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## ABSTRACT

This study examines the impact of thirteen National Institute of Education (NIE) demonstration districts' changed allocation policies on a number of outcome measures. The major dependent variables under study are the following: (1) the characteristics of the schools and the students who receive Title I Money (race, economic status, educational need status, etc.), (2) the amounts and kinds of services delivered to, and received by these schools and students, (3) the administrative costs or efficiencies associated with changed allocation procedures, (4) the response of the community to the new allocation; and (5) the effect on the achievement gains of selected students in selected districts. The major independent variables under study are the district changes in eligibility criteria and in concentration. The changes in the school eligibility procedures selected by these thirteen districts are of four types: (1) direct allocation to students regardless of the schools they attend, (2) ranking schools by achievement, (3) ranking schools by achievement with poverty held-harmless, and (4) ranking schools by poverty. There are three sets of factors at work in this study which have molded the districts' demonstrations to date and which will continue to influence them as they plan their second year programs. They are: (1) factors that led districts to apply, (2) factors that appear to have influenced the exact shape of the implementation of that policy, and (3) factors which can be expected to affect some of the major outcome variables. (Author/AM)

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NIE DEMONSTRATION DISTRICTS:  
FACTORS IMPINGING ON DISTRICT ALLOCATION DECISIONS

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In the Education Amendments of 1974 (P.L. 93-380),  
Congress issued a mandate to NIE for a comprehensive study  
of compensatory education in general, and of Title I in  
particular. Section 821 (a) (5) of that legislation listed  
the following five specific charges to NIE:

- Examine the fundamental purposes and effectiveness  
of compensatory education programs
- Analyze the ways of identifying children in greatest  
need of compensatory education
- Consider alternative ways of meeting these children's  
needs
- Consider the feasibility, costs and consequences of  
alternative means of distributing federal compensatory  
education funds
- Conduct not more than 20 experimental programs, where  
necessary to carry out the purposes of clauses 1 through  
4 above, in educational agencies which agree to such  
experimental use of their Title I funds, and for whom  
the Commissioner of Education would grant waivers of  
standard Title I regulations.

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In addition, Section 150 of P.L. 93-380 describes most clearly the intended nature of the experimental programs referred to in the fifth charge:

-For any fiscal year not more than 20 local educational agencies selected for the purpose of section 821(a)(5) ---may elect, with the approval of the district-wide parent advisory council---to allocate funds received from payments under Title I on the basis of a method or combination of methods other than the method provided in the Title I legislation.

In response to this mandate NIE presented a research plan to Congress which was accepted in the Spring of 1975. Since that time NIE has initiated more than 40 separate studies designed to meet the requirements of the mandate. The overall approach developed by NIE, the philosophical structure which binds the studies together, and details of many of the other separate studies are discussed in other sessions of these meetings, and in NIE's first interim report to Congress\*. This paper deals specifically with NIE's development of the experimental programs--or, as we have termed them, the demonstration studies.

It is clear from the history and wording of the legislation that Congress expected the demonstration studies to be working models of changes in allocation

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\*Evaluating Compensatory Education: An interim report on the NIE Compensatory Education Study. NIE, December 30, 1976.

procedures within school districts. Therefore, in the Spring of 1975 NIE asked local education agencies to submit, through their State education agencies, proposals to change their methods of Title I fund allocation. Specifically, NIE requested that districts consider changes related to (1) eligibility and targeting of schools, and (2) concentration of funds and services.

(1) Eligibility and targeting of schools refers to the decisions made by districts as to which schools may receive services (eligibility) and which of those schools will receive services (targeting). Under standard Title I regulations, funds are allocated to states, to districts, and to schools within districts on the basis of economic criteria. (Once the money reaches the schools, however, it is to be used to provide extra services for those students with educational need, regardless of their economic status). To determine school eligibility the district must, by some formula, determine the average district level of poverty and the average level of poverty of the families in the attendance area of each school. The eligible schools are those schools whose average poverty is greater than the district average. The district may target, or serve, fewer than all of their eligible schools, however, depending on the degree to which they wish to concentrate or disperse their funds.

(2) Concentration, or the degree to which a district focuses its funds and services on fewer rather than more schools and/or students, is thus intimately linked with

eligibility and targeting decisions. Standard Title I regulations recommend concentrating funds on fewer projects in order to enhance the possibility of program effectiveness. Until superseded by new regulations, a Title I guideline suggested that the appropriate minimum per pupil Title I expenditure should be equal to half of the amount spent by the district on regular services.

In order to focus the changes districts might wish to make, NIE requested that districts consider two simultaneous changes:

- (1) changing to either a new poverty formula, or a formula based on educational need, to determine school eligibility
- (2) serving either more schools and/or students, or fewer schools and/or students.

The proposals submitted to NIE by school districts overwhelmingly presented plans to change to achievement-based school eligibility criteria, and to serve more rather than fewer schools and/or students. From those proposals, NIE selected 16 districts. Those districts received small planning contracts for the 1975-76 school year. During that time they refined the details of their plans, collected the data necessary to implement those plans, and secured the necessary approvals. At the end of that year 13 of those districts elected to implement their plans. These districts are now in the first year of a two-year

implementation phase. The 13 districts are:

Adams County, Colorado	Houston, Texas
Mesa, Arizona	Newport, Rhode Island
Alum Rock, California	Racine, Wisconsin
Berkeley County, West Virginia	Santa Fe, New Mexico
Boston, Massachusetts	Winston-Salem/Forsyth, North Carolina
Charlotte/Mecklenburg, North Carolina	Yonkers, New York
Harrison County, West Virginia	

These 13 districts are by no means a random or representative sample of Title I districts across the country. The selection process involved many steps, at each of which known and unknown biases entered. States were selective in choosing districts to notify about the study, and in choosing district proposals to forward to NIE. District participation is voluntary and self-selective. NIE selected proposals based on geographical representativeness, on policy relevance of the plan, and on the districts' apparent ability to implement the plan. The demographic characteristics of these districts have been compared with those of 100 districts in NIE's national survey, and these demonstration districts do not appear to be too divergent. However, generalizations beyond these districts must be made with caution.

The major objective of the demonstration study is to examine the impact of the districts' changed allocation policies on a number of outcome measures. The major depen-

dent variables under study are as follows: (1) the characteristics (race, economic status, educational need status, etc.) of the schools and students who receive Title I; (2) the amounts and kinds of services delivered to, and received by, these schools and students; (3) the administrative costs (or efficiencies) associated with changed allocation procedures; (4) the response of the community to the new allocation; and (5) the effect on the achievement gains of selected students in selected districts.

The major independent variables, of course, are the district changes in eligibility criteria and in concentration. The changes in school eligibility procedures selected by these districts are of four general types:

(1) Direct allocation to students regardless of the schools they attend. Seven districts are serving all low-achieving children (variously defined by different districts) regardless of the school they attend. Therefore, the school is essentially bypassed in determining eligibility, and all schools within a given grade span are eligible for, and receive, services. Title I services are not removed from any schools in the served grade span, but some schools are receiving reduced services compared with 1975-76. Other schools are receiving services for the first time. Districts using this approach are: Adams County, Colorado; Alum Rock, California; Harrison County, West Virginia; Mesa, Arizona; Newport, Rhode Island; Racine, Wisconsin; Santa Fe, New Mexico.

(2) Ranking schools by achievement. Two districts are ranking schools on the basis of achievement, and all schools below a specified cutoff are eligible. As a result, some schools which were previously served under poverty are not receiving any Title I services this year, while other schools are receiving services for the first time. These districts are: Charlotte, North Carolina (all elementary schools with 35% or more of the students performing below the 30th percentile); Winston-Salem, North Carolina (all elementary schools with 40% or more of the students performing below the 35th percentile).

(3) Ranking schools by achievement with poverty held-harmless. Two districts are ranking schools by achievement, and new schools are selected this year based on their achievement rank. However, schools previously served under poverty continue to be served. These districts are: Boston, Massachusetts; Houston, Texas.

(4) Ranking schools by poverty. Two districts are continuing to use poverty criteria to identify eligible schools. These districts are: Berkeley County, West Virginia; Yonkers, New York.

Whatever the criterion for school eligibility, all districts but one are using the number of educationally needy students in each school to determine the amount of funds allocated to that school. This represents a change from standard practice for many of these districts.



As to concentration, all but one district are serving more schools, and all but one district are serving more students. In some districts the increase in number of schools served is matched by the increase in number of students served, so that approximately the same number of students per school will be served. In other districts the increase in number of students served is not proportional to the increase in number of schools served, so that fewer students per school will be served. Each of these alternatives has different implications for the outcome variables under study.

There are three sets of factors at work in this study which impinge on district decisions and which will ultimately affect the outcomes: (1) factors that led districts to apply, and to select a particular type of policy option; (2) factors that appear to have influenced the exact shape of the implementation of that policy; and (3) factors which can be expected to affect some of the major outcome variables. Below we discuss some examples of each type; many more will become obvious as the study progresses. In the first instance--why the districts have chosen given approaches--we have the districts' own statements and rationales. In the other two instances, we have only educated guesses based on preliminary data. The actual links between choices, implementation, and outcomes will not be known until the end of this first year of implementation, and in some cases not until after the second year.

(1) Factors that led districts to apply, and to select a particular option. A large proportion of these demonstration districts (as well as many that applied and were not selected) listed desegregation as their reason for wishing to participate, referring to perceived difficulties in reconciling Title I regulations with their desegregation plans or orders. The current regulations operate on the premise that poor students are unevenly distributed across the districts, and establish a procedure for finding and serving schools with high concentrations of low-income children. If minority students are more likely than non-minorities to be poor, higher numbers of minority students will be found in concentrated poverty areas, and thus in the schools in those areas. However, under desegregation these students will be more evenly dispersed across the district schools, and thus deprived of services as the schools they attend become "nonpoor". In recent years Title I has attempted to take this into account by procedures such as no-wide-variance and school eligibility by school enrollment rather than by attendance area. However, it is clear that many of the demonstration study applicants find even these regulations restrictive, and as part of their proposals devised approaches of their own for identifying and serving needy students.

As we noted earlier, most of the proposals received, and most of those selected, wished to change to school

eligibility based on achievement. The rationales offered for this were as follows:

-Deprivation of other equally disadvantaged students.

Using economic-based regulations to determine school eligibility may deny needed services to equally educationally disadvantaged students in non-poor schools.

This problem is compounded by desegregation.

-Poor reliability/validity/recency of poverty measures. Poverty estimates based on 1970 census data are outmoded in this the second half of the decade; poverty estimates based on AFDC counts may be inaccurate, and application for welfare payments varies widely, especially across persons of different cultures; free lunch counts are very much a function of principals' attitudes toward and vigorous pursuit of participants for such programs.

-Using achievement as a school eligibility criterion is consistent with using achievement for student selection, monitoring, and evaluation.

-Using achievement offers an opportunity for a more efficient use of district resources. Achievement surveys to identify schools also serve to identify individual students according to need. Thus, costly multiple surveys are abandoned.

-Use of achievement criteria and/or deconcentration gives local school administrators more control. Districts can allocate funds based on their unique needs

for alleviating educational disadvantage.

-Use of achievement criteria and/or deconcentration offers an opportunity to increase community support for the program. Use of achievement and/or deconcentration may cause Title I funds to be more evenly spread across ethnic groups, thereby involving different segments of the community in support of Title I.

We may also note that the most popular option selected by the districts--direct allocation to students, bypassing the school as a factor in eligibility--allows districts to serve educationally needy students in all schools. Under standard Title I regulations the ability to serve all schools is available only to a district which can show "no-wide-variance" among the poverty levels of their schools. Serving all schools is not only politically desirable to administrators who prefer not to exclude schools from programs, but also assures program continuity within a school which might otherwise be eligible by ranking one year but not the next.

(2) Factors which affect the exact nature of the implementation. Based on preliminary data, there appear to be some factors which may have affected the scope of the change, and which may affect it further in the second implementation year.

-District size. It may be noted that our two largest districts, Houston and Boston, have made less sweeping changes than the smaller districts. However, the third largest district, Charlotte, has altered school selection rather radically. Size of district may not be a critical factor by itself, but may interact with other administrative or demographic characteristics.

-Amount of money available. While one would expect each district to receive precisely the same allocation per poor child, this is not the case, due to various discretionary steps and data problems in the process of allocation to the district. In fact, differences in the size of the initial allocations to these districts creates at least as much variance in the Title I ppe in these districts as does the deconcentration decision made by the district. Moreover, districts differ in the amount of carryover of Title I funds available from the previous year, and in the amount of compensatory funds available from other Federal, State or local sources. There may be a correlation between the amount of money available and the degree of deconcentration which actually occurs.

-Prior saturation. There appears to be a negative correlation between 1975-1976 district saturation (ratio of served students to number of poor students)

and the proportion of students served in 1976-77 relative to 1975-76. This suggests that districts which served relatively few eligible students in 1975-76 selected allocation policies which serve relatively more students than districts which had previously been more saturated.

-Reliability/variability of achievement tests as school selection devices. The reliability of achievement tests may be less than that of the poverty measures which these districts customarily have used to select schools. This may then create greater variability in the schools deemed as eligible from year to year. This potential effect of achievement tests is most likely to occur in the North Carolina districts, and will not be known until they rank their schools for the second implementation year.

(3) Factors which can be expected to affect some of the outcome variables. Data on the changes in the dependent variables are not yet available. However, the nature of the school versus student deconcentration decisions in some of the districts may have interesting logical consequences for the income and achievement characteristics of the students served. As noted earlier, in those districts which have increased the number of schools proportionally more than the number of students, they will be serving fewer students per school. Since they attempt to serve the lowest achieving students in each school first, serving fewer students per

school may have the effect of lowering the average pre-service achievement of the students served. By the same logic, if there is a strong correlation between low achievement and poverty, the students served may be poorer than those previously served under poverty allocation. Whether these effects occur will depend on the correlation of poverty and achievement, the distribution of low-achieving students across the district, and the ability of the district to identify the lowest achieving students.

There are many other specific variables which have molded the districts' demonstrations to date, which will continue to influence them as they plan their second year of implementation, and which will affect final outcomes. Data on many of the changes will be available at the end of this school year, and will be presented in our next series of reports to Congress, beginning in September of 1977.