including IDEA, food service, and Goals 2000). Similarly, the consolidation of administrative funds can take place only under a few programs.

While they do not address districts' key concerns, waivers and consolidated planning may help some districts streamline processes in other administrative areas. For example, some district staff told us that the consolidated planning and application process takes less staff time than is required to file separate applications for each federal program. Similarly, Texas has granted several statewide waivers under the Ed-Flex program that are specifically designed to reduce paperwork at the district level. In addition, the Department's plans to improve its auditing process may prove helpful in aligning the auditing process with the current focus on program flexibility.

Although only a few districts expressed dissatisfaction with restrictions on spending and raising funds, several flexibility initiatives—schoolwide programs, the "unneeded funds" provision, and consolidated administrative funds—are designed (at least in part) to address these issues. However, these flexibility measures can have only limited impact because not all districts can participate, and even for those that do,

sometimes only minor changes are allowed. For example, many states do not allow districts to use the consolidated administrative funds or unneeded funds provisions. Even when districts use these flexibility measures, their impact may be small. For example, the unneeded funds provision allows districts to shift only 5 percent of federal program funds across programs. With federal funds generally accounting for a small percentage (7 percent overall) of total education expenditures, the amount of funding covered under this provision is likely to be very small. For one large urban district we visited, the unneeded funds provision could allow district officials to shift $42,513 from one program to another—this out of about $54 million in federal funds and a total district budget of $491.5 million. For smaller districts, the provision may be even less significant.

## Logistical and Management Challenges Remain Despite Federal Efforts to Increase Flexibility

The restricted scope of flexibility initiatives also precludes them from addressing several of the logistical and management issues that school districts identified as key issues, such as procedural timelines for evaluating the needs of special education students and finding qualified personnel to implement key federal programs. Because the flexibility initiatives do not extend to IDEA requirements, districts cannot use these provisions to address their concerns with timelines. In addition, the federal government is not positioned to reduce the shortages of special education teachers, bilingual or ESL teachers, or qualified environmental contractors. Consequently, districts must rely on their own resourcefulness to overcome the management challenges they face in these areas.

# Conclusions

For several decades the federal government has provided guidance and financial support to state and local education systems. This assistance has frequently taken the form of targeted programs and mandates designed to advance a variety of federal goals (such as ensuring equal educational opportunity). Recently, however, teachers, parents, and the Congress have emphasized education reform initiatives with the broader and more challenging goal of improving education for all students. Although this emphasis on overall outcomes has enjoyed widespread support, controversy has arisen over the role existing federal programs and mandates will play in achieving this broad purpose. Some individuals—both educators and legislators—believe that loosening or eliminating some federal requirements will enable local school districts to direct more resources to the classroom and to adopt more innovative instructional approaches. However, others have expressed concern that the purposes underlying federal programs (such as ensuring equal educational opportunity) could be compromised if federal requirements are loosened or eliminated. As the education reform movement has accelerated, interest in providing additional flexibility has heightened in both the executive and legislative branches.

Some of school districts' key concerns—particularly the amount of financial assistance provided to school districts—lie beyond the scope of the flexibility initiatives that have been implemented to date. Alleviating these concerns may require more than providing additional flexibility within the existing federal program structure. Other key concerns, including informational and procedural issues, could be partially or fully addressed in the context of flexibility, although current initiatives are not targeted toward these issues. Our findings on school districts' experiences with federal requirements and regulatory flexibility suggest four lessons to be considered in refining existing federal initiatives and designing new ones.

1. School districts' concerns are wide ranging rather than centered on a single program or issue. To address these concerns successfully, federal initiatives must also be multifaceted.

School districts expressed a wide range of concerns, covering numerous federal programs and reflecting a broad variety of implementation issues. These issues extend to all facets of providing educational and support services—from planning educational programs at the beginning of the year to auditing the accounts at year's end. Although much of the public debate on education reform has focused on procedural and financial flexibility,

such as easing restrictions that govern the use of funds, district superintendents and program directors identified obtaining better information, streamlining eligibility determination and other administrative processes, and obtaining more procedural flexibility as key issues. Because the implementation issues school districts face cut across program and agency lines, initiatives that are narrowly focused can at best provide only limited assistance. Although it may be difficult to design, a broader flexibility initiative (or set of initiatives) that is simple to understand and easy to use, extended across related programs, and widely applicable to many school districts would be better positioned to address districts' concerns.

2. School districts need—and many lack—adequate information to successfully implement federal requirements and take advantage of flexibility options. Strengthening the knowledge base will be key to the success of both current and future flexibility efforts.

As complex organizations, school districts face a large and complicated body of federal requirements that affect many operational areas. According to district officials, the volume and complexity of federal requirements make it difficult to keep track of what is needed to comply and what flexibility is available. With inadequate information, district staff may be more conservative in their interpretation and less innovative in their approach. In addition, district officials cannot take advantage of flexibility mechanisms if they don't know what flexibility is available or how to apply it to their programs. Experience with various flexibility initiatives—from federal and state waivers to consolidated planning—suggests that increasing awareness among district officials is a crucial factor in how frequently these provisions are used and how helpful they are to school districts.

3. Because states play a key role in overseeing and administering federal programs, in order for flexibility initiatives to succeed, state education agencies must be able and willing to help school districts implement them.

For local school districts, state education agencies are the main source not only for information and technical assistance but also for monitoring and oversight. In addition, states impose their own requirements on school districts. Some of these, such as teacher certification standards, may interact with federal requirements but are not associated with specific federal programs. Others, such as requirements concerning IEP forms, arise out of the state's role in administering federal programs. Because state

requirements are stricter than federal ones, initiatives to loosen federal requirements may not have the desired impact unless related state requirements are also modified. As a result, federal legislation alone may be insufficient to create regulatory flexibility that reaches down to the local level.

4. The Congress and the Department of Education face potential conflicts between local officials' desire for flexibility and the important purposes underlying federal programs and mandates.

District officials recognized the benefits of federal requirements to students, parents, and educators. Requirements that students with disabilities receive the additional help they need to achieve in school were widely supported, as were many health and safety requirements. Educators and advocates alike have expressed concern that the opportunity to achieve these goals could be lost if too many federal requirements are loosened or lifted. The Congress and the Department of Education may sometimes face a tension between providing flexibility and still ensuring equal educational opportunity, promoting high quality education, guarding against health and safety hazards, or protecting the integrity of federal funds. In education, where such outcomes are often difficult to identify and measure, it may be especially difficult to ensure that these goals are realized without procedural requirements. Consequently, in some program areas federal authorities may choose to provide local officials with less discretion than they may desire.

# Descriptive Information on Major Federal Laws and Programs

| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| **Education** | | | | | |
| Adult Education | 20 U.S.C. 1201-1213 | Education | To improve adult literacy skills. | Provides financial support to states and local organizations (including school districts) for adult education programs. | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Bilingual Education | 20 U.S.C. 7401-7491 | Education | To educate students with limited English proficiency to meet the same rigorous standards for academic performance expected of all children. | Provides financial support for local organizations (including school districts) to provide programs to assist students with limited English proficiency. | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Carl D. Perkins Vocational-Technical Education Act | 20 U.S.C. 2302-2471 | Education | To help prepare students to work in a technologically advanced society by giving them needed academic and occupational skills technology. | Provides funding to school districts for vocational education programs at the high school level. (Also supports vocational programs at postsecondary institutions, such as community colleges.) | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Eisenhower Professional Development State Grants (Title II) | 20 U.S.C. 6601-6702 | Education | To assist in the training and professional development of teachers, especially in math and science. | Provides financial support to states and school districts for teacher training, with priority given to math and science. | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Emergency Immigrant Education Program (Part C of Title VII) | 20 U.S.C. 7541-7549 | Education | To ensure that high-quality education is provided to immigrant children and to help these children transition into American society. | Provides funding to school districts that experience large increases in student enrollment due to immigration. | Only school districts with 500 immigrant children (or 3 percent of the student population, whichever is less) are eligible to receive funds. Program requirements apply only if school district receives funds. |
| Even Start Family Literacy programs | 20 U.S.C. 6361-6370 | Education | To help break the cycle of poverty and illiteracy by improving the educational opportunities of low-income families through unified family literacy programs. | Provides financial support to partnerships of school districts and other organizations to operate family literacy programs. | School districts that form a partnership agreement with a community-based organization or institution of higher education are eligible to apply for funds. Program requirements apply only if school district receives funds. |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| Gifted and Talented programs | 20 U.S.C. 8031-8037 | Education | To help meet the needs of gifted and talented students. | Provides funding to school districts for programs for gifted and talented students. | All school districts that are carrying out programs for gifted and talented students are eligible to apply (as are states and higher education institutions). Program requirements apply only if school district receives funds. |
| Goals 2000 | 20 U.S.C. 5801-6084 | Education | To assist school districts in improving a number of areas, including school completion and student achievement. | Provides financial support to states and school districts for education reform efforts. | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Head Start | 42 U.S.C. 9831-9855 | Health and Human Services | To help prepare disadvantaged preschool children and their families for school. | Provides funding to organizations (including some school districts) to provide comprehensive early childhood education and support services for children, with priority to children from low-income families. | All school districts are eligible to apply; program requirements apply only if school district receives funds. |
| Impact Aid | 20 U.S.C. 7701-7714 | Education | To help educate children of military parents and to assist school districts that are affected by the federal acquisition of real property or that experience sudden increases or decreases in enrollment due to military realignments. | Provides general financial aid to qualifying school districts. | School districts are eligible to receive funds only if they have large numbers of federally connected children (including military and Native American children), have experienced large increases in enrollment of military dependents, or been negatively affected by the federal government's acquisition of real property in their district. |
| Innovative Education Program Strategies | 20 U.S.C. 7301-7372 | Education | To support innovative local education reform efforts. | Provides financial assistance to states and school districts for education reform efforts. | All school districts are eligible to apply. Program requirements apply only if school district receives funds. |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| Individuals With Disabilities Education Act (IDEA) | 20 U.S.C. 1401-1487 | Education | To ensure that all children with disabilities are provided with a free and appropriate public education and to provide financial support to states and districts for educating students with disabilities. | Provides financial support to states and school districts for the education of students with disabilities; also sets out procedures (such as IEPs) and conditions (such as placing children in the least restrictive environment) that school districts must meet to provide a free, appropriate public education. | All states and school districts are eligible for funds if they have in effect policies and procedures as described in the law. Districts are obligated to provide a free and appropriate public education whether or not they receive federal funds. |
| Magnet Schools program (Title V) | 20 U.S.C. 7201-7213 | Education | To provide assistance for desegregation efforts by supporting magnet schools to attract students of diverse racial backgrounds. | Provides financial support for school districts that are implementing a desegregation plan that includes magnet schools. | Only school districts that are implementing a court-ordered desegregation plan or a desegregation plan approved by the Secretary of Education are eligible. Program requirements apply only if school district receives funds. |
| Safe and Drug Free Schools and Communities | 20 U.S.C. 7101-7143 | Education | To make schools and communities safer by preventing violence, hate crimes, and drug use. | Provides financial support to states and school districts for drug and violence prevention programs. | All school districts are eligible to apply. Program requirements apply only if school district receives funds. |
| School to Work Opportunities Act | 20 U.S.C. 6161-6235 | Education and Labor | To establish a national framework for education and training programs that will prepare students for high-skill careers, increase opportunities for further education, and utilize the workplace as a learning environment. | Provides financial support for states and school districts to implement programs designed to facilitate the transition from school to work. | All school districts are eligible to apply. Program requirements apply only if school district receives funds. |
| Section 504 of the Rehabilitation Act | 29 U.S.C. 794 | Education | To protect individuals with disabilities from discriminatory treatment. | Prohibits school districts (and other recipients of federal assistance) from denying the benefits of their programs to otherwise qualified individuals with disabilities. | All school districts are eligible to apply. These requirements apply if school district receives any federal funds. |
| Stewart B. McKinney Homeless Assistance Act | 42 U.S.C. 11421-11435 | Education | To provide funds for programs (including education programs) to assist the homeless. | Provides some school districts with funds to ensure that homeless children have access to education. | All school districts are eligible to apply. These requirements apply only if school district receives any federal funds. |

(continued)

| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| Technology for Education | 20 U.S.C. 6801-6871 | Education | To support a comprehensive system for the acquisition and use by schools of technology and technology-enhanced curricula and instruction so as to improve the delivery of educational services. | Provides funds to states and school districts to buy and use new technology. | All school districts are eligible to apply. Program requirements apply only if school district receives funds. |
| Tech-Prep program (part of Perkins Act) | 20 U.S.C. 2394 | Education | To help prepare students to work in a technologically advanced society by giving them needed academic and occupational skills technology. | Provides funding for school districts and postsecondary institutions (generally community colleges) to develop and operate 4-year “tech prep” programs (which often lead to an associate’s degree). | Any partnership of a school district and postsecondary institution is eligible to apply for funds. Program requirements apply only if school district receives funds. |
| Telecommunications Act of 1996 | 47 U.S.C. 151 et seq. | Federal Trade Commission | To promote competition and reduce regulation in order to secure lower prices and higher quality services for consumers, and to encourage the rapid deployment of new communications technologies. | Provides school districts with discounts on telecommunications services. | All school districts are eligible to apply for discounts. |
| Title I (Elementary and Secondary Education Act) | 20 U.S.C. 6301-6514 | Education | To assist school districts in addressing the needs of economically disadvantaged children, especially in reading and math. | Provides financial support to states and school districts for programs designed to assist children in high-poverty areas. | School districts are eligible to receive funds if more than 2 percent of district students are from families with incomes below the poverty level. Program requirements apply only if school district receives funds. |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| **Food Service** | | | | | |
| National School Breakfast program | 42 U.S.C. 1751-1790 | Agriculture | To help increase children's capacity to learn by supporting school-based programs to provide nutritious food to children and to provide for the domestic consumption of nutritious agricultural commodities. | Provides financial assistance and commodity support for meals served to children. | All school districts are eligible to participate. Program requirements do not apply unless school district receives funds. |
| National School Lunch program | 42 U.S.C. 1751-1790 | Agriculture | To help increase children's capacity to learn by supporting school-based programs to provide nutritious food to children and to provide for the domestic consumption of nutritious agricultural commodities. | Provides financial assistance and commodity support for meals served to children. | All school districts are eligible to participate. Program requirements do not apply unless school district receives funds. |
| Summer Meal program | 42 U.S.C. 1751-1790 | Agriculture | To help increase children's capacity to learn by supporting school-based programs to provide nutritious food to children and to provide for the domestic consumption of nutritious agricultural commodities. | Provides financial assistance and commodity support for meals served to children. | All school districts are eligible to participate. Program requirements do not apply unless school district receives funds. |
| **Employment** | | | | | |
| Age Discrimination in Employment Act | 29 U.S.C. 621-634 | Equal Employment Opportunity Commission (EEOC) | To protect workers against discrimination in employment on the basis of age. | Prohibits discrimination in employment (including employee benefits) on the basis of age against people 40 years and older. | Applies to employers with 20 or more employees (including school districts). |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| Americans With Disabilities Act, Title I | 42 U.S.C. 12101-12130 | EEOC | To protect workers with disabilities against discrimination in employment. | Prohibits discrimination in employment against individuals with disabilities and requires employers to make "reasonable accommodations" for disabilities unless doing so would cause undue hardship to the employer. | Applies to employers (including school districts) with 15 or more employees. |
| Civil Rights Act, Title VII | 42 U.S.C. 2000e | EEOC | To protect workers against discrimination in employment. | Prohibits employment discrimination on the basis of race, color, religion, sex, or national origin. | Applies to employers (including school districts) with 15 or more employees. |
| Fair Labor Standards Act | 29 U.S.C. 201-219 | Labor | To protect workers by establishing provisions for minimum wages, overtime, and child labor standards. | Requires employers to pay a minimum wage, to pay overtime to eligible ("non-exempt") workers, and to obey child labor standards. | Applies to all employers (including school districts) with more than one employee. |
| Family and Medical Leave Act | 29 U.S.C. 2601-2654 | Labor | To provide workers with the right to take unpaid leave under certain conditions without losing their jobs. | Requires employers to allow employees to take up to 12 weeks of unpaid, job-protected leave to take care of a sick child, parent, or spouse, for the birth or adoption of a child, or for the employee's own serious health condition. | Applies to all employers with 50 or more employees, including school districts. However, special rules apply with respect to instructional employees of school districts. These provisions allow the district to play a role in scheduling unpaid leave for teachers and other instructional staff. |
| Occupational Safety and Health Act | 29 U.S.C. 651-679 | Occupational Safety and Health Administration | To protect workers from recognized safety hazards in the workplace. | Requires employers to adhere to safety and health standards. | School districts are generally exempt under the federal OSHA legislation. However, 19 states (including California, Michigan, and North Carolina) operate their own health and safety programs that include both public and private employers, including school districts. Another 2 states (New York and Connecticut) do not run their own programs but require public employees to adhere to safety and health standards. |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| **Environmental and Facilities** | | | | | |
| Americans with Disabilities Act —Title II | 42 U.S.C. 12131-12211 | Justice | To ensure accessibility for individuals with disabilities. | New structures and, in some cases, renovations of existing structures must meet design standards for accessibility. | All school districts are covered. |
| Asbestos Hazard Emergency Response Act and Asbestos School Hazard Abatement Act | 15 U.S.C. 2641-2656; 20 U.S.C. 4011-4022 | Environmental Protection Agency | To help identify and abate asbestos hazards in schools. | School districts were required to inspect each school for asbestos and draw up an asbestos management plan. | All school districts are covered. |
| Davis-Bacon Act | 40 U.S.C. 276a | Labor | To ensure a prevailing wage for laborers and mechanics employed on construction contracts supported by the federal government. | Contractors working on construction projects for school districts may be required to pay prevailing local wages. | Contracts in excess of $2,000 are covered. |
| Resource Conservation and Recovery Act | 42 U.S.C. 6901-6992 | EPA | To promote the protection of health and the environment by regulating hazardous waste disposal. | School districts must dispose of any hazardous materials properly and comply with EPA standards concerning underground storage tanks (UST) where applicable. | School districts with USTs or hazardous materials must comply with EPA standards. However, some USTs are exempt—for example, tanks that store heating oil for use on the premises. |
| Tax Reform Act of 1986 | 26 U.S.C. 103, 148 | Internal Revenue Service | To prevent the use of funds from the sale of tax-exempt bonds to acquire higher-yielding investments. | School districts are generally not allowed to use the provisions of tax-exempt bonds to buy higher yielding investments. | Exceptions are allowed for investment for a temporary period, for investment of a minor portion, and for investment in a reasonably required reserve or replacement fund. In addition, a special exemption for bonds up to $10 million is allowed to finance the construction of public school facilities if certain conditions are met. |

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| Law or program | Citation | Agency | Purpose | How school districts are affected | Which school districts are covered |
|---|---|---|---|---|---|
| Toxic Substances Control Act | 15 U.S.C. 2601-2629; 15 U.S.C. 2661-2692 | EPA | To ensure that commerce in chemical substances and mixtures does not present an unreasonable risk to health or the environment. | School districts may be required to comply with storage, disposal, and recordkeeping requirements for polychlorinated biphenyls (PCBs) or other chemical substances as applicable. This legislation also provides assistance to states to develop programs aimed at lead or radon hazards, which may affect school districts in some states. | School districts are subject to these requirements as applicable. |

# Information on Funding for Major Federal Laws and Programs

| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| **Education** | | | | |
| Adult Education | $354 million | x | x | Funds are allotted to each state on the basis of a formula that is related to the number of adults who do not have a certificate of graduation from a secondary school. Each state must submit a 4-year state plan. Funds are distributed by states to local organizations (including school districts) through competitive grants; these grants are to be awarded in accordance with the state's plan. |
| Bilingual Education | $199 million | x | | School districts submit applications to the state for comment, then to the Secretary of Education. A minimum of 75 percent of funds is reserved for bilingual education programs. The Department of Education gives priority to applications that (1) provide for the development of bilingual proficiency in both English and another language; (2) are from school districts that large numbers of students with limited English proficiency; and/or (3) are from school districts that have experienced significant increases in the number of students with limited English proficiency. |
| Carl D. Perkins Vocational-Technical Education Act | $1.028 billion | x | x | States are allocated funds for high school-level programs under a formula primarily based on the number of students aged 9 to 15 and previous allocations, with a set minimum. Each state must produce a state plan and establish a state vocational education board. Funds are distributed to districts on the basis of previous allocations and the number of students with disabilities. Ten and a half percent of funds are set aside for programs for single parents, displaced homemakers, and single pregnant women. In addition, districts are required to give priority to programs that have higher concentrations of "special population" students: students with disabilities, economically disadvantaged students, and students with limited English proficiency. Districts that are allocated less than $15,000 must join a consortium to receive funds. |

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| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| Eisenhower Professional Development State Grants (Title II) | $335 million | x | x | Funds are allocated to the states, with 50 percent of the funds allotted to each state on the basis of the number of students and the other 50 percent allotted on the basis of the Title I formula. State funds are distributed to school districts in the same way. Districts that are allocated less than $10,000 must join a consortium to receive funds; however, states are allowed to waive this requirement. |
| Emergency Immigrant Education Program (Part C of Title VII) | $150 million | x | x | Funds are distributed to states, but only states that contain eligible school districts can receive funds. Allocations to states are based on the percentage of immigrant children in each state compared with all the states. At least half of the funds given to states must be distributed to school districts with the highest numbers and percentages of immigrant children and youth. |
| Even Start Family Literacy programs | $198 million | x | x | Funds are allocated to the states on the basis of the Title I formula, with a minimum grant of $250,000. Partnerships (school districts partnered with community-based organizations or higher education institutions) apply for funds. There is a minimum grant level of $75,000. Priority is given to applicants from areas with a high percentage of poverty, illiteracy, unemployment, and limited English proficiency; areas designated as empowerment zones or enterprise communities are also given priority. |
| Gifted and Talented programs | $6.5 million | x | | Funds are distributed directly to grantees (including school districts) after a competitive peer review process. |
| Goals 2000 | $491 million | x | x | Funds are allotted to states in accordance with their relative allocations under Title I and the Eisenhower program. Ninety percent of funds awarded to the state are distributed to school districts on a competitive basis according to criteria outlined in the federal statute. |
| Head Start | $4.355 billion | x[a] | | Funds are distributed directly to each Head Start agency on the basis of past allocations. For newly designated agencies, grant amounts are based on a complex formula that includes the percentage of low-income children in the state. |

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| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| Impact Aid | $808 million | | | Funds are distributed directly to school districts. Aid resulting from federal acquisition of property is based on the current tax rate received by the school district on the value of the property. Aid resulting from large numbers of federally connected children is distributed by a formula that is based on the number of children and the amount received in the past. |
| Innovative Education Program Strategies | $310 million [b] | x | x | Funds are allotted to states on the basis of the school-aged population, with a minimum amount to each state. At least 85 percent of the funds must be allocated to school districts, with priority to districts with the greatest numbers or percentages of (1) children living in areas with high concentrations of low-income people; (2) children from low-income families; and (3) children living in sparsely populated areas. |
| Individuals With Disabilities Education Act (IDEA) | $4.8 billion | x | x | Funds are distributed to states on the basis of a complex formula that includes the number of children with disabilities and (once total funding reaches a certain threshold) the total number of children and the number of children in poverty. At least 75 percent of funds must be distributed to school districts. School districts are allocated a base payment plus additional funds according to the number of students and the number of poor students. |
| Magnet Schools Program (Title V) | Not available | x | | Funds are distributed directly to school districts by the Department of Education. Funding priority is given to districts whose programs (1) have the greatest need, (2) are new magnet school projects, (3) are magnet schools where students are chosen by lottery, (4) are in accordance with Goals 2000, and (5) draw on comprehensive community involvement plans. |
| Safe and Drug Free Schools and Communities | $556 million | x | x | Funds are distributed to states through a formula that is primarily based on student population. Eighty percent of each state's allocation must be distributed to school districts, with the remaining 20 percent funding Governors' programs that are distributed to community based organizations. Of the funds allocated to school districts, 70 percent are distributed on the basis of population and the remaining 30 percent on the basis of need. |
| School to Work Opportunities Act | Not available | x | x | Each state must develop a state plan to be eligible for funds. At least 90 percent of these funds are distributed to local partnerships through competitive grants. |

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| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| Section 504 of the Rehabilitation Act | None | Not applicable | Not applicable | Not applicable |
| Stewart B. McKinney Homeless Assistance Act | $28.8 million | x | x | All states can apply for funds. Funds are distributed to the states using the Title I formula, with a minimum grant amount. School districts must apply to the state, which awards funds on the basis of need. |
| Technology for Education | $584 million | x | x | All states can apply for funds. Funds are distributed to the states using the Title I formula, with a minimum grant amount. School districts must apply to the state, which awards funds on a competitive basis. |
| Tech-Prep program (part of Perkins Act) | Not available | x | x[c] | Funds are distributed by the states or by the Department of Education, depending on total program funding. |
| Telecommunications Act of 1996 | Not available | x | | Program has not yet been implemented. |
| Title I (Elementary and Secondary Education Act) | $8 billion | x | x | Funds for the basic grant are allocated to the state, and from the state to the school district, on the basis of a very complex formula that includes, among other things, the number of children from poor families, the average per pupil expenditure in the state, and the amount the state has received in previous years. School districts are also eligible for additional concentration grants if they have especially high percentages of children in poverty. |

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| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| **Food Service** | | | | |
| National School Breakfast program | $1.3 billion | | x | Funds are distributed to states and allocated to school districts on the basis of the number of free, reduced-price, and full-price meals served. "Severe need" schools can obtain a slightly higher reimbursement rate. To obtain a "severe need" designation, a school must show that its costs exceed the regular rate and must serve 40 percent or more of its breakfasts for free or the reduced price. Commodities are distributed to schools through the state. |
| National School Lunch program | $4.2 billion | | x | Funds are distributed to states and allocated to school districts on the basis of the number of free, reduced-price, and full-price meals served. Commodities are distributed to schools through the state. |
| Summer Meal program | $272.3 million | | x | Funds are distributed to states and allocated to school districts on the basis of the number of free and reduced-price meals served. Commodities are distriburted to schools through the state. |
| **Employment** | | | | |
| Age Discrimination in Employment Act | None | Not applicable | Not applicable | Not applicable |
| Americans With Disabilities Act, Title I | None | Not applicable | Not applicable | Not applicable |
| Civil Rights Act, Title VII | None | Not applicable | Not applicable | Not applicable |
| Fair Labor Standards Act | None | Not applicable | Not applicable | Not applicable |
| Family and Medical Leave Act | None | Not applicable | Not applicable | Not applicable |
| Occupational Health and Safety Act | None | Not applicable | Not applicable | Not applicable |
| **Environmental and Facilities** | | | | |
| Americans With Disabilities Act —Title II | None | Not applicable | Not applicable | Not applicable |
| Asbestos Hazard Emergency Response Act and Asbestos School Hazard Abatement Act | None | Not applicable | Not applicable | Not applicable |
| Davis-Bacon Act | None | Not applicable | Not applicable | Not applicable |

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| Law or program | FY 1998 funding | Plan or application required? | Funding distributed through the state? | Description of distribution of funds |
|---|---|---|---|---|
| Resource Conservation and Recovery Act | None | Not applicable | Not applicable | Not applicable |
| Tax Reform Act of 1986 | None | Not applicable | Not applicable | Not applicable |
| Toxic Substances Control Act | None | Not applicable | Not applicable | Not applicable |

[a]An initial competitive application is required, and a reapplication form is filed annually. However, once the district has been designated as a Head Start agency, it does not have to compete for funds in subsequent years.

[b]This figure is for fiscal year 1997.

[c]If the program is funded over $50 million, then the money is allocated to the states under the basic grant Perkins Act formula, and the states award grants to consortia on a competitive basis or on the basis of a formula determined by the state. If total program funding is under $50 million, the Department of Education awards the grants directly to the partnerships.

# Comments From the Department of Agriculture

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

SEP -8 1998

Ms. Carlotta Joyner
Director, Education and Employment Issues
Health, Education and Human Services Division
General Accounting Office
441 G. Street, N.W.
Washington, D.C. 20548

Dear Ms. Joyner:

Thank you for the opportunity to review the subject report and to provide comments. While the draft report covers many areas of the educational system at the local school level, our comments focus on those areas that relate to the National School Lunch Program (NSLP) and the School Breakfast Program (SBP).

We are pleased that the report identifies an important distinction between the school nutrition programs and other federally funded programs at the local school level. Pages 35 and 36 of the draft report explain that Federal dollars account for only 7% of total education spending while the school nutrition programs are substantially funded with Federal money. It may be helpful to clarify that due to this higher proportion of Federal funding in the school nutrition programs, Congress has imposed administrative responsibilities as a matter of accountability for public funds.

We are also providing the following three comments for your consideration:

First, the draft report is structured on anecdotal information that has been gathered from a limited number of school districts. Since school nutrition programs operate in over 20,000 districts, the applicability of the comments from such a small number of districts may be lost on those reading the report. We would like the report to include information which will put issues related to program eligibility into context. For example, reporting on the process to determine students' eligibility for meal benefits, the draft report notes that the districts "...identified eligibility determination as a major challenge". We feel it would be helpful at this point to explain that the administrative process associated with eligibility determinations is part of the balance between accessibility for participants and accountability of public funds. It would be informative to the reader if, in the context of administrative burdens for the nutrition programs, the report also included information that the NSLP and SBP are Federal entitlement programs funded at over $6 billion which are congressionally mandated to provide funding based on means-tested eligibility. The process of determining eligibility is the foundation for accurately identifying the level of Federal money a school district will receive for providing meals.

AN EQUAL OPPORTUNITY EMPLOYER

In a related issue, we suggest the report include information about the school communities' general use of free and reduced price meal participation as an economic indicator for their population. Again within the context of eligibility determination burdens, it should be noted that the results of the free and reduced price meal eligibility process are generally the single, most referenced source of data for determining the school populations' economic status. As such, a host of other benefits, both financial and in-kind, often piggyback on the data obtained through the school nutrition programs (e.g., State aid, Title I, reduced athletic and textbook fees). The elimination of the school nutrition program eligibility process would generate a correlative increase in the need for other assistance programs to assume such burdens.

Second, we have concerns that the draft report indicates the cost of running school nutrition programs is prohibitive due to administration burdens. The draft report does include mention of the statistically valid study, the *School Lunch and Breakfast Cost Study*, which identified that under the traditional meal planning systems the average food service revenue, including Federal subsidies, covers meal production costs. However, the report audience would benefit from wording that balances school official's concerns about their perceived costs of operating the school nutrition programs with the actual data and conclusions of the cost study. Otherwise, the reader may not make the connection that even though administrative costs are perceived as high, a statistically valid cost study found that schools, on average, are receiving sufficient revenue to cover the costs of operating feeding programs.

A final concern is that the reader may be left with the impression that the cost of implementing the updated nutrition standards in the school nutrition programs are prohibitive. Page 56 of the draft report notes that "some" district staff "believe the new nutrition standards have increased or will increase their costs". The updated nutrition standards represent a major and important initiative to improve the diet and health of school children. USDA recognizes that such a change represents a significant undertaking for schools and has provided a variety of menu planning alternatives for meeting the updated requirements. In developing the new standards, costs were carefully considered and USDA's analysis (published in 59 FR 30250 and 60 FR 5525-26) indicate that while initial start-up costs may be incurred, meals meeting the new standards can be produced for the same cost as under previous standards with the additional benefit of providing more healthful meals to the nation's school children.

Along with the concerns expressed about the nutrition aspects of the Programs, it is essential the report include some explanation of the purpose for the updated nutrition standards. Previously, schools were required to provide meals that met minimum quantity requirements. On November 2, 1994, Public Law 103-448, the Healthy Meals for Healthy Americans was enacted. The Act included the requirement that Federally funded school nutrition programs must meet the Dietary Guidelines for Americans. This change represents a fundamental shift in the operation of the program and was based on overwhelming evidence of the link between a healthy diet and long term health. The publication of the final regulations to

implement these updated nutrition standards came only after an extensive public hearing process and considerable analysis of an unprecedented number of public comments.

We are concerned that the report in its current form has the potential to confuse readers including policy makers, unless some context is provided as to why USDA has instituted the various program requirements, especially those related to the important changes in school nutrition programs which are designed to safeguard the health and well-being of the Nation's school children. Properly understanding USDA's rationale for making policy decisions will allow readers, including policy officials, to evaluate what, if anything, should be done to make our Nation's child nutrition programs more flexible.

In summary, we believe that the anecdotal nature of the findings and comments contained in this report must be clearly identified as such. Furthermore, additional information and program background should be provided in order that a meaningful understanding of Program conditions may be obtained. We appreciate the opportunity to comment.

Sincerely,

Shirley R. Watkins

Shirley R. Watkins
Under Secretary
Food, Nutrition and Consumer Services

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