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ABSTRACT

This research examined the distributional and programmatic impact of the Education Consolidation and Improvement Act (ECIA) of 1981, Chapter 2, during its first year of implementation, to determine how it has measured up to meeting the goal for which it was enacted, and whether or not the Reagan Administration's promises regarding block grants have been fulfilled. A brief historical review of antecedent federal legislation is provided, followed by the legislative history of ECIA. Provisions of the act are described, along with the claims of the Reagan Administration with respect to its effects. The validity of these claims is assessed by means of a multidimensional time-series study comparing the fiscal and distributive impact of antecedent federal aid to education for fiscal years 1980 and 1981 with Education Block Grant funding for FY 1982, at all levels of the intergovernmental transfer system. Findings revealed that reductions in aid, coupled with consolidation of categorical funding into block grants, had a disproportionately adverse effect on (1) the Mid-Atlantic and Great Lakes areas; (2) states with large numbers of poor children; and (3) minorities. The stated goals of the block grants, namely to reduce wasteful spending, improve education, and increase local decision-making power, have not been met. References are included, along with statistical tables. (TE)

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The Education Block Grant:
How It Measures Up to Meeting Its
Stated and Implied Goals

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Precis

This research examined the distributional and programmatic impact of the Education Consolidation and Improvement Act of 1981, Chapter 2, during its first year of implementation, to determine how it has measured up to meeting the goal for which it was enacted, and if the Reagan administration's promises regarding block grants have been met.

The Education Block Grant: How It Measures Up To Meeting
Its Stated and Implied Goals

As education was an issue in the last presidential election, and has become a leading issue in the upcoming 1984 election, it is timely and of great import to consider the major education legislation of the Reagan Administration--The Elementary and Secondary Education Block Grant--to determine how it has measured up to the Administration's promises regarding block grants and how it has met the goal for which it was enacted. This research addresses these questions through an investigation of the fiscal and distributive consequences of Chapter 2 of The Elementary and Secondary Education Block Grant during its first year of implementation in our nation's schools.

On August 13, 1981, President Reagan signed the Elementary and Secondary Education Block Grant into law, thereby completing the largest restructuring of federal aid to education since President Johnson's Great Society program sought to wage the War on Poverty by providing equal educational opportunity to the disadvantaged through targeted categorical assistance under the Elementary and Secondary Education Act of 1965. Through provisions included under Chapter 2 of The Education Block Grant (also cited as The Education Consolidation and Improvement Act [ECIA]) 43 categorical aid programs--the majority of which were authorized under the Elementary and Secondary Education Act as amended--were repealed and consolidated into a single block grant to the States.

For nearly two hundred years categorical grants have been the chief mechanism through which the Federal Government has encouraged State and local education agencies (S/LEAs) to achieve its interests in education. Conditions

attached to the receipt of aid targeted revenue to programs for specific population groups (e.g., bilingual, handicapped), or for particular national purposes (e.g., metric education, vocational education). Until the enactment of the Elementary and Secondary Education Act in 1965, however, these programs were relatively small. Passage of ESEA enlarged the federal role in education by tripling federal expenditures for the schools (Levin, 1981, 1982), and by providing for a direct federal-local relationship in education thus bypassing the States (Stoner, 1976); it made the economically disadvantaged a legitimate federal concern in education (Advisory Commission on Intergovernmental Relations [ACIR], 1981). At the heart of this initiative lay the conditional grant device to achieve its goals (Walker, 1982).

President Johnson called ESEA "the most important measure that I shall ever sign [into law]" (Congressional Quarterly Almanac [C.Q.], 1965, p. 276). Education was the primary weapon in the War on Poverty and the principal tool for building a Great Society, according to the President (1965, p.94). "Poverty has many roots", he said, "but the taproot is ignorance" (C.Q. Almanac, 1965, p. 1375).

Education Consolidation

Since enactment of ESEA in 1965, there have been at least four major attempts to repeal its programs through consolidation legislation (Hastings, 1981). These have emerged largely as a conservative and Republican initiative (Conlon, 1982), concerned with growing federal centralization and its incumbent costs. In each case the issue of local control of education was advanced by proponents of the legislation, whereas opposition successfully centered on the reduced authorization levels that accompanied the merger.

The Quie Amendment

In 1967, just two years after the passage of ESEA, Albert Quie (R-Minn), a member of the House Education and Labor Committee, led Republicans in an attempt to overturn the "Democrats Education Program" by substituting block grants for Titles I, II, III, and V of the Elementary and Secondary Education Act. The Quie amendment proposed that block grant funds would be awarded to State departments of education as a substitute for the traditional direct categorical grants which bypassed States, because States were better able to determine the needs of local school children than was Washington D.C. (Congress and the Nation, 1969). Defeat of the measure was attributed directly to the fact that it raised the specter of the church-state issue--the very issue that had delayed passage of an aid to education bill for over a decade. The compromise measure adopted, proposed by Edith Green (D-Ore.), won support from Republicans and Southern Democrats alike, by placing all control of Title III and Title V funds with the State Education Agencies (SEAs), and prohibiting the withholding of federal aid from school districts on segregation charges until after a hearing which determined the district to be in violation.

Education Revenue Sharing

Announcing a "new...and drastically different approach...to the way the responsibilities are shared between the State and the Federal Governments" in 1969, President Nixon stated, "It is time for a New Federalism in which power, funds, and responsibility will flow from Washington to the States and to the people" (cited in Conlon, 1982, p. 46). Subsequently, as one of six Special Revenue Sharing bills, President Nixon proposed consolidating education programs into block grants under the Education Revenue Sharing Act of 1971 (ERS). Education Revenue Sharing would have consolidated 33

categorical grants into one program containing five broad areas: (a) education of the disadvantaged, (b) education of handicapped children, (c) vocational education, (d) impact aid, and (e) supporting materials and services. Funds were to be apportioned among the States on the basis of a formula taking into account total school age population in each State, the number of students whose families reside on federal property, and the number of low income families (C.Q. Almanac, 1973).

ERS received a hostile reception from congressional representatives and the general education community, however, as the proposal followed on the heels of nearly two years of conflict over attempts by President Nixon to drastically curtail federal education funding. Almost all of the groups aligned against the measure believed ERS was just a new technique to undermine the education budget. Opposition to the bill also centered over concerns that the revenue sharing proposal would erase categorical programs that were felt to be effective, that unrestricted funding would receive stiff competition by teachers' unions vying for increased salaries, and that "general aid would lead to greater federal involvement and control over local schools, whereas categorical aid tended to restrict federal activity to selected, targeted areas" (Conlon, 1982, p. 619).

The Better Schools Act

A new version of Education Revenue Sharing was developed as the Better Schools Act (BSA) in 1973. It would have replaced the expiring ESEA with an education revenue sharing program similar to the ERS plan. Once again opposition centered on the reduced levels of federal spending authorized under the bill, which "merely strengthened the impression that consolidation was a budgetary device" (Conlon, 1982, p. 361). Within six months the plan was dead and buried.

The Education Amendments of 1974

In the 1974 Education Amendments, Congress included a modest accommodation to President Nixon's policy concerns: two limited grant consolidations—one administered by the State, the other by the U.S. Commissioner of Education—were eventually adopted to avoid a threatened veto of the entire package. The State-administered consolidation merged seven categorical grant programs into two broad areas: the library and instructional resource program, and an innovative support services program. Stipulations attendant to the legislation specified that the consolidation would not take effect if the total amount appropriated for the new programs did not exceed the aggregate amount appropriated for all seven programs in the previous fiscal year. The Commissioner's consolidation included several education programs directly administered by the Commissioner of Education. In addition, it created new categorical programs in metric conversion education, education of the gifted and talented, community schools, career education, consumer education, women's educational equity, and arts education (C.Q. Almanac, 1974).

President Ford's Proposal

President Ford sent Congress a proposal to consolidate 24 elementary and secondary education programs in 1974; the House Education and Labor Subcommittee on Elementary, Secondary, and Vocational Education held one hearing on the bill in June, but no further action was taken on the plan. Once again, the key factor generating opposition to the bill was its authorization level.

The Reagan Plan

Acting to make block grants a principal component of the Economic Recovery Program, President Reagan proposed converting categorical programs

into block grants shortly after his inauguration (C.Q. Almanac, 1981a). According to the President, that could save \$23.9 billion over five years by reducing wasteful administrative overhead and program duplication, and by targeting programs more effectively through increased local control (C.Q. Almanac, 1981b).

In remarks at the Annual Convention of the National Conference of State Legislatures in Atlanta, Georgia, President Reagan indicated an additional purpose behind the block grant proposals. "Block grants are not a mere strategy in our budget as some have suggested," he stated. "They stand on their own as a federalist tool for transferring power back to the State or to the local level" (Federalism: The First Ten Months, 1981, p. 34). Under President Reagan's federalist concept, block grants, regulatory reform, and greater sensitivity to State and local desires would be used to reverse the trend toward greater control over State and local programs by the Federal government.

To these ends, the Administration proposed the consolidation of nearly 90 categorical grants into seven block grants in the fiscal year (FY) 1982 Budget Revisions (Office of Management and Budget [O.M.B.], March, 1981). Four were to be administered by the Department of Health and Human Services, one was to be under the jurisdiction of the Department of Housing and Urban Development, and two were slated for the Department of Education.

The dual goals of block grants--1) budget reductions which would be offset by administrative savings and increased local targeting of the aid, and 2) a re-direction of programs from the federal government to the States--are illustrated in the text of the 1982 Budget Revisions, which conjoined the Education Block Grant plans;

The Administration proposes to shift control over education policy from the Federal Government to State and local

authorities....Substantial reductions in regulatory and paperwork burdens, resulting in significantly lower administrative costs would be achieved by this consolidation. The Administration's proposal would reduce the 1982 budget authority to reflect these economies....The revised budget also reduces 1981 budget authority for the programs to be consolidated by 25 percent....(O.M.B., March, 1981, p. 65, emphasis added).

In a letter to Congress, President Reagan, speaking of the budget reductions, stated, "While recognizing the need for bold action, we have ensured that the impact of the spending reductions will be shared widely and fairly by different groups and the various regions of the country" (O.M.B., March 1981, p. M-2). This assurance was underscored by a commitment to "preserve the social safety net" that would constitute a core of protection for the poor and other such groups (O.M.B., March 1981, p. 8).

The Reconciliation Process. During the reconciliation process, Congress modified some of the Administration's block grant proposals. For education, Title I of the original Administration's bill (H.R. 3645/ S.1103), would have consolidated programs under Title I of the Elementary and Secondary Education Act, the Education for All Handicapped Act, the Emergency School Aid Act, and the Adult Education Act. Title II would have merged virtually all other elementary and secondary education programs into a single block grant, with the exception of bilingual education, vocational education, and impact aid.

The proposal ran into stiff opposition in both the House Education and Labor Committee and the Senate Labor and Human Resources Committee, and from civil rights groups, parents of handicapped children, and groups representing children and the poor (O'Hara, P., 1981). The most ardent opposition resulted from inclusion of Title I and Handicapped Aid in one block grant, requiring civil rights and handicapped groups to compete for the reduced funding available under the consolidation.

As a result, both chambers inserted an alternate but similar measure for blocking education programs into the Omnibus Budget Reconciliation Act, based on a proposal authored by John M. Ashbrook (R-Ohio), ranking minority member of the House Education and Labor Committee--the Education Consolidation and Improvement Act (PL 97-35, Subtitle D, Title V). It was passed as a part of the massive Omnibus Reconciliation Act of 1981, whereby all the legislation to be considered for the fiscal year was included in one bill, and passed with a single up or down vote on the House floor. It never went to committee and no amendments were allowed to be added. The measure containing hundreds of substantive as well as budget changes was presented to the membership only hours before a vote was called. At the time of overwhelming support for the President, you were either for his program or against it. To vote for his popular economic program, you had to take it all (Congressional Record, 1981).

Enactment of the Education Consolidation and Improvement Act constitutes a dramatic shift in federal education policy through its provisions for a block grant to the States, and ends the long struggle of nearly two decades to repeal The Elementary and Secondary Education Act--a cornerstone of the Great Society programs and a stalwart of equal educational opportunity legislation

The Education Consolidation and Improvement Act

Chapter 1 of ECIA retains categorical assistance to States and localities on the basis of allotments established by ESEA Title I, while relaxing its rules and regulations; Chapter 2 establishes a single block grant to State Education Agencies (SEAs) by consolidation and repeal of 43 categorical programs which were divided into three broad areas: Basic Skills Improvement, Educational Improvement and Support Services, and Special Projects (Appendix A).

The Education Block Grant is a formula-funded program with the distribution of aid based on a State's age 5-to-17 population, with each State guaranteed a minimum grant of 0.5 percent of the available funds. The SEA must pass through at least 80 percent of the grant to the local education agency, adjusted in accordance with a formula designed by each State's Governor's Advisory Council, to provide additional funds for districts with the greatest number of high-cost pupils, e.g., children from low income families, those living in economically depressed urban and rural areas, or those living in sparsely populated areas. LEAs are to have complete discretion in allocating funds among the purposes of the Chapter.

Chapter 2 authorizes a Secretary's Discretionary Fund through a setaside of up to 6 percent from the available funds. The first funding priority in the use of the aid is to be accorded the Alcohol and Drug Abuse Education Program, programs of national significance in the Arts in Education program, and the inexpensive book distribution program as carried out through Reading is Fundamental. The Secretary is also authorized to use funds for broad purposes such as research and dissemination, dissemination of information about program effectiveness, training for teacher and other instructional personnel, and assistance to SEAs and LEAs in implementation of programs (Jordan, & Irwin, 1982). An additional setaside of 1 percent is reserved for the Trust Territories.

Provisions for supplement not supplant, maintenance of effort (at 90 percent of the amount expended in the second prior year), and "equitable" participation of private school children, are included. The Education Block Grant was forward funded in FY 1982 and began in the schools in 1982-1983. State allotments under the program were based on an aggregate appropriation of \$470.4 million.

Questions Addressed

To summarize, President Reagan, when advancing the block grant proposals, appealed to the local control issue, and he indicated that the consolidation would contain an accompanying reduction in aid. He stated, however, that:

1. These reductions wouldn't impact disproportionately on specific population groups or areas of the country;
2. The poor were to be protected from the reductions by a "safety net";
3. The reductions would be offset by administrative savings;
4. The reductions would be offset by increased local control, which would target programs more effectively to areas of need;
5. Block grants would transfer responsibility for education back to States and localities.

To these implied goals of the Education Consolidation and Improvement Act, Chapter 2, was added the purpose for which it was enacted: "improvement of elementary and secondary education".

How have these promises been fulfilled? Has the Education Block Grant measured up to the purpose for which it was enacted? This research addresses these questions through an evaluation of Chapter 2 of the Education Consolidation and Improvement Act during its first year of implementation.

Methodology

A time-series design was employed in this study (MacRae & Wilde, 1979). The fiscal and distributive impact of antecedent federal aid for fiscal years (FY) 1980, 1981, versus Education Block Grant funding for FY 1982, were examined. Four sets of data were collected: (a) antecedent programs and grant awards received by State and local education agencies (S/LEAs), (b) allotments for S/LEAs under Chapter 2 of the Education Consolidation and Improvement Act,

(c) the children-in-poverty count per State as determined by the 1980 Census ("Bell Defends," June 2, 1982), and (d) program costs for individual students. The data were collected at the Federal, State, and local levels (macrolevel) during 1982-1983; individual student data (microlevel) were collected during the 1979-1980, 1980-1981, and 1981-1982 academic years (AY) as part of the larger Resource Utilization Project undertaken at the Wisconsin Center for Education Research.

This study utilized the States, local education agencies and individual students as the units of analysis, and therefore moved from a macrolevel to a microlevel. By focusing on a comparison of gains and losses in funding for all levels of the intergovernmental transfer system, before and after enactment of the Education Block Grant, and the distributional changes that resulted from the movement from categorical programs to a block grant, this study takes account of the "many layered, nested structure" of public policy (Dreeben, & Thomas, 1980, p.4), and aligns itself with a major goal of the Resource Utilization Project: research designed to emphasize a microlevel of analysis.

The population included in the State-level analysis¹ consisted of the 50 States, the District of Columbia, and Puerto Rico, defined as "States" in the legislation (PL 97-35, Section 563(a)(1)). Data analysis at the local level included the entire population of Wisconsin's 433 local education agencies (LEAs). The individual student sample was drawn from four Wisconsin elementary schools that were generally representative of Wisconsin students in rural communities, and medium-sized urban areas (Ross Miller, 1982).

This analysis was based on the federal fiscal year (FY). The funding levels utilized reflected actual obligations incurred by the United States Department of Education (DE) and Wisconsin's Department of Public Instruction

(DPI); they were reported in nominal (unadjusted) dollars. Grant awards for antecedent programs and the consolidated merger utilized in the local level portion are treated as if they were fully expended within the same fiscal year the federal obligation took place, with no carry-over into succeeding years. The State portion of the study held out the Secretary's Discretionary Funds and Follow-Through appropriations, for comparability purposes.

Findings

In President Reagan's call for block grants, he indicated that the consolidation would include reductions in aid, but that these losses would be shared widely and fairly by different groups and the various regions of the country. This section examines the extent of the revenue losses, and their impact on areas of the country, the poor, and minorities.

Reductions in Aid

Although President Reagan came into office after the 1982 fiscal year had begun, and President Carter's FY 1982 budget had been introduced on January 20, 1981, President Reagan submitted revisions to the FY 1982 Carter budget in March of 1981. The Reagan budget revisions included rescissions to the FY 1981 budget authority "for programs to be consolidated" ; the FY 1982 budget contained further reductions for the education block grant (O.M.B., March, 1981, p.65).

Therefore, the reduction strategy that accompanied the consolidation of education programs took part in two stages. First, the programs proposed to be consolidated in the Reagan Administration's FY 1982 budget received rescissions of approximately 25 percent, revising FY 1981 outlays downward. Second, the FY 1982 budget authority was reduced below the FY 1981 rescission request for the consolidated programs.

State Impact. From FY 1980, the last year prior to the reduction strategy that accompanied the consolidation of education programs, to FY 1982, with the enactment of ECIA Chapter 2, funding was cut by over one-third—a loss of approximately \$282 million. The greatest reduction-in-aid occurred in FY 1981, when antecedent program aid was reduced \$216 million. This compares to a loss of approximately \$66 million from FY 1981 to FY 1982 (Figure 1).

From base year (FY 1980) to enactment of ECIA, Chapter 2, (FY 1982) six States lost one-half their previous funding for antecedent programs or more: the District of Columbia (-69.4 percent), Delaware (-69.2 percent), Missouri (-65.8 percent), Ohio (-56.7 percent), New York (-53.1 percent), and Washington (-50.1 percent). A majority of States lost at least one quarter of their antecedent aid. California sustained a reduction of \$40.5 million, New York lost \$35.5 million, Ohio lost \$26.7 million, Missouri lost \$17.1 million, and Texas lost \$16.6 million. Over one year (FY 1981 to FY 1982) New York lost \$16 million; California, -\$12 million; Missouri, -\$8 million; and Wisconsin and Ohio, -\$4 million each (Table 1).

Impact on Areas of the Country. The Mid-Atlantic and Great Lakes areas sustained the greatest average reductions from FY 1980 to FY 1982 (\$11.8 million, \$11.6 million, respectively), and from FY 1981 to FY 1982 (\$4.2 million, \$3.1 million, respectively). These areas also had the highest average numbers of age 5-to-17 children-in-poverty, as determined by the 1980 Census (Figure 2).

Impact on the Poor. The extent to which an individual State's number of children-in-poverty accounted for its difference in aid from antecedent programs to the Education Block Grant was examined, using a bivariate regression analysis. A negative correlation was found. The independent variable, children-in-poverty, accounted for 70.3 percent of the variance (r^2)

in a State's difference in aid from FY 1980 to FY 1982, and 35.5 percent of the variance from FY 1981 to FY 1982. These data indicated that States sustaining the greatest reductions as a result of the merger of antecedent programs into a block grant (FY 1980 to FY 1982) generally were the same States that had large numbers of poor children.

Impact on Minorities. An examination of antecedent program aid to States with the greatest losses under Chapter 2 of ECIA revealed that a significant portion of that aid was available through ESEA, Title VI--Emergency School Aid Act--for assistance in school desegregation (Figure 3). In the case of Delaware, Ohio, and Washington, the amount of funding received (FY 1980) under the Emergency School Aid Act (ESAA) was greater than the total State allocation under Chapter 2 (FY 1982), which merged 43 programs into one block grant. For California, New York, and Wisconsin, the total allocation for the block grant was only slightly more than the Desegregation Aid received by those States (FY 1980).

A bivariate regression analysis was the statistical technique applied to determine the strength of the relationship between aid a State received under the ESAA and a State's gain/loss of aid from antecedent programs to the Education Block Grant. The funding a State received for desegregation under the Emergency School Aid Act (FY 1980) was found to be a useful predictor ($r^2 = 97.9$) of the losses it would sustain as a result of education consolidation (FY 1982). Over a one year period (FY 1981 to FY 1982) the relationship remained strong ($r^2 = 80.4$).

The Emergency School Aid Act (ESAA) had been the Federal Government's major program of financial aid to school districts undergoing school desegregation. ESAA authorized financial assistance to State and local

educational agencies (S/LEAs) and nonprofit organizations for the following two purposes:

1. To meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools; and
2. To encourage the voluntary elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students (Section 602(b) of the Elementary and Secondary Education Act; see also Stedman, J. B., 1982).

Therefore, the findings of this analysis showed that those States that had high number of minority group children and were receiving grants under ESAA sustained the largest losses of aid under the Education Consolidation and Improvement Act, Chapter 2. Taken together, the regression analyses produced evidence that States that had large numbers of poor and minority children (FY 1980) sustained the largest reductions in aid under the Education Block Grant (FY 1982).

Savings Under the Block Grant

The block grants that were enacted as part of the Economic Recovery Program contained corresponding reductions in aid because the consolidation would "reduce wasteful administrative overhead and program duplication, and target programs more effectively through increased local control" (C.Q. Almanac, 1981, p. 463). This section analyzes the extent to which these assumptions were supported by data from Wisconsin's State and local education agencies during their first year of implementation of the block grant (1982-1983).

Administrative Savings. Wisconsin ranked fourth, in terms of federal aid lost over a one-year period, as a result of the merger of antecedent programs into a block grant; from FY 1981 to FY 1982, it lost 35 percent of its funding (approximately \$5 million).

The Wisconsin State Education Agency administered 45 percent (\$6,200,943) of the antecedent program aid, with the U.S. Department of Education administering the remaining 55 percent (\$7,591,711) directly. Of the total aggregate antecedent revenue received into the State through both the U.S. Department of Education and the Department of Public Instruction, the State retained about 9 percent (\$1,297,463) for administrative purposes.

Chapter 2 of the Education Consolidation and Improvement Act changed this intergovernmental relationship by channeling all aid through the SEA, with only six percent reserved for national priority programs. Of the total Chapter 2 aid allocated to Wisconsin, twenty percent (\$1,784,621) was retained by the SEA, resulting in an increase of 38 percent (\$487,157) over the previous year (Table 2). The SEA utilized the additional revenue for discretionary awards to LEAs.

Local Targeting of the Aid. Milwaukee, Wisconsin's only Class 1 city, had been in the process of school desegregation, supported through federal Emergency School Aid Act (ESAA) funding, during FY 1981. As a result of enactment of the Education Block Grant which repealed ESAA, Milwaukee lost a significant portion of its funding. The formula fashioned by the Wisconsin Governor's Advisory Council for disbursement of LEA aid sought to mediate this situation by targeting 50 percent of the local aid on the basis of a district's Aid to Families With Dependent Children count (AFDC), which it determined would favor Milwaukee. The remaining 50 percent of the LEA aid was allocated on the basis of a district's age 5-to-17 enrollment in public and nonpublic schools. Despite the targeting of aid to the area of greatest need, however, Milwaukee lost \$5.3 million under the block grant--more than the aggregate loss for the entire State of Wisconsin. For other Wisconsin LEAs

there was no significant difference in the average amount of aid received before and after enactment of Chapter 2 (+\$86).

A disaggregation of these changes revealed that of Wisconsin's 433 LEAs, 280 received increased aid under Chapter 2, when compared to their funding for antecedent programs; 153 LEAs sustained revenue losses under the block grant. Of those districts that increased their revenues, 99 gained 100 percent or more under ECIA, 33 gained 200 percent or more, 14 gained 300 percent or more, 6 gained 400 percent or more, 4 gained 500 percent or more, and 2 gained 1,000 percent or more. Although these percentage increases are high, in all cases they accounted for average increases of only \$6,500 or less. Of the districts losing aid, 104 lost 49 percent or less; 49 lost 50-99 percent. This represented an average loss of \$131,242 each. A majority of Wisconsin's LEAs, 290 of 433, recorded gains/losses of \$5,000 or less. All but three of Wisconsin's 15 urban areas gained funding under Chapter 2; three urban areas sustained losses in aid. Non-urban areas losing large amounts of aid were mainly small districts that had been successful in competing for project grants under antecedent programs.

According to the results of a multiple regression analysis, the funding a district received for competitive programs (FY 1981) accounted for 99.9 percent of the variance (R^2) in its loss of aid under the Education Block Grant (FY 1982): The more aid a district received under competitive programs, the greater its losses under Chapter 2. Controversially, the amount of aid an LEA received (FY 1981) for one formula funded program--ESEA Title IVB, School and Library Resources--predicted its grant under Chapter 2 with 89.4 percent accuracy ($r^2 = 89.4$).

Improvement of Education

The Education Consolidation and Improvement Act, Chapter 2, was enacted "to improve elementary and secondary education". This section examines the extent to which the goal of Chapter 2 could realistically be achieved with the amount of funding available under the block grant.

Assuming that district grants under Chapter 2 were allocated to individual schools on a per/pupil count, revenues under the block grant were compared to (a) 1981-1982 actual instructional costs in four Wisconsin schools (block grant aid was awarded based on enrollments in schools during 1981-1982), and (b) instructional costs across all years for each school on an individual student basis (Table 3). Instructional costs included the total expenditure for instruction in reading, mathematics, social studies, science, language arts, art, music, physical education and special subjects; they were derived utilizing the full-time equivalent unit (FTE) (see Rossmiller, 1979).

It was found that the goal for which the Education Block Grant was enacted (i.e., to improve education) notwithstanding, the overall effect of the block grant allocation on per/pupil instructional cost was so miniscule as to be barely discernable, particularly in terms of overall educational improvement.

Local Choice

Although localities could choose to spend their block grant allocation from any or all of 43 authorized program activities, the funding levels available affected the LEAs' ability to employ personnel to operate these programs. The extent to which funding available to LEAs under Chapter 2 constrained their choice in this regard was, therefore, investigated.

Assuming that the Education Block Grant revenue was passed through from LEAs to local schools on a per/pupil basis, the total allocation for each of

four Wisconsin schools was compared to the actual average cost of one teacher at four Wisconsin schools. A T-test was the statistical technique utilized to determine the significance level of the differences.

According to the data, total Education Block Grant allocations, if targeted by school to a particular group of students (e.g., compensatory education or gifted and talented students), or to a particular program area (e.g., arts in the schools, ethnic heritage studies), which might utilize a full-time, certified teacher, would fall short of meeting the average cost of a teacher by 7 to 12 times (for 1981-1982, $T = 13.73, (3), p = .0001$; for 1979-1982, $T = 24.49, (3), p < .0001$).

These data strongly suggest that local schools were unable to hire instructional personnel with Education Block Grant dollars, which fell far short of the aid necessary to support such an expenditure. This small amount of revenue would appear to severely constrain local decision making. One may infer that, at least at the building level, only capital expenditures were possible with the funds available.

Conclusion

Chapter 2 of the Education Consolidation and Improvement Act was enacted "to improve elementary and secondary education". To the extent these data are generalizable, they show that the impact of the aid provided under Chapter 2 was so minuscule as to be barely discernible, particularly in terms of overall educational improvement.

Insofar as ECIA was enacted to return responsibility for education to States and localities, and that this would increase local control of education, and target programs more effectively to areas of need, it was found that Chapter 2 changed decision making for education to the States and localities with only 6 percent of the funds reserved for national priority

programs. At the local level, the point can be made, however, that although localities had increased choice on the use of funds under Chapter 2, their relative options were restricted because of the reduced levels of funding available (see also Irwin, et al., 1982). At the State level, the Wisconsin State formula targeted funding to the area of greatest need--Milwaukee. Nevertheless, Milwaukee sustained draconian cuts in aid under the Education Block Grant. Milwaukee's Superintendent of Schools, Lee McMurrin, interpreted this situation in testimony before the Subcommittee on Civil and Constitutional Rights in the U.S. House of Representatives:

As we initiated the salvage operation this summer known as the block grant, our State advisory committee was convinced that the funding scales, at least for 1982-83, should be tipped towards Milwaukee. The resulting Wisconsin block grant formula allocated 50% of the funds based on need. Even so, several Wisconsin school districts which have never expressed nor even documented need under former authorizations are now beneficiaries under the block grant, receiving as much as 3 to 4 times more in federal funds than they had ever received in the past--and all without any effort on their part. Given the best of formulas, the block grant concept, in practice, tends to flow dollars from the most needy to the less needy (September 9, 1982).

Finally, ECIA, Chapter 2, was to have included a reduction in aid which wouldn't impact disproportionately on any specific population group or area of the country; the poor were to be protected from these reductions by a "safety net". The data produced by this study showed that the reductions in aid for the consolidation began in FY 1981. From FY 1980, the last year prior to the consolidation strategy, to FY 1982, the amount of aid from antecedent programs to the Education Block Grant was decreased 38 percent. These reductions fell disproportionately on the Mid-Atlantic and Great Lakes Areas of the country, and on poor and minority children located mainly in schools undergoing desegregation.

Although the promises regarding the block grant were built on what appeared to be sound criteria, and the stated goal for which Chapter 2 was enacted was salutary, this research has found that these goals and promises have not been met. The nation's economic recovery, to the extent it impacted the function of education, was borne by those with the least political clout, those least able to protect their interests—our nation's poor and minority children. This research has produced evidence that the Education Block Grant is a redistributive policy moving federal aid from targeted areas of need to all areas, regardless of need.

The Reagan plan was predicated on the need for an economic recovery. According to President Johnson, "The purpose of our nation cannot be listed on the ledger of accounts" (1965, p. 576). "Progress...does not depend on economic growth alone," President Johnson stated, "it is aimed at improving the quality of our way of life. And it is aimed at ensuring that all Americans share in this way of life" (1965, p. 99). "We must with the human mind and its education," he said. "We must be concerned with the human dignity and its opportunity. For we shall be judged not by what we take with us, but by the society we leave behind" (1965, p. 205).

Our social order is punctuated with times of feast and of famine, of economic prosperity and recession. Collectively we have sought ways of bringing the benefits of the good life to all the diverse elements of our society. In the 1960s our nation made a commitment to equality, to "bringing the bottom up". Today we have apparently stopped short of that goal, to embark upon a new economic plan. The light of our forefathers—who founded a nation conceived in liberty and dedicated to the proposition that all men are created equal—has been dimmed; the pendulum has swung and we witness the turning back of the hands of time.

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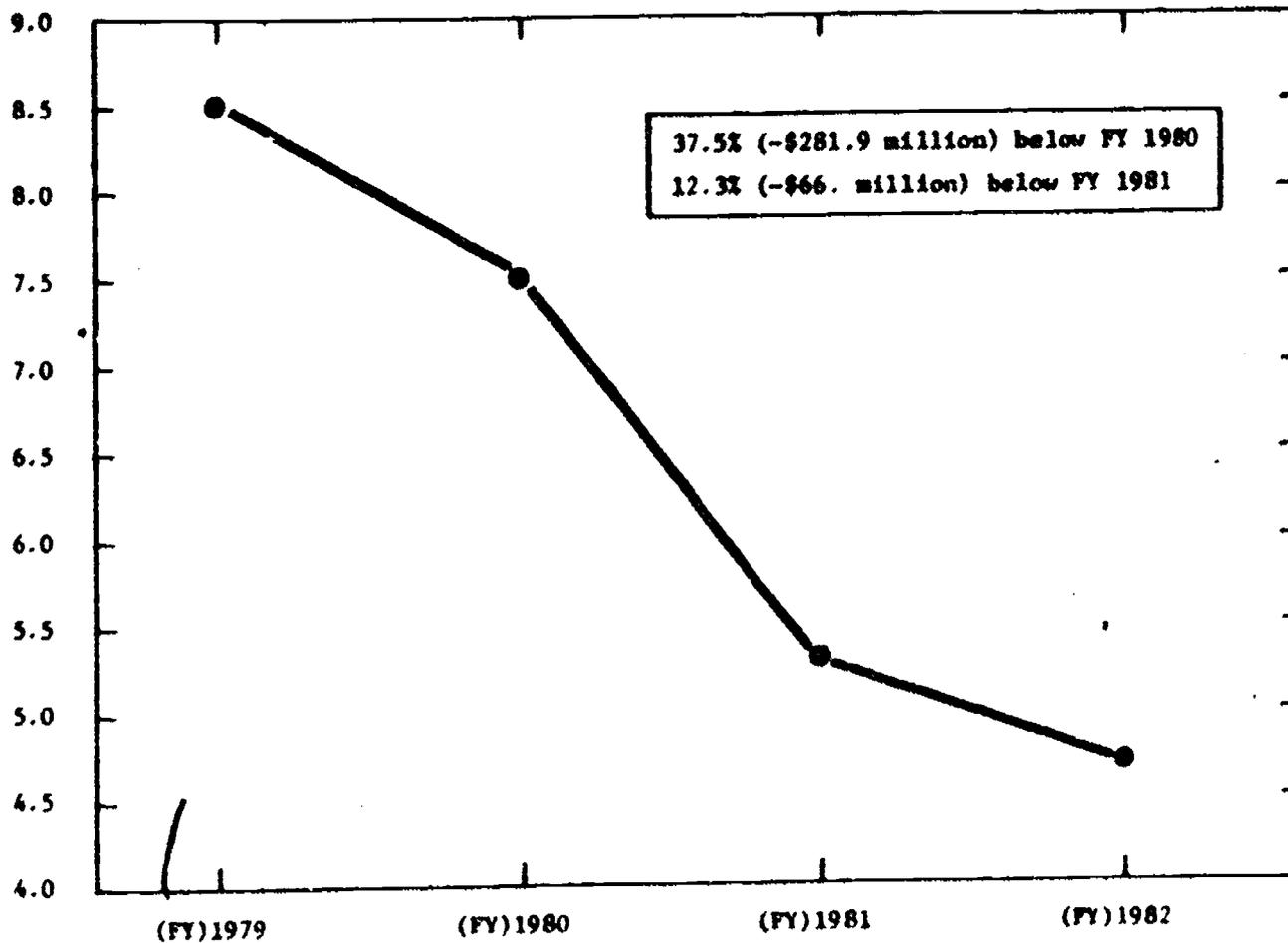
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FUNDING LEVEL

(in hundreds of
millions of dollars)



^{a/} Based on actual obligations for the antecedent programs incorporated in the ECIA, FY 1979, 1980, 1981.

^{b/} Based on 1982 Continuing Resolution.

Figure 1. Chronology of antecedent program funding levels (FY 1979, 1980, 1981)^{a/} and Education Block Grant aid (FY 1982).^{b/}

Table 1

FISCAL EFFECTS OF THE CHAPTER 2, ECIA BLOCK GRANT ON THE STATES:
CROSS-TIME COMPARISONS

STATES	1 FY 1980 Funding Level for Antecedent Programs a/	2 FY 1981 Funding Level for Antecedent Programs a/	3 FY 1982 Funding Level for Chapter 2, ECIA Block Grant b/	4 Dollar Change FY 1980- 1982	5 Percent Change FY 1980- 1982	6 Rank Dollar Change FY 1980- 1982	7 Rank Percent Change FY 1980- 1982	8 Dollar Change FY 1981- 1982	9 Percent Change FY 1981- 1982	10 Rank Dollar Change FY 1981- 1982	11 Rank Percent Change FY 1981- 1982
Alabama	22,168,943	19,310,777	17,633,794	\$- 4,535,149	-20.5	20	17	\$- 1,676,983	-8.6	16	16
Alaska	2,247,170	1,673,421	2,187,360	- 59,810	- 2.7	50	50	+ 513,939	+30.7	45	51
Arizona	7,821,636	5,713,026	5,098,409	- 2,723,227	-34.8	26	22	- 614,617	-10.8	22	23
Arkansas	6,035,733	4,166,966	4,373,525	- 1,662,208	-27.5	32	33	+ 206,559	+ 5.0	34	37
California	81,798,139	54,244,507	41,291,513	-40,506,626	-49.5	1	7	-12,954,994	-23.9	2	11
Colorado	7,385,486	5,470,881	5,222,993	- 2,162,493	-29.3	28	28	- 247,888	- 4.5	27	26
Connecticut	9,115,037	7,705,819	5,626,052	- 3,488,985	-38.3	23	15	- 2,079,767	-27.0	13	7
Delaware	7,104,833	5,334,320	2,187,360	- 4,917,473	-69.2	18	2	- 3,146,960	-59.0	6	1
Dist. of Columbia	7,155,121	5,081,817	2,187,360	- 4,967,761	-69.4	16	1	- 2,894,457	-57.0	8	2
Florida	21,172,429	15,189,568	15,925,353	- 5,247,276	-24.8	14	34	+ 735,585	+ 4.8	49	36
Georgia	17,636,585	12,412,579	10,864,739	- 6,791,845	-38.5	12	14	- 1,547,839	-12.5	17	20
Hawaii	3,738,976	2,614,896	2,187,360	- 1,551,616	-41.5	33	12	- 427,536	-16.4	24	17
Idaho	2,731,030	2,352,502	2,187,360	- 543,670	-19.9	44	38	- 165,142	- 7.0	29	25
Illinois	29,768,382	22,001,556	21,163,056	- 8,605,327	-28.9	7	30	- 838,501	- 3.8	20	28
Indiana	15,062,674	13,296,399	10,582,428	- 4,480,246	-29.7	21	25	- 2,713,971	-20.4	9	14
Iowa	6,045,067	5,083,104	5,330,630	- 714,436	-11.8	41	43	+ 327,527	+ 6.5	36	38
Kansas	3,049,721	3,998,761	4,129,341	- 940,380	-18.5	38	40	+ 130,580	+ 3.3	32	33
Kentucky	3,070,070	5,886,713	7,057,931	- 1,535,139	-17.9	34	42	+ 1,171,218	+19.9	51	47
Louisiana	11,768,268	11,553,890	8,545,996	- 4,963,272	-36.7	17	18	- 3,007,894	-26.0	7	8
Maine	10,857	2,465,710	2,187,360	- 893,497	-29.0	39	29	- 278,350	-11.3	25	21
Maryland	9,999,985	7,231,962	7,896,681	- 3,103,304	-28.2	25	31	+ 664,719	+ 9.2	47	43
Massachusetts	10,553,864	10,653,970	10,173,811	- 6,380,053	-38.5	13	13	- 480,159	- 4.5	23	27
Michigan	28,197,325	20,542,592	18,231,652	- 9,965,673	-35.3	6	21	- 2,310,940	-11.3	11	22
Minnesota	9,311,315	6,610,381	7,629,692	- 1,681,623	-18.1	31	41	+ 1,019,311	-15.4	50	46
Mississippi	9,598,616	7,674,512	5,283,645	- 4,314,971	-45.0	22	10	- 2,390,867	-31.2	10	6
Missouri	26,034,443	17,567,404	8,895,073	-17,139,370	-65.8	4	3	- 8,672,331	-49.4	3	3
Montana	2,903,154	2,444,590	2,187,360	- 715,794	-24.7	40	35	- 257,230	-10.5	26	24
Nebraska	5,427,280	3,728,418	2,861,216	- 2,566,064	-47.3	27	9	- 867,202	-23.3	18	12
Nevada	1,931,323	1,700,010	2,187,360	+ 256,037	13.3	51	51	+ 487,350	+28.7	44	50
New Hampshire	2,418,239	2,117,783	2,187,360	- 230,879	- 9.5	47	44	+ 69,577	+ 3.3	30	34
New Jersey	21,137,562	15,530,875	13,484,913	- 7,652,649	-36.2	10	19	- 2,045,962	-13.2	14	9
New Mexico	4,590,913	3,514,388	2,665,553	- 1,925,360	-41.9	30	11	- 848,835	-24.2	19	9

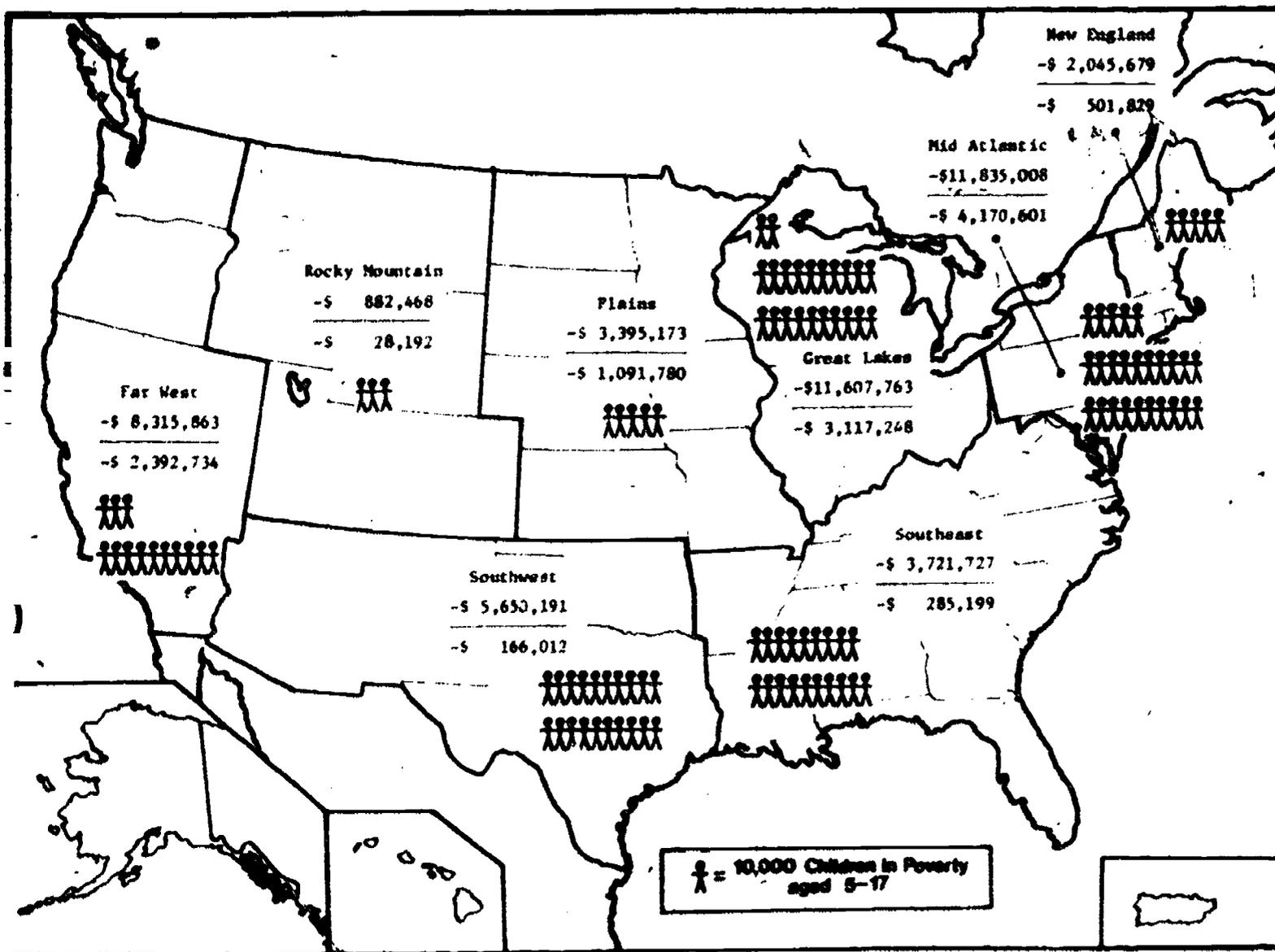
Table 1 (Continued)

STATES	1 FY 1980 Funding Level for Antecedent Programs <u>a/</u>	2 FY 1981 Funding Level for Antecedent Programs <u>a/</u>	3 FY 1982 Funding Level for Chapter 2, ECIA Block Grant <u>b/</u>	4 Dollar Change FY 1980- 1982	5 Percent Change FY 1980- 1982	6 Rank Dollar Change FY 1980- 1982	7 Rank Percent Change FY 1980- 1982	8 Dollar Change FY 1981- 1982	9 Percent Change FY 1981- 1982	10 Rank Dollar Change FY 1981- 1982	11 Rank Percent Change FY 1981- 1982
New York	\$ 66,791,523	\$ 48,291,827	\$ 31,340,643	\$-35,450,880	-53.1	2	5	\$-16,951,184	-35.1	1	5
North Carolina	15,645,798	10,689,571	11,047,452	- 4,598,346	-29.4	19	27	+ 357,841	+ 3.3	38	35
North Dakota	2,777,565	1,951,219	2,187,360	- 590,205	-21.2	43	37	236,141	+12.1	35	43
Ohio	47,017,962	25,208,194	20,334,591	-26,683,370	-56.7	3	4	- 4,853,602	-19.3	5	15
Oklahoma	6,810,581	5,085,337	5,484,556	- 1,326,025	-19.5	38	39	399,219	+ 7.9	41	40
Oregon	5,105,977	4,296,691	4,631,497	- 474,480	- 9.3	45	45	344,806	+ 7.8	37	39
Pennsylvania	29,017,282	20,340,163	20,966,546	- 8,050,736	-27.7	9	32	- 626,383	+ 3.1	46	32
Puerto Rico	8,386,363	4,997,035	7,766,407	- 619,956	- 7.4	42	47	2,769,372	+15.4	52	52
Rhode Island	3,392,921	2,807,257	2,187,360	- 1,205,561	-35.5	37	20	- 619,897	-22.1	21	13
South Carolina	9,358,896	6,436,972	6,203,610	- 3,155,286	-33.7	24	24	- 233,362	- 3.6	28	29
South Dakota	2,321,494	2,003,848	2,187,360	- 134,134	- 5.8	48	48	183,512	+ 9.2	33	42
Tennessee	11,003,059	7,862,551	8,578,920	- 2,424,139	-22.0	28	36	716,369	+ 9.1	48	41
Texas	44,299,129	27,272,790	27,672,974	-16,626,155	-37.5	5	16	400,184	+ 1.5	42	30
Utah	4,394,179	3,003,797	3,088,956	- 1,305,223	-29.7	36	26	85,159	+ 2.8	31	31
Vermont	2,262,459	1,809,738	2,187,360	- 75,099	- 3.3	49	49	377,622	+20.9	40	48
Virginia	14,949,181	11,701,345	9,824,822	- 5,124,359	-34.3	15	23	- 1,876,523	-16.0	15	18
Washington	14,906,974	9,558,260	7,348,289	- 7,558,685	-50.7	11	6	- 2,309,971	-23.9	12	10
West Virginia	3,961,506	3,282,349	3,652,769	- 308,737	- 7.8	46	46	370,420	+11.3	7	44
Wisconsin	17,243,332	13,788,358	8,919,131	- 8,324,201	-48.3	8	8	- 4,869,227	-35.3	4	4
Wyoming	1,872,521	1,743,256	2,187,360	+ 314,839	+16.8	52	52	444,140	+25.5	3	49

a/ Based on obligations for 28 antecedent programs.

b/ Based on allotments made by the U.S. Department of Education.

Note: FY = Fiscal Year.



Note: The number above the line is the difference in aid from FY 1980 to FY 1982; the number below the line is the difference in aid from FY 1981 to FY 1982. FY = fiscal year.

Figure 2. Mean loss/gain under ECIA for areas of the United States compared to antecedent program revenues for fiscal years 1980 and 1981.

Millions
of dollars

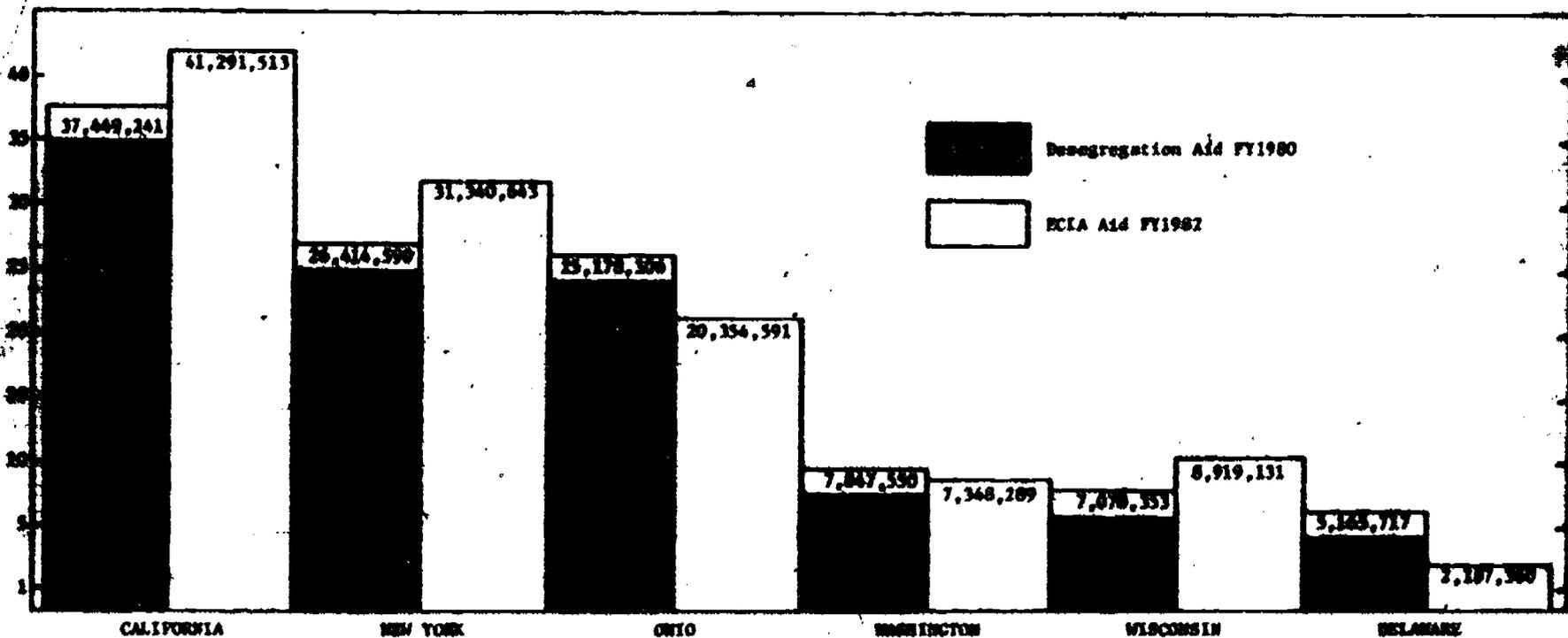


Figure 3. Comparison of desegregation aid (FY 1980) to Education Block Grant aid (FY 1982) by state.

Table 2

ANTECEDENT PROGRAM (FY 1981) AND EDUCATION BLOCK GRANT (FY 1982) AID, DIFFERENCE AND PERCENTAGE CHANGE, FOR WISCONSIN'S STATE AND LOCAL EDUCATION AGENCIES ^{a/}

	Antecedent Aid FY 1981		Education Block Grant Aid, FY 1982		Difference FY 1981-1982		Change FY 1981-1982	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
SEA Administered Aid:								
Total	\$ 6,200,943	(45%)	\$ 8,923,104 ^{e/}	(100%)	\$ +2,722,161	(+ 44%)		
SEA (Administration) ^{b/}	1,297,463	(9%)	1,784,621	(20%)	+ 487,157	(+ 38%)		
LEA (Aids)	4,893,726	(36%)	7,125,816	(80%)	+2,232,090	(+ 46%)		
Other ^{c/}	9,753	(*)	12,667	(*)	+ 2,914	(+ 30%)		
USDOE Administered Aid:								
Total	7,591,711	(55%)	--	--	-7,591,711	(-100%)		
LEA (Aids)	7,123,842	(52%)	--	--	-7,123,842	(-100%)		
Private, Nonprofit Organizations ^{d/}	467,869	(3%)	--	--	- 467,869	(-100%)		
Subtotal, LEA (Aids)	\$12,017,568	(87%)	\$ 7,125,816	(80%)	\$ -4,891,752	(- 41%)		
Subtotal, SEA (Admin.)	1,297,464	(9%)	1,784,621	(20%)	+ 487,157	(+ 38%)**		
Subtotal, Other (Aids)	477,622	(4%)	12,667	(*)	- 464,955	(- 97%)		
Total	\$13,792,653	(100%)	\$ 8,923,104	(100%)	\$ -4,869,550	(- 35%)		

* Less than 1 percent.

** Wisconsin awarded Milwaukee \$500,000 for 1982-1983 from the 20% reserved for the SEA, resulting in no additional funding retained compared to the prior year.

^{a/} Data is for ECIA's 28 antecedent programs excluding the Secretary's Discretionary Fund programs.

^{b/} Administration includes technical assistance to LEAs, Advisory Council costs, grant administration, and strengthening state agency support.

^{c/} Funds were available to other public authorities legally constituted within a state for administrative control, direction or services provided for public schools. These include State Institutions and County Handicapped Children's Education Boards.

^{d/} Antecedent aid was available to private, nonprofit organizations under discretionary project grants. Recipients were the Cooperative Education Service Agencies and the University of Wisconsin system, and consumers.

^{e/} Wisconsin received \$8,919,121 for the Education Block Grant in FY 1982, but obligations to LEAs were based on the \$8,923,104 figure.

Note: SEA = State Education Agency; LEA = local education agency; USDOE = U.S. Department of Education; FY = fiscal year.

TABLE 3

AVERAGE PER PUPIL INSTRUCTIONAL COSTS AND PER PUPIL ALLOCATIONS
UNDER THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981,
CHAPTER 2, FOR FOUR WISCONSIN SCHOOLS

Four Wisconsin Schools	Per Pupil Cost of Instruction (1981-1982/1979-1982)	Per Pupil Education Block Grant Aid (FY 1981)*	Impact
1	\$ 1,282.00/	\$ 5.68	.004
	1,072.00	5.68	.005
2	1,044.00/	4.33	.004
	860.00	4.33	.005
3	978.00/	4.38	.004
	837.00	4.38	.005
4	929.00/	5.46	.005
	989.00	5.46	.006
All Schools	\$ 1,064.00/	\$ 4.97	.005
	956.00	4.97	.005

*ECIA, Chapter 2, was distributed based on 1981-82 school enrollments, taken on the third Friday in September, 1981.

Note: FY = fiscal year

APPENDIX A

EDUCATION CONSOLIDATION AND IMPROVEMENT ACT, CHAPTER 2

ANTECEDENT PROGRAMS FY 1981

Legislative Authority

ELEMENTARY AND SECONDARY
EDUCATION ACT OF 1965:

- | | | |
|-------------------|--------|--|
| <u>TITLE II</u> | * | <u>BASIC SKILLS IMPROVEMENT</u> |
| Title II-A | (1) | National Programs |
| Title II-B | (2) | State Basic Skills Program |
| Title II-C | (3) | Special Program for Improving Basic Skills |
|
 | | |
| <u>TITLE III</u> | | <u>SPECIAL PROJECTS</u> |
| Title III-A | * (4) | National Diffusion Program |
| Title III-A | * (5) | Educational Television Programming |
| Title III-A | * (6) | Cities in Schools |
| Title III-A | * (7) | PUSH for Excellence |
| Title III-B | * (8) | Metric Education |
| Title III-C | * (9) | Arts in Education |
| Title III-D | (10) | Preschool Partnership Program |
| Title III-E | * (11) | Consumer Education |
| Title III-F | (12) | Youth Employment |
| Title III-G | * (13) | Law Related Education |
| Title III-H | (14) | Environmental Education |
| Title III-I | (15) | Health Education |
| Title III-J | (16) | Correction Education |
| Title III-K | (17) | Dissemination of Information |
| Title III-L | * (18) | Biomedical Education |
| Title III-M | (19) | Population Education |
| Title III-N | * (20) | International Education ^{a/} |
|
 | | |
| <u>TITLE IV</u> | | <u>EDUCATION IMPROVEMENT, RESOURCES, AND SUPPORT</u> |
| Title IV-B | * (21) | Instructional Materials and School Library Resources |
| Title IV-C | * (22) | Improvement in Local Educational Practice |
| Title IV-D | (23) | Guidance, Counseling, and Testing |
|
 | | |
| <u>TITLE V</u> | | <u>STATE LEADERSHIP</u> |
| Title V-A | (24) | Administration of Educational Programs and Duties of SEA |
| Title V-B | * (25) | Strengthening State Educational Agency Management |
| Title V-C | (26) | National and State Advisory Councils |
|
 | | |
| <u>TITLE VI</u> | | <u>EMERGENCY SCHOOL AID</u> |
| | * (27) | Basic Grants to LEAs |
| | * (28) | Special Programs and Projects |
| | * (29) | Grants to Non-Profit Organizations |
| | * (30) | Magnet School, Neutral Sites and Pairing Grants |
| | * (31) | Educational Television and Radio |
| | * (32) | Evaluation |
|
 | | |
| <u>TITLE VIII</u> | * (33) | <u>COMMUNITY SCHOOLS</u> |

TITLE IX

ADDITIONAL PROGRAMS

- Title IX-A * (34) Gifted and Talented
- Title IX-B (35) Educational Proficiency Standards
- Title IX-C (36) Special Grants for Safe Schools
- Title IX-E * (37) Ethnic Heritage Program

**ALCOHOL AND DRUG
ABUSE EDUCATION
INCENTIVE ACT:**

- * (38) Alcohol and Drug Abuse Education

**CAREER EDUCATION
INCENTIVE ACT:**

- * (39) Career Education

**NATIONAL SCIENCE
FOUNDATION ACT
OF 1950:**

- Section 3(a)(1) * (40) Pre-College Science Teacher Training^{b/}

**HIGHER EDUCATION
ACT OF 1965:**

- Title V-A * (41) Teacher Corps
- Title V-B,
Section 532(a)(1) * (42) Teacher Centers

**ECONOMIC OPPORTUNITY
ACT OF 1964:**

- Part B * (43) Follow-Through^{c/}

**CIVIL RIGHTS ACT
OF 1964:**

- Title IV,
Section 405 Desegregation Training and Advisory Services^{d/}

* Programs receiving appropriations during FY 1981 which were subsequently merged into the Education Consolidation and Improvement Act of 1981, Chapter 2.