

ORAL STATEMENT OF

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and Vocational Education
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Mr. Chairman and Members of the Subcommittee: Thank you for the opportunity to discuss with you the study of Chapter 1 that I directed at RAND in consultation with staff of this committee.

First, however, I would like to introduce two colleagues who are here today: Dr. C. Robert Roll, Jr., Director of RAND's Washington Office, and Dr. Stephen M. Barro, SMB Economic Research, Inc., who conducted some of the school finance analyses included in our report.

I will begin by summarizing the major conclusions of the study, and then discuss our recommendations. I have also submitted more detailed testimony for the record.

1. Chapter 1 money goes to almost three-fourths of all elementary schools and more than a third of the country's secondary schools. It supports almost any kind of reasonable education intervention. It serves millions of children, particularly by providing remedial instruction. It benefits many of those it serves.

2. The program has virtually no impact on overall school quality. It has not kept up with the needs either in poor inner-city or in rural schools. As designed, it cannot lead to fundamental schoolwide improvements. It cannot significantly advance the overall quality of education in poor communities. This is because the amount of funding is small in relation to overall education expenditures, and because the funds are widely dispersed. Indeed, Chapter 1 funds go to almost half of the elementary schools in the country with as few as 10 percent poor children. This money is spread too thin.

3. Public school expenditures vary tremendously among states, districts in a state, and schools in a district. Chapter 1 does not make a dent in the difference. Less money is devoted to the education of many Chapter 1 participants, even after the addition of Chapter 1 funds, than is devoted to the education of other children across the nation. For example, in Illinois, school districts spend between roughly \$2400 and \$8300 per student. The 100 poorest districts in Texas spend an average of just under \$3000 per student. The 100 wealthiest districts, however, spend an average of about \$7200. A judge in a school finance case put it this way: "If money is inadequate to improve

education, the residents of poor districts should at least have an equal opportunity to be disappointed by its failure."

4. Large inequalities in education resources occur within school districts, as well as among districts and states. Some schools have half the resources of other schools in the same district. On average, those schools with high proportions of low-income and minority students receive less money.

Our study recommends three basic changes:

First, increase Chapter 1 funding for the nation's lowest-income school districts and schools. Concentrate the funds. Merge the present Basic Grant and Concentration Grant formulas into a single weighted formula that provides more money per poor child as the concentration of poor children in a district increases. Provide the money to states (rather than to counties); states, in turn, would distribute it under the new formula. Require a similar weighting to ensure that the funds go to the poorer schools within a school district.

Under the proposed formula, almost all districts currently eligible for Chapter 1 would continue to receive some funding. In practice, the level of funding in a district would depend on the combined effects of (1) the overall Chapter 1 appropriations, and (2) the degree of weighting for low-income districts built into the formula. Regardless of the overall level of Chapter 1 appropriations, however, we strongly recommend the use of a formula weighted by concentration of poor children.

Our second recommendation is to reformulate how Chapter 1 funds are used in a school. If sufficient Chapter 1 funding is available, we propose that the funds go to encourage schoolwide improvement for the broad range of low-income children in the designated schools. This change could dramatically improve educational opportunities for the most disadvantaged children. The purpose is to provide the poorer schools with the resources needed to make comprehensive changes in their educational offerings.

A combination of poverty, immigration, weak local economies, and program fragmentation have rendered many schools incapable of serving the majority of their students. We cannot argue either that students

need "just a little extra," or that only a small minority of students suffers from selective neglect. Almost all of these students need help. Yet, Chapter 1 reaches relatively few of these students, and only in narrow instructional areas. The point is that some schools are so pervasively inadequate and underfunded that they need basic reform, not the addition of a few services at the margin.

I would like to emphasize, however, that if the current, limited Chapter 1 resources went into a school's overall budget, many children now receiving special services would probably lose them--while the overall quality of the education program would not improve noticeably. It is hardly meaningful to recommend schoolwide projects in a school that receives only enough Chapter 1 funds to support (as is often the case) one aide or a part-time teacher. If a school does not have sufficient resources, it would be better to let children continue to receive supplemental services.

Our third recommendation relates to what we believe is one of the greatest problems in U.S. public education--the large disparity in expenditures across school districts. One option for addressing this disparity is to use the Chapter 2 Block Grant program as the base for a system of fiscal incentives to encourage states to narrow the expenditure differential between rich and poor school districts. It appears feasible, with available data, to assess both the potential effectiveness of incentives for equity and the likely distribution of the proposed incentive grants among states.

We strongly recommend against using Chapter 1 for this purpose. First, some states would turn down the Chapter 1 funds because they simply do not have the resources to increase expenditures to poor districts. Second, Chapter 1 participants, already harmed by unevenly distributed education expenditures, would be further harmed if federal funds were withdrawn.

We also conclude that federal requirements for Chapter 1 testing should be eliminated. Chapter 1 students have plenty of other tests routinely given to all students in their school districts. The Chapter 1 test requirements are costly; they have negative consequences for the students--rote learning, pullout programs, tracking, and the rest--and

they provide little useful information. They tell us only what we already know--the effects of inadequate resources and poverty on the learning experience.

Instead of federal requirements for Chapter 1 testing, a system is needed to encourage accountability at the local level. School districts should be encouraged to use far broader measures of student performance, for example, grades, attendance, promotions, and dropout and graduation rates, as well as information about the responsiveness of the school's education program to the identified needs and problems.

A concluding point: The environment for Chapter 1 today is far more challenging than the problems for which the program was originally designed. The numbers of poor children have increased substantially. In recent years, several proposals--including the "restructuring" of schools, the establishment of national standards and testing, and the use of vouchers--have been put forward as the reforms needed to strengthen the nation's education system. These proposals do not begin to address either the severe problems of poverty in our inner-city and rural schools or the serious underfunding of these schools.

Constance Clayton, Superintendent of the Philadelphia Public Schools, summarized it this way in a paper written for the RAND study: "We must face every day the realities of the unequal hand dealt to our children and to our schools."

Thank you.