ACADEMIC ACHIEVEMENT FOR ALL ACT (STRAIGHT A'S ACT)

OCTOBER 15, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GOODLING, from the Committee on Education and the Workforce, submitted the following

REPORT

together with

SUPPLEMENTAL, MINORITY AND ADDITIONAL VIEWS

[To accompany H.R. 2300]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 2300) to allow a State to combine certain funds to improve the academic achievement of all its students, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Academic Achievement for All Act (Straight A's Act)".

SEC. 2. PURPOSE.

The purpose of this Act is to create options for States and communities-

- (1) to improve the academic achievement of all students, and to focus the resources of the Federal Government upon such achievement;
- (2) to improve teacher quality and subject matter mastery, especially in math, reading, and science;
- (3) to empower parents and schools to effectively address the needs of their children and students;
- (4) to give States and communities maximum freedom in determining how to boost academic achievement and implement education reforms;
 (5) to eliminate Federal barriers to implementing effective State and local
- (5) to eliminate Federal barriers to implementing effective State and local education programs;

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(6) to hold States and communities accountable for boosting the academic achievement of all students, especially disadvantaged children; and

(7) to narrow achievement gaps between the lowest and highest performing groups of students so that no child is left behind.

SEC. 3. PERFORMANCE AGREEMENT.

(a) Program Authorized.—A State may, at its option, execute a performance agreement with the Secretary under which the provisions of law described in section 4(a) shall not apply to such State except as otherwise provided in this Act.

(b) Local Input.—States shall provide parents, teachers, and local schools and districts notice and opportunity to comment on any proposed performance agreement prior to submission to the Secretary as provided under general State law no-

tice and comment provisions.

(c) APPROVAL OF PERFORMANCE AGREEMENT.—A performance agreement submitted to the Secretary under this section shall be considered as approved by the Secretary within 60 days after receipt of the performance agreement unless the Secretary provides a written determination to the State that the performance agreement fails to satisfy the requirements of this Act before the expiration of the 60-day period.

(d) Terms of Performance Agreement.—Each performance agreement executed

pursuant to this Act shall include the following provisions:

(1) Term.—A statement that the term of the performance agreement shall be

(2) APPLICATION OF PROGRAM REQUIREMENTS.—A statement that no program requirements of any program included by the State in the performance agreement shall apply, except as otherwise provided in this Act.

(3) LIST.—A list provided by the State of the programs that it wishes to in-

clude in the performance agreement.

(4) USE OF FUNDS TO IMPROVE STUDENT ACHIEVEMENT.—A 5-year plan describing how the State intends to combine and use the funds from programs included in the performance agreement to advance the education priorities of the State, improve student achievement, and narrow achievement gaps between students.

(5) ACCOUNTABILITY REQUIREMENTS.—If a State includes any part of title I of the Elementary and Secondary Education Act of 1965 in its performance agreement, the State shall include a certification that the State has done the fol-

lowing:

(A)(i) developed and implemented the challenging State content standards, challenging State student performance standards, and aligned assessments described in section 1111(b) of the Elementary and Secondary Education Act of 1965; or

(ii) developed and implemented a system to measure the degree of change

from one school year to the next in student performance;

(B) developed and is implementing a statewide accountability system that has been or is reasonably expected to be effective in substantially increasing the numbers and percentages of all students who meet the State's proficient and advanced levels of performance;

(C) established a system under which assessment information may be disaggregated within each State, local educational agency, and school by each major racial and ethnic group, gender, English proficiency status, migrant status, and by economically disadvantaged students as compared to students who are not economically disadvantaged (except that such disaggregation shall not be required in cases in which the number of students in any such group is insufficient to yield statistically reliable information or would reveal the identity of an individual student);

(D) established specific, measurable, numerical performance objectives for student achievement, including a definition of performance considered to be proficient by the State on the academic assessment instruments described

under subparagraph (A);

(E) developed and implemented a statewide system for holding its local educational agencies and schools accountable for student performance that includes—

(i) a procedure for identifying local educational agencies and schools in need of improvement, using the assessments described under subparagraph (A);

(ii) assisting and building capacity in local educational agencies and schools identified as in need of improvement to improve teaching and

learning; and

(iii) implementing corrective actions after no more than 3 years if the assistance and capacity building under clause (ii) is not effective.

(6) PERFORMANCE GOALS.—

(A) STUDENT ACADEMIC ACHIEVEMENT.—Each State shall establish annual student performance goals for the 5-year term of the performance agreement that, at a minimum—

(i) establish a single high standard of performance for all students; (ii) take into account the progress of students from every local edu-

cational agency and school in the State;

(iii) are based primarily on the State's challenging content and student performance standards and assessments described under paragraph (5)(A);

(iv) include specific annual improvement goals in each subject and grade included in the State assessment system, which must include, at

a minimum, reading or language arts and math;

(v) compares the proportions of students at the "basic", "proficient", and "advanced" levels of performance (as defined by the State) with the proportions of students at each of the 3 levels in the same grade in the previous school year;

(vi) includes annual numerical goals for improving the performance of each group specified in paragraph (5)(C) and narrowing gaps in performance between the highest and lowest performing students in ac-

cordance with section 10(b); and

(vii) requires all students in the State to make substantial gains in achievement.

(B) ADDITIONAL INDICATORS OF PERFORMANCE.—A State may identify in the performance agreement any additional indicators of performance such as graduation, dropout, or attendance rates.

(C) Consistency of Performance Measures.—A State shall maintain, at a minimum, the same level of challenging State student performance standards and assessments throughout the term of the performance agreement.

(7) FISCAL RESPONSIBILITIES.—An assurance that the State will use fiscal control and fund accounting procedures that will ensure proper disbursement of, and accounting for, Federal funds paid to the State under this Act.

(8) CIVIL RIGHTS.—An assurance that the State will meet the requirements of applicable Federal civil rights laws.

(9) PRIVATE SCHOOL PARTICIPATION.—

(A) EQUITABLE PARTICIPATION.—An assurance that the State will provide for the equitable participation of students and professional staff in private schools.

(B) APPLICATION OF BYPASS.—An assurance that sections 14504, 14505, and 14506 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8894, 8895, and 8896) shall apply to all services and assistance provided under this Act in the same manner as they apply to services and assistance provided in accordance with section 14503 of such Act.

(10) STATE FINANCIAL PARTICIPATION.—An assurance that the State will not reduce the level of spending of State funds for elementary and secondary edu-

cation during the term of the performance agreement.

(11) ANNUAL REPORT.—An assurance that not later than 1 year after the execution of the performance agreement, and annually thereafter, each State shall disseminate widely to parents and the general public, submit to the Secretary, distribute to print and broadcast media, and post on the Internet, a report that includes—

(A) student academic performance data, disaggregated as provided in

paragraph (5)(C); and

(B) a detailed description of how the State has used Federal funds to improve student academic performance and reduce achievement gaps to meet the terms of the performance agreement.

- (e) SPECIAL RULE.—If a State does not include any part of title I of the Elementary and Secondary Education Act of 1965 in its performance agreement, the State shall—
 - (1) certify that it has developed a system to measure the academic performance of all students; and
 - (2) establish challenging academic performance goals for such other programs using academic assessment data described in paragraph (5).

- (f) AMENDMENT TO PERFORMANCE AGREEMENT.—A State may submit an amendment to the performance agreement to the Secretary under the following circumstances:
 - (1) REDUCE SCOPE OF PERFORMANCE AGREEMENT.—Not later than 1 year after the execution of the performance agreement, a State may amend the performance agreement through a request to withdraw a program from such agreement. If the Secretary approves the amendment, the requirements of existing law shall apply for any program withdrawn from the performance agreement.

(2) EXPAND SCOPE OF PERFORMANCE AGREEMENT.—Not later than 1 year after the execution of the performance agreement, a State may amend its performance agreement to include additional programs and performance indicators for

which it will be held accountable.

(3) APPROVAL OF AMENDMENT.—An amendment submitted to the Secretary under this subsection shall be considered as approved by the Secretary within 60 days after receipt of the amendment unless the Secretary provides a written determination to the State that the performance agreement if amended by the amendment would fail to satisfy the requirements of this Act, before the expiration of the 60-day period.

SEC. 4. ELIGIBLE PROGRAMS.

(a) ELIGIBLE PROGRAMS.—The provisions of law referred to in section 3(a) except as otherwise provided in subsection (b), are as follows:

- (1) Part A of title I of the Elementary and Secondary Education Act of 1965. (2) Part B of title I of the Elementary and Secondary Education Act of 1965.
- (3) Part C of title I of the Elementary and Secondary Education Act of 1965.
- (4) Part D of title I of the Elementary and Secondary Education Act of 1965.
- (5) Part B of title II of the Elementary and Secondary Education Act of 1965.
 (6) Section 3132 of title III of the Elementary and Secondary Education Act of 1965.
 - (7) Title IV of the Elementary and Secondary Education Act of 1965. (8) Title VI of the Elementary and Secondary Education Act of 1965.
 - (9) Section 307 of the Department of Education Appropriation Act of 1999.
- (10) Comprehensive school reform programs as authorized under section 1502 of the Elementary and Secondary Education Act of 1965 and described on pages 96–99 of the Joint Explanatory Statement of the Committee of Conference included in House Report 105–390 (Conference Report on the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998).

(11) Part C of title VII of the Elementary and Secondary Education Act of

1965.

- (12) Title III of the Goals 2000: Educate America Act.
- (13) Sections 115 and 116, and parts B and C of title I of the Carl D. Perkins Vocational Technical Education Act.

(14) Subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act.

(b) ALLOCATIONS TO STATES.—A State may choose to consolidate funds from any or all of the programs described in subsection (a) without regard to the program requirements of the provisions referred to in such subsection, except that the proportion of funds made available for national programs and allocations to each State for State and local use, under such provisions, shall remain in effect unless otherwise provided.

(c) USES OF FUNDS.—Funds made available under this Act to a State shall be used for any elementary and secondary educational purposes permitted by State law of

the participating State.

SEC. 5. WITHIN-STATE DISTRIBUTION OF FUNDS.

(a) IN GENERAL.—The distribution of funds from programs included in a performance agreement from a State to a local educational agency within the State shall be determined by the Governor of the State and the State legislature. In a State in which the constitution or State law designates another individual, entity, or agency to be responsible for education, the allocation of funds from programs included in the performance agreement from a State to a local educational agency within the State shall be determined by that individual, entity, or agency, in consultation with the Governor and State Legislature. Nothing in this section shall be construed to supersede or modify any provision of a State constitution or State law.

(b) LOCAL INPUT.—States shall provide parents, teachers, and local schools and districts notice and opportunity to comment on the proposed allocation of funds as

provided under general State law notice and comment provisions.

(c) LOCAL HOLD HARMLESS OF PART A TITLE 1 FUNDS.—

- (1) IN GENERAL.—In the case of a State that includes part A of title I of the Elementary and Secondary Education Act of 1965 in the performance agreement, the agreement shall provide an assurance that each local educational agency shall receive under the performance agreement an amount equal to or greater than the amount such agency received under part A of title I of such Act in the fiscal year preceding the fiscal year in which the performance agreement is executed.
- (2) Proportionate reduction.—If the amount made available to the State from the Secretary for a fiscal year is insufficient to pay to each local educational agency the amount made available under part A of title I of the Elementary and Secondary Education Act of 1965 to such agency for the preceding fiscal year, the State shall reduce the amount each local educational agency receives by a uniform percentage.

SEC. 6. LOCAL PARTICIPATION.

- (a) Nonparticipating State.—
 - (1) IN GENERAL.—If a State chooses not to submit a performance agreement under this Act, any local educational agency in such State is eligible, at its option, to submit to the Secretary a performance agreement in accordance with this section.
 - (2) AGREEMENT.—The terms of a performance agreement between an eligible local educational agency and the Secretary shall specify the programs to be included in the performance agreement, as agreed upon by the State and the agency, from the list under section 4(a).
- agency, from the list under section 4(a).

 (b) STATE APPROVAL.—When submitting a performance agreement to the Secretary, an eligible local educational agency described in subsection (a) shall provide written documentation from the State in which such agency is located that it has no objection to the agency's proposal for a performance agreement.
 - (c) APPLICATION.—
 - (1) IN GENERAL.—Except as provided in this section, and to the extent applicable, the requirements of this Act shall apply to an eligible local educational agency that submits a performance agreement in the same manner as the requirements apply to a State.
 - quirements apply to a State.
 (2) EXCEPTIONS.—The following provisions shall not apply to an eligible local educational agency:
 - (A) WITHIN STATE DISTRIBUTION FORMULA NOT APPLICABLE.—The formula for the allocation of funds under section 5 shall not apply.
 - (B) STATE SET ASIDE SHALL NOT APPLY.—The State set aside for administrative funds in section 7 shall not apply.

SEC. 7. LIMITATIONS ON STATE AND LOCAL EDUCATIONAL AGENCY ADMINISTRATIVE EXPENDITURES.

- (a) IN GENERAL.—Except as otherwise provided under subsection (b), a State that includes part A of title I of the Elementary and Secondary Education Act of 1965 in the performance agreement may use not more than 1 percent of such total amount of funds allocated to such State under the programs included in the performance agreement for administrative purposes.
- (b) EXCEPTION.—A State that does not include part A of title I of the Elementary and Secondary Education Act of 1965 in the performance agreement may use not more than 3 percent of the total amount of funds allocated to such State under the programs included in the performance agreement for administrative purposes.
- (c) LOCAL EDUCATIONAL AGENCY.—A local educational agency participating in this Act under a performance agreement under section 6 may not use for administrative purposes more than 4 percent of the total amount of funds allocated to such agency under the programs included in the performance agreement.

SEC. 8. PERFORMANCE REVIEW.

- (a) MID-TERM PERFORMANCE REVIEW.—If, during the 5 year term of the performance agreement, student achievement significantly declines for 3 consecutive years in the academic performance categories established in the performance agreement, the Secretary may, after notice and opportunity for a hearing, terminate the agreement
- (b) FAILURE TO MEET TERMS.—If at the end of the 5-year term of the performance agreement a State has not substantially met the performance goals submitted in the performance agreement, the Secretary shall, after notice and an opportunity for a hearing, terminate the performance agreement and the State shall be required to comply with the program requirements, in effect at the time of termination, for each program included in the performance agreement.

(c) Penalty for Failure To Improve Student Performance.—If a State has made no progress toward achieving its performance goals by the end of the term of the agreement, the Secretary may reduce funds for State administrative costs for each program included in the performance agreement by up to 50 percent for each year of the 2-year period following the end of the term of the performance agreement.

SEC. 9. RENEWAL OF PERFORMANCE AGREEMENT.

(a) NOTIFICATION.—A State that wishes to renew its performance agreement shall notify the Secretary of its renewal request not less than 6 months prior to the end of the term of the performance agreement.

(b) RENEWAL REQUIREMENTS.—A State that has met or has substantially met its performance goals submitted in the performance agreement at the end of the 5-year term may reapply to the Secretary to renew its performance agreement for an additional 5-year period. Upon the completion of the 5-year term of the performance agreement or as soon thereafter as the State submits data required under the agreement, the Secretary shall renew, for an additional 5-year term, the performance agreement of any State that has met or has substantially met its performance goals.

SEC. 10. ACHIEVEMENT GAP REDUCTION REWARDS.

(a) CLOSING THE GAP REWARD FUND.—

(1) IN GENERAL.—To reward States that make significant progress in eliminating achievement gaps by raising the achievement levels of the lowest performing students, the Secretary shall set aside sufficient funds from the Fund for the Improvement of Education under part A of title X of the Elementary and Secondary Education Act of 1965 to grant a reward to States that meet the conditions set forth in subsection (b) by the end of their 5-year performance agreement.

(2) REWARD AMOUNT.—The amount of the reward referred to in paragraph (1) shall be not less than 5 percent of funds allocated to the State during the first year of the performance agreement for programs included in the agreement.

(b) CONDITIONS OF PERFORMANCE REWARD.—Subject to paragraph (3), a State is

eligible to receive a reward under this section as follows:

(1) A State is eligible for such an award if the State reduces by not less than 25 percent, over the 5-year term of the performance agreement, the difference between the percentage of highest and lowest performing groups of students that meet the State's definition of "proficient" as referenced in section 1111(b)(1)(D)(i)(II) of the Elementary and Secondary Education Act of 1965.

(2) A State is eligible for such an award if a State increases the proportion of 2 or more groups of students under section 3(d)(5)(C) that meet State pro-

ficiency standards by 25 percent.

(3) A State shall receive such an award if the following requirements are met:
(A) CONTENT AREAS.—The reduction in the achievement gap or approvement in achievement shall include not less than 2 content areas, one of which shall be mathematics or reading.

(B) GRADES TESTED.—The reduction in the achievement gap or improvement in achievement shall occur in at least 2 grade levels.

(c) RULE OF CONSTRUCTION.—Student achievement gaps shall not be considered to have been reduced in circumstances where the average academic performance of the highest performing quintile of students has decreased.

SEC. 11. STRAIGHT A'S PERFORMANCE REPORT.

The Secretary shall make the annual State reports described in section 3 available to the House Committee on Education and the Workforce and the Senate Committee on Health, Education, Labor and Pensions not later than 60 days after the Secretary receives the report.

SEC. 12. APPLICABILITY OF TITLE XIV OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.

To the extent that provisions of title XIV of the Elementary and Secondary Education Act of 1965 are inconsistent with this Act, this Act shall be construed as superseding such provisions.

SEC. 13. APPLICABILITY OF GENERAL EDUCATION PROVISIONS ACT.

To the extent that the provisions of the General Education Provisions Act are inconsistent with this Act, this Act shall be construed as superseding such provisions, except where relating to civil rights, withholdling of funds and enforcement authority, and family educational and privacy rights.

SEC. 14. APPLICABILITY TO HOME SCHOOLS.

Nothing in this Act shall be construed to affect home schools whether or not a home school is treated as a private school or home school under State law.

SEC. 15. GENERAL PROVISIONS REGARDING NON-RECIPIENT, NON-PUBLIC SCHOOLS.

Nothing in this Act shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

SEC. 16. DEFINITIONS.

For the purpose of this Act:

- (1) ALL STUDENTS.—The term "all students" means all students attending public schools or charter schools that are participating in the State's accountability and assessment system.
- (2) ALL SCHOOLS.—The term "all schools" means all schools that are participating in the State's accountability and assessment system.
- (3) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the same meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

 (4) SECRETARY.—The term "Secretary" means the Secretary of Education.
- (5) STATE.—The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and American

PURPOSE

The purpose of H.R. 2300, the "Academic Achievement for All Act," is to focus federal resources for education on increasing student performance and narrowing achievement gaps. It gives States, school districts and schools the option of receiving additional flexibility in the use of fourteen state-administered, Federal elementary and secondary education program funds in exchange for increased accountability for academic achievement.

COMMITTEE ACTION

The Subcommittee on Oversight and Investigations held a field hearing on April 19, 1999 in Chicago, Illinois, on "Chicago Education Reforms and the Importance of Flexibility in Federal Education Programs." The hearing focused on the Chicago Public School system and its successful reforms which have produced rising scores, better attendance rates, and higher graduation numbers. Additionally, the hearing addressed how Congress can increase the amount of flexibility available to school districts such as Chicago. The Subcommittee received testimony from three panels of witnesses. First panel: Speaker of the U.S. House of Representatives, Dennis Hastert (R-IL). Second panel: Mr. Paul Vallas, Chief Executive Officer of Chicago Public Schools, Chicago, Illinois; and Dr. William Bennett, Co-director of Empower America, Washington, DC. Third panel: Dr. Hazel Loucks, Deputy Governor for Education, State of Illinois, Chicago, Illinois; Dr. Cynthia Barron, Principal, Jones Magnet High School, Chicago, Illinois; Mr. Glenn McGee, State Superintendent of Education, State of Illinois, Springfield, Illinois.

The Full Committee on Education and the Workforce held a hearing on May 20, 1999 in Washington, DC. The hearing focused on issues raised by the Academic Achievement for All proposal (the Straight A's Act). The Committee received testimony from Dr. Chester E. Finn Jr., President, Thomas B. Fordham Foundation, Washington, DC; the Honorable Bret Schunder, Mayor, Jersey City, New Jersey; Dr. William Moloney, Commissioner of Education, Colorado Department of Education, Denver, Colorado; the Honorable Ralph M. Tanner, Kansas State Representative, District 10, Baldwin City, Kansas; and Ms. Jennifer A. Marshall, Education Policy Analyst, Family Research Council, Washington, DC.

The Subcommittee on Early Childhood, Youth and Families held a hearing on June 9, 1999, in Washington, DC. The hearing focused on various accountability policies implemented by States and school districts over the past decade, how these systems have helped to improve student achievement, and how these systems are being implemented in different ways around the country. The Committee received testimony from two panels of witnesses. First panel: the Honorable Tommy G. Thompson, Governor, State of Wisconsin, Madison, Wisconsin; and the Honorable Frank Brogan, Lieutenant Governor, State of Florida, Tallahassee, Florida. Second panel: Dr. Susan Sclafani, Chief of Staff for Education Services, Houston Independent School District, Houston, Texas; Mr. Andy Plattner, Chairman, A-Plus Communications, Arlington, Virginia; Dr. Kathryn Jane Massey-Wilson, Superintendent, West Point Public Schools, West Point, Virginia; Ms. Stay Boyd, Project Achieve, San Francisco, California; and Ms. Kati Haycock, Director, Education Trust, Washington, DC.

LEGISLATIVE ACTION

On June 22, 1999, Representative Bill Goodling (R-PA) introduced H.R. 2300, the Academic Achievements for All Act (Straight A's Act). The Committee on Education and the Workforce considered H.R. 2300 with an Amendment in the Nature of a Substitute in legislative session on October 13, 1999, during which two amendments were considered on which two roll call votes were taken. The Committee on Education and the Workforce with a majority of the Committee present, favorably reported H.R. 2300, to the House by a vote of 26 to 19, on October 13, 1999.

COMMITTEE VIEWS

HISTORICAL PERSPECTIVE

The compliance-based Federal role

Since 1965, when Washington embarked on its first major elementary-secondary education initiative, federal policy has strongly influenced America's schools. Although education is generally considered a State responsibility, over the years Congress has created hundreds of programs to address a myriad of problems. Today, the federal government pursues its education agenda through a wide range of programs; over sixty of them, worth about \$14 billion, are included in the Elementary and Secondary Education Act of 1965 (ESEA), which was last reauthorized in 1994. While federal dollars make up only about seven percent of America's total budget for K–12 education, Washington's role is significant when it comes to setting State and local priorities and determining the tenor and con-

tent of the national conversation about education. And yet despite that significant role, there is little evidence that student achievement has increased and achievement gaps have narrowed as a result. While States and school districts have sought to comply with Federal requirements, too often those requirements have had very little to do with improving student performance. As William Moloney, Superintendent of Colorado Schools, described it for the Committee earlier this year, "ESEA [has] remained as always a neutral phenomena based on inputs rather than results, more on accounting than accountability, an entity always more interested in what you were rather than what you were doing."2

Federal programs place bureaucratic and regulatory burdens on all State and local school districts

After decades of spending billions on federal education research and evaluation programs, very little is known about the effectiveness of the scores of federal elementary and secondary education programs administered by the U.S. Department of Education. Consequently, Congress lacks adequate data to determine what really works and what does not.

The largest Federal elementary and secondary education program, Title I, has been evaluated, but has yet to demonstrate that it is effectively narrowing achievement. Today, even though the law requires States to "turn-around" low-performing schools, there are nearly 7,000 Title I schools and about 1,000 school districts that are officially designated as in need of "improvement"—that are failing to make adequate progress. The final report of the Prospects evaluation of Chapter 1 (later renamed as Title I) found that the program did not appear to help at-risk students in high-poverty schools to close their academic achievement gaps with students in low-poverty schools.3 And most recently, early data available from the evaluation of 1994 reauthorization of Title I does not yet indicate that the program is more effectively narrowing achievement gaps. The interim report found that students in the study performed "somewhat below national and urban norms," and were "showing somewhat less progress than would be expected over a full year." The proportion of students meeting the highest proficiency levels just held steady during the two years of data made available.4

Because Federal education programs have historically been compliance and not performance-based, they generate a large amount of paperwork and require thousands of bureaucrats to administer the programs. Some examples of this burden are as follows:

Burdensome Paperwork Requirements: Even after accounting for recent reductions, the U.S. Department of Education still requires

¹Chester Finn, Jr., Marci Kanstoroom, Michael Petrilli, "Overview: Thirty-Four Years of Dashed Hopes," New Directions: Federal Education Policy in the Twenty-First Century, The Thomas B. Fordham Foundation, March, 1999.

²Testimony of William Moloney, Superintendent of Colorado Schools, Committee on Education

and the Workforce, May 20, 1999.

³ Michael J. Puma, Nancy Karweit, Cristofer Price, Anne Ricciuti, William Thompson, and Michael Vanden-Kiernan. Prospects: Final Report on Student Outcomes, Cambridge, MA: Abt Associations, 1997.

⁴The Longitudinal Evaluation of School Change and Performance in Title I Schools (LESCP): Interim Report to Congress, U.S. Department of Education, June, 1999, pgs. xvi–xvii.

over 40 million hours worth of paperwork per year—the equivalent

of 19,300 employees working full-time for a year.⁵

Thousands of Federally-funded employees at the State level: The Department of Education is one of the smallest Federal agencies. Yet, to administer all the Federal education programs within the States, there are nearly three times as many Federally funded employees working in State education agencies, as there are within the Federal Department of Education itself. According to GAO, there are about 13,400 FTEs (full-time equivalents) funded with

Federal dollars to administer these programs.6

A 487 Step Discretionary Grant Process: In 1993, Vice-President Al Gore's National Performance Review discovered that the Department of Education's discretionary grant process lasted 26 weeks and took 487 steps from start to finish. It was not until three years later in 1996 that the Department finally took steps to begin "streamlining" their long and protracted grant review process, a process that has yet to be completed and fully implemented. According to the Department, once the streamlining is fully implemented it will only take an average of 20 weeks and 216 steps to complete a review.

The cumulative effect of federally designed programs and requirements takes its toll at the State and local level. Frank Brogan, the former Florida Commissioner of Education who is now Florida's Lieutenant Governor, noted the extent of the command and control approach of Washington bureaucrats. In testimony on May 5, 1998, he stated,

In practice, most federal education programs typify the misguided, one size fits all command and control approach that we in the States are abandoning. Most have the requisite focus on inputs like more regulation, increasing budgets and fixed options and processes. Conceptualized in Washington, with all good intentions, federal education programs often get translated into the growing bureaucratic thicket and prove counterproductive.

Brogan further noted that in Florida, because of Federal requirements, there are 297 State employees to oversee and administer approximately \$1 billion in Federal funds. By contrast, 374 Statefunded positions oversee and administer over \$8 billion in State funds. Thus, six times as many people are required to administer a Federal dollar as a State dollar.

The State of Georgia has also found federal programs to require a disproportionate number of administrators. Georgia State Superintendent Linda Schrenko, who spent eighteen years as a public school teacher and principal, testified about the excessive administrative requirements of Federal programs. She noted that about 6.4 percent of the \$9.45 billion total education budget in Georgia (from all sources-Federal, State and local) in 1996-97 came from the Federal government. In that same year, the Georgia Department of

⁵U.S. Department of Education, Annual Performance Plan, FY2000. ⁶U.S. General Accounting Office, Education Finance: The Extent of Federal Funding in State Education Agencies, GAO/HEHS-95-3, October 1995, p. 11. ⁷U.S. Department of Education Report, "A Redesigned Discretionary Grant Process"—Vice President Gore's National Performance Review 1995. Redesigned process is due to be in place

Education had 322 employees, of whom 93 worked full-time filling out paperwork and administering the federal programs. In effect, this amounted to 29 percent of their employees administering the

6.4 percent of funds that came from Washington.

Federal education programs are for the most part one-size-fits-all solutions to problems that vary widely from state to state. Every State has different needs and priorities, and the paperwork and bureaucratic requirements that accompany federal programs often prevent them from best addressing these issues. States often have to plan their agendas around prescriptive federal constraints, as well as overlapping and often conflicting program requirements. Given that we do not even have sufficient data demonstrating the effectiveness of Federal programs, and the burdens necessarily placed on State and local school districts as a result, the Federal government should expand flexibility in federal programs. As much as possible it should defer to the States and local school districts to design their own programs for ensuring that all children receive a high quality education, while at the same time making sure that taxpayers receive their money's worth by ensuring that federal investments in education improve performance.

Those States and school districts on the cutting edge of reform, with a proven track record of improving student achievement, should be granted the most flexibility to educate their students. If a State has demonstrated that it is effectively improving student achievement, the Federal government should empower those efforts, and not require the implementation of federal one-size-fits all programs. Texas' statewide accountability system, for example, has produced significant achievement gains. Its education policy has served as the basis of much of what is new in the Committee's reauthorization of Title I. It is the Committee's view that Texas and other States that are producing results should not necessarily have to implement a Federal program that is in many ways an imperfect attempt to reproduce their State's own effective education policy: they should have the option of entering into a performance based relationship with the Secretary and be freed from constraining fed-

eral requirements.

Learning from States and local school districts

H.R. 2300, the Straight A's Act, is based on the principle that holding States and local school districts accountable for meeting challenging performance goals, while at the same time granting them freedom and flexibility to use those funds, will produce results. This has been demonstrated in States like Texas and in cites like Chicago, where flexibility to innovate combined with high standards of achievement have produced significant gains in achievement. The Committee has heard testimony from individuals representing these states and cities who have asked Congress to grant them the freedom to have a more performance based relationship with the U.S. Department of Education.

Chicago

Chicago has recently seen tremendous results under a regime of increased accountability for results and freedom from certain State mandates and regulations. Flexibility in funding from the State enabled them to balance the Chicago Public Schools budget for the last four years and to negotiate two four-year contracts with their teachers. It has allowed them to create after-school and summer school programs targeted on students who are doing poorly in reading and math. With the flexibility they received, they have been able to expand preschool programs, create new opportunities for gifted students who have been difficult to retain within the public school system. All these changes have benefited their students, but particularly students from low-income families, students with poor academic performance, students who don't speak English, and students with disabilities.

Within the context of this flexibility, Chicago has seen its test scores rise for three years, across the board, on standardized testing, the State's tests, and college entrance exams. Graduation rates are up and dropout rates are down. Attendance has improved everywhere, and enrollment continues to rise as people once more choose the public schools. Many of the problems confronting public education can be solved, as they are demonstrating in Chicago. According to Chicago Public Schools Superintendent Paul Vallas in his testimony before the Committee earlier this year, "Mayor Daley noted in a speech to the National Press Club [that] we have more students than the public school systems of Atlanta, Boston, Cleveland, Denver, Minneapolis, St. Paul and Pittsburgh combined. If we can improve, so can the other urban districts." And according to Vallas, there is more to be done: "With the federal government as a partner, not a puppet master pulling strings, the Chicago Public Schools can do even more."

Superintendent Vallas also expressed his desire for increased flexibility in their federal funding:

"Simply put, what we want is greater flexibility in the use of federal funds coupled with greater accountability for achieving the desired results. We in Chicago, for example, would be delighted to enter into a contract with the Department of Education, specifying what we would achieve with our students, and with selected groups of students. And we would work diligently to fulfill—and exceed—the terms of such a contract. We would be held accountable for the result." 9

Narrowing achievement gaps in Texas

The Federal role in education historically has been to ensure that disadvantaged students—especially poor students and students from racial minorities—have access to an excellent education. If we are serious about demanding results, then we must demand results for the poorest and neediest of our children, just as we do for all other children.

Currently, Texas is the best State in which to attend school if you are poor, of limited English proficiency, or belong to a racial or ethnic minority group. Texas's accountability system has accelerated the rate of learning for these groups more than any other sys-

 $^{^8}$ Testimony of Paul Vallas, Superintendent of Chicago Public Schools, Subcommittee on Oversight and Investigations, Committee on Education and the Workforce, April 19, 1999. 9 Ibid.

tem in the country. We should learn from Texas at the federal level to ensure that no child is left behind

Texas has also demonstrated how increased flexibility within the context of increased accountability for performance can produce achievement gains for disadvantaged students. Using Ed-Flex, Texas has essentially given its school districts the flexibility to allocate Title I funds to schools on the basis of need, not only on the level of poverty with a school. The testimony 10 of Madeleine Manigold, the coordinator of State and Federal waivers for the Texas Education Agency, indicates that preliminary test results in Texas show that Ed-Flex schoolwide waivers have been very successful in improving academic achievement for all populations of students in reading and mathematics. In order to hold Title I schools and districts accountable for improving student performance, Texas requires them make enough gain each year so that in five years 90 percent of all students, and 90 percent of all African American, Hispanic, Caucasian and economically disadvantaged students will be passing the State's assessment instruments in reading and math. For the period 1996–1998, Texas achieved this goal for all students and all groups of students, including African American, Hispanic, and economically disadvantaged students.

Even more important is the fact that the performance gap is closing at schools with Ed-Flex Title I schoolwide waivers at an even greater rate than in the State of Texas as a whole, as earlier mentioned. Greater flexibility at the school level appears to be producing results.

• In 1998, the number of schools rated "Exemplary" increased by 150 percent over the number earning that rating in 1997, and increased by 15-fold over the number earning that rating in 1994.

creased by 15-fold over the number earning that rating in 1994.

• In 1998, the number of schools rated "Recognized" increased only slightly over the number earning that rating in 1997, and increased by six fold over the number earning that rating in 1994.

• Among the 39 States that participated in the 1996 NAEP in fourth-grade math, Texas finished in the top 10, along with States such as Maine, North Dakota, and Wisconsin, which have far fewer low-income and minority students.

• The State's African-American fourth-graders and Title I fourth-graders scored higher in math, on average, than their counterparts in every other State, and its Hispanic children finished sixth.

- White fourth-graders in Texas had the highest average math score in the nation.
- Between 1992 and 1996, the percentage of Texas fourth-graders achieving at or above the NAEP's "proficient" level in math rose from 15 to 25 percent far outstripping improvements nationwide. Similarly, the share of Texas children scoring below the "basic" level fell from 44 to 31 percent during the same period. In reading, the percentage of Texas fourth-graders achieving "at or above proficient" increased from 28 to 31 percent from 1992 to 1998. The percent of students scoring below basic dropped from 43 to 37 percent.

Testimony of Madeleine Draeger Manigold, Coordinator of State and Federal Waivers, Texas Education Agency, at hearing of Subcommittee on Early Childhood, Youth and Families on February 25, 1999.

Like every other State, however, Texas still has a broad racial chasm: In fourth grade math, 53 percent of African-Americans, and 45 percent of Hispanics scored below the "basic" level, compared with 15% of whites. But the gap is narrowing faster there than in any other State. Texas has proven that by shining light on how all categories of students perform, and not just the average, more schools begin to take the education of poor and minority students more seriously.

Florida

Governor Jeb Bush of Florida voiced his support of Straight A's in a House Budget Committee hearing on September 23, 1999. He described how his State was considered by independent sources such as Quality Counts to have standards that are among the top five States in the nation. As he described it,

States like Florida that are moving toward a truly accountable, performance-based and child-centered system should be given regulatory and funding flexibility to achieve their academic goals. It's time to move away from the Washington-knows-best model, and allow States that are willing to meet stringent performance goals to have more flexibility.

Because the A+Plan's accountability measures are so potent, I believe that once fully implemented, the A+Plan may do more good to help low-income children in low-performing schools in five years than the Title I program has done in our State in 35 years. Without legislation like the Straight A's Act, Florida will not be able to use federal funds to fully support our reform efforts. But with the Straight A's Act, Florida's school districts could use federal funds to support their accountability-driven efforts in the manner they believe best to address their local solutions, whether those solutions are more technology, smaller class sizes, a longer school year, or individual tutoring.

. . . I have come here to offer you more accountability from Florida, in exchange for more flexibility. We can increase the impact that federal dollars will have on student learning in our State, if we are provided with more freedom and less one-size-fits-all regulations from the federal government."

Florida is experimenting with the Straight A's concept within its own State, offering school districts the opportunity to become "charter districts"—to receive freedom from regulations for agreeing to meet certain performance goals.

Ed Flex is not enough to address the flexibility needs of the

Earlier this year the House passed H.R. 800, the Education Flexibility Partnership Act, which was signed into law on April 27, 1999. This bill removed the 12 State limit on participants in this program, and strengthened accountability. However, Ed-Flex was only a first step towards granting states the full range of flexibility options they need. Ed-Flex is designed to make federal programs

work better at the local level in their current categorical structure by removing specific program requirements that are barriers to reform at the local level. For some States, Ed-Flex is sufficient. Others, however, are ready for additional flexibility and accountability.

Moreover, according to a U.S. General Accounting Office report last September, Ed-Flex's narrowly structured waivers "generally do not address school districts' major concerns." The report concludes that "federal flexibility efforts neither reduce districts' financial obligations nor provide additional federal dollars"; and, because the flexibility is limited to specific programs, the districts' "ability to reduce administrative effort and streamline procedures is also limited."

Ed-Flex does not allow States to consolidate funds from different federal programs to use on their unique goals and priorities. For example, the priority of Arkansas Governor Mike Huckabee (R) in fiscal year (FY) 2000 is to equalize school funding. Governor Gray Davis (D) of California is investing in reading, teacher quality, and school accountability initiatives. And Florida Governor Jeb Bush (R) is championing a school reform package that offers, among other things, scholarships to students in Florida's worst-performing schools to attend a school of their parents' choice. Under the Ed-Flex program federal funds cannot be combined into a sizeable sum to help States reach their goals more directly. 11

Because of the relatively limited flexibility it grants, Ed-Flex does not include strict accountability measures requiring federal funds to boost academic achievement. Ed-Flex States still are required to reach the goals of each individual program, however redundant those goals may be.

IMPROVING ACADEMIC ACHIEVEMENT THROUGH FREEDOM AND ACCOUNTABILITY

Granting States and localities the flexibility to consolidate federal funding streams is not without precedent in Federal law:

• The Environmental Protection Agency (EPA) allows States to enter into performance contracts, where States agree to meet certain environmental targets in exchange for receiving their grant money in the form of a consolidated grant.

• Insular areas are allowed under current law to receive their federal grants from multiple agencies in one grant to be used for purposes determined by the insular area.

• Schoolwide projects under Title I allow schools to combine all of their federal dollars for the purpose of improving the quality of the entire school and increasing student performance.

• In recent years Congress has allowed States to submit one consolidated application for most Federal education funds, and to consolidate administrative set-asides for those programs at the State and local level.

Learning from welfare reform

Wisconsin's experience with waivers to implement their welfare program is an example of how States can sometimes more effec-

¹¹Nina Rees and Kirk Johnson, Ph.D., Why a "Super" Ed-Flex Program is Needed to Boost Academic Achievement, The Heritage Foundation, March 5, 1999.

tively address important issues when they are given the flexibility to design the program, while at the same time subject to high performance standards. Prior to the passage welfare reform legislation, the U.S. Department of Health and Human Services (HHS) granted States, like Wisconsin, waivers to implement large-scale efforts to reduce their welfare caseloads and find jobs for recipients. Wisconsin demonstrated that it could more effectively reduce welfare dependency in its State under their own program, significantly reducing the number of welfare recipients in the state. Wisconsin was able to demonstrate what worked, which greatly influenced the welfare reform legislation. Welfare reform legislation itself is an example of effectively addressing a problem by granting flexibility coupled with accountability. The Personal Responsibility Act of 1996 reduced many of the bureaucratic strings tied to federal welfare dollars while putting in place significant accountability requirements and financial incentives to mobilize state and local bureaucracies to reduce caseloads and out-of-wedlock birth rates. Even though the States were granted flexibility in the use of their Federal dollars, it was important to have financial rewards and incentives to serve as "carrots" since the state and local bureaucracies had grown so unresponsive to the needs of the people and unable to reduce dependency on their own.

Creating "Charter States"

Straight A's is also similar to the concept of charter schools: grant freedom from regulations and process requirements in exchange for accountability for producing results. Under Straight A's, Washington assumes the role of shareholder, not CEO, of the nation's education enterprise. Rather than micromanaging the day-to-day uses of federal money, it lets States manage their schools and dollars as they see fit in return for an agreed-on return on the federal investment.

Built into H.R.2300 is this strategic shift and important conceptual breakthrough. The main lever of federal education policy has been carefully prescribing where Washington's money goes and what it can be spent on. But very little attention has been paid to the academic results that money helps make possible. Although there is much said about "accountability" these days in federal programs, when push comes to shove, the only federal terms and conditions with real teeth—the only kind that compel State and local officials to take notice and respond—are those governing the allocation and use of the money, not whether the children learn more. ¹²

Flexibility and freedom to use Federal funds

The purpose of H.R. 2300 is to untie the hands of those States that have their accountability systems in place, in exchange for required results. It goes beyond Ed-Flex to more effectively address the flexibility needs of the States. States have the option of participating in Straight A's or staying with the current arrangement of separate categorical funding streams. It does not eliminate any programs. The Elementary and Secondary Education Act will be re-

¹²Testimony of Chester Finn, Jr., President, Thomas B. Fordham Foundation, Committee on Education and the Workforce, May 20, 1999.

authorized. States may include any K-12 State-administered, formula grant program in their performance agreement.

Participating States are granted two important freedoms:

- 1. Flexibility to combine funds: States are granted freedom to combine funds to address State priorities. States or local school districts may consolidate the funds for each Federal program included in the performance agreement. States would have the flexibility to combine some or all of their federal programs. These funds could be used to augment existing federal programs, such as Title I, or could work in conjunction with Statewide reform efforts. States may use these funds to implement their own education reform plans, as determined by the Governor and State legislature, in accordance with State law. The funds may be used for any educational activity permitted by State law. If Part A of Title I is included, school districts are held harmless and will continue to receive, at a minimum, the same amount of dollars as they did under Title I in FY 2000.
- 2. Freedom from non-performance related requirements and regulations: Straight A's de-regulates programs administered by States and local school districts. It frees States from process requirements that hinder efforts to spend funds effectively. It eliminates most of the requirements and regulations that apply to individual categorical programs.

Straight A's is completely optional

H.R. 2300 provides an option for States that wish to be able to consolidate separate federal funding streams and more effectively use them in their State. However, no State is forced to participate. If a State believes their children are best served under the current arrangement of categorical programs, then they are free to stay with those programs. If a State has a philosophical disagreement they are free not to participate, and unlike other Federal education programs, it will continue to receive Federal education dollars. Straight A's does not change any laws governing existing programs. It is a way of offering additional flexibility to those States who have said "just hold us accountable for the results and free us from all these bureaucratic requirements."

Accountability: The performance agreement

A State must submit a performance agreement to the Secretary to participate in H.R. 2300. Before submitting the agreement to the Secretary, a State must first provide parents, teachers, and local schools and districts notice and opportunity to comment on the proposed agreement.

The Secretary has 60 days after receiving the agreement to determine whether or not it satisfies the requirements of the statute. If he does not respond with a written determination within 60 days, the performance agreement would automatically be approved.

Terms of the performance agreement

Performance agreements are five years in length. A State is required to include information in the performance agreement submitted to the Secretary that details

1. Which programs it wishes to include in the performance agreement, and

2. A detailed five-year plan (outlined below) describing how the State will use the funds included in the agreement to advance the education priorities of the State, improve student achievement, and

narrow achievement gaps.

identity of individual students.

student will succeed.

Accountability Requirements for States Including Title I in Their Agreement.—The goal of H.R. 2300 is to as much as possible align the accountability requirements with what many States have in place under Title I, rather than develop an entirely new set of accountability criteria. In order for States to be able to include Title I in their agreement, H.R. 2300 requires them to be in compliance with current law controlling the development and implementation of standards and assessments under Title I. A State must certify in their performance agreement that they have developed standards and assessments in accordance with Section 1111(b) of Title I. States including Title I in their agreement would be required to include much of the same information required by State plan requirements in Sec. 1111 of Title I. States also have the option of not using the tests developed in accordance with Section 1111(b).

Under current law, States are required to be able to disaggregate their assessment data. H.R. 2300 requires that participating States continue to be able to report academic assessment data so that it takes into account the progress of all students in the State as a whole, at the school district level, and at the school building level. In addition, for each school district and school, a State must be able to report the performance and progress of students by each major racial and ethnic group, gender, English proficiency status, migrant status, disability status, and by economically disadvantaged status. Such reporting is not required, however, in cases in which the number of students in any group is insufficient enough to produce statistically reliable information or would disclose the

The justification for this requirement is to ensure that States are specifically holding local school districts and schools accountable for improving the achievement of disadvantaged students. Only looking at averages does not allow for sufficient accountability to ensure that programs designed to address the needs of disadvantaged children are effective. Reporting achievement data by subgroup also allows for school districts and schools to more accurately measure their effectiveness, and ensure that no one group of children is left behind. The experience of Texas, described earlier in this report, demonstrates how effectively States and schools can narrow student achievement gaps by ensuring that all groups of students are meeting proficiency standards. However, it is important to note that it is the Committee's view that race and economic status are merely helpful categories to look at in order to determine the effectiveness of instruction and educational policies. They are useful for looking at the performance of groups of students only, and have no bearing on individual student performance, the value of a particular student's achievement, or the likelihood that any individual

States must also demonstrate that they have developed an accountability system that holds school districts and schools accountable for improving student performance. Such a system, like the accountability system in Florida which assigns schools letter grades based on their performance, should have a demonstrated track record of improving student achievement, or should be reasonably expected to be effective based on its implementation in other places.

Such an accountability system should also include a process for identifying low performing school districts and schools, as required under Title I. A State must provide assistance and resources to "build" a school's capacity, which means improve their overall ability to effectively educate their students and help them meet high standards. After three years of failing to improve, the State's accountability system must implement corrective actions, as defined by the State, to turn around low performing schools or districts.

Performance Goals.—In exchange for being allowed to combine federal funding streams and for being relieved of the individual requirements of such programs, States must set specific performance goals to meet by the end of the 5-year agreement. These goals must be set in terms of annual goals, which would be reported to the

Secretary on an annual basis.

 The performance goals must reflect high standards for all students to ensure that all children attending public schools and charter schools are expected to meet high standards and make substantial gains in academic achievement. No child should be "writtenoff" merely because they are poor or have a difficult family background. All children should be expected to excel.

 They must take into account the progress of all public school districts and schools, including charter schools and districts.

- In order to measure student performance gains as objectively as possible, States should measure performance in terms of percentage of students meeting performance standards such as basic, proficient and advanced. These categories are defined by the State, and are the same as required under current law.
- In order to narrow achievement gaps and improve overall achievement, specific numerical goals should be set for each group of students for which a State reports its achievement test scores. This does not mean that a State must set different standards for each group, and in fact they should not. Instead, a State should take into consideration the performance of each group of students at the beginning of the term of the agreement and set specific numerical goals for each to ensure that they are making substantial progress towards meeting State proficiency standards. All students should be expected to meet State standards for proficiency, but each group will have different amounts of progress to in order to meet proficiency standards.

 Performance goals must be set for all State assessments and for all grades in which they are administered. In order to include Title I in the performance agreement, States must, at least administer statewide assessments in reading and math.

• Performance gains must be substantial. The purpose of H.R. 2300 is to free up States to be held accountable for improving the academic achievement of all of their students, and at a faster rate than they would under current law.

 States must set goals to reduce achievement gaps between the lowest and highest performing groups of students, without lowering

the performance of the highest achieving students.

Other Indicators of Performance.—States have the freedom to set other goals to demonstrate performance, such as graduation and attendance rates, in addition to assessment data. A State would have the incentive to set performance goals beyond what is required to provide additional evidence of the State's improvement in achievement. The Secretary would take those goals into consideration when a State renews its performance agreement and must demonstrate that it has made substantial progress toward meeting its goals.

Performance Goals for a State or Locality that Does Not Include Title I in its Performance Agreement.—If a State does not include any part of Title I in its agreement, it is not required to meet the detailed performance goal provisions. This is because non-Title I programs are much smaller in size, and in their current form have a more general educational focus and their funds are not targeted for purposes of improving the achievement of disadvantaged students in the way that Title I funds are targeted. Therefore, the only parameters for the performance goals are that they are set in terms of improvements in academic achievement on Statewide assessments. Even though a State would have the freedom to use these funds for technology, or to implement a program to reduce drug use, the effectiveness of these funds should be measured in terms of academic achievement. States would be required to report on the use and effectiveness of these funds in their annual report.

Annual Report.—A State must annually report to parents and the general public the progress it has made towards meeting its performance goals, and how it spent Federal funds to improve academic achievement and narrow achievement gaps. In addition, it must submit this information to the Secretary. The Secretary must make these reports available to Congress.

Fiscal Requirements: Maintenance of Effort, Audits.—A State must provide assurances that it will not reduce its level of education spending during the term of the agreement. In addition, it must demonstrate that it will use standard procedures for accounting for the use of Federal funds under this Act.

Straight A's accountability for Title I dollars compared with current law

Unlike current law under Title I, Straight A's is a performance agreement, not a compliance agreement. Straight A's requires States to set performance goals, and their flexibility is contingent on improving student performance. Under current law, States are in compliance if they follow the process rules and requirements and submit paperwork on time. States continue to receive their federal dollars year after year even if they fail to improve student achievement. Annual reports sent to the Secretary under current law contain lot of statistics about how many children are in schools receiving Title I dollars, but nothing about overall achievement gains as a result of federal dollars. States opting for Straight A's would be more fully accountable to their taxpayers, parents and students,

and would have a more difficult time blaming failure on federal

rules and regulations.

If a State includes Title I in their agreement, Straight A's requires States to set goals and measure their progress in terms of whether the highest and lowest performing groups of students improve. Under current law, the unmet needs of disadvantaged children are often hidden by statewide averages. In addition, under H.R. 2300 States would be free to target all of their federal dollars to improve the achievement of the neediest children. States could increase spending on disadvantaged students by 70 percent on average.

Under Straight A's, States have the incentive to perform or risk having their performance agreement terminated and losing administrative funds. Straight A's also contains the only reward program that rewards States with federal dollars for improving student achievement and narrowing achievement gaps, much like the fi-

nancial incentives offered to states under welfare reform.

Local school district performance agreements

A school district in a State that chooses not to participate in Straight A's is eligible to submit a performance agreement to the Secretary under H.R. 2300. The Committee's view is that it is important to provide this option so that school districts are not prevented from having access to a higher level of flexibility in exchange for additional accountability. Many large urban centers have as many students as a small State, and have the ability to operate an effective accountability system and produce the expected performance gains required under Straight A's.

The Committee heard testimony from representatives from large cities such as Chicago and Jersey City who requested the flexibility to exercise this option. For example, Brett Shundler, the Mayor of Jersey City, testified before the Committee on May 20, 1999, stat-

ing that:

The sixty programs comprising the Elementary and Secondary Education Act are well intentioned. However, many of them have little to do with the reality of urban classrooms. I would . . . strongly recommend that you give the option of the Straight A's Act flexibility to large school districts in any States which do not choose to participate. The problems and needs of a large urban district can be quite different and are even at odds with those of the surrounding State.

School districts may only submit its own performance agreement if its State does not object. The Committee's view is that in this instance the entity granted the authority to administer education programs in the State would make this determination. It is important that a State not object because the allocation of funds from many of the programs that are eligible to be included under Straight A's, in many instances, is determined by the State. In addition, Straight A's is not intended as a means by which school districts can opt out of Statewide academic priorities and accountability systems.

Limits on administrative expenses

Participating local educational agencies would be prevented from spending more than four percent of funds allocated to them under programs included in their performance agreement on administration.

Allocation and use of Federal funds

Under Straight A's, funds from any eligible program may be combined and used for any elementary and secondary educational purpose permitted under State law.

H.R. 2300 does not affect the amount of money the State receives from the Federal government for education.

The total amount of funds a State receives under Straight A's is the same as what the State would have otherwise received under the categorical programs. The allocation formulas remain the same. Eligible programs comprise the K–12 formula-grant, State-administered Federal education programs: Title I, Eisenhower, Technology Literacy Challenge Fund, Safe and Drug Free Schools, Emergency Immigrant Education Act, McKinney Education Homeless Assistance Act, Title VI block grant, Class Size Reduction, Goals 2000, and Perkins Vocational and Technical Education Act. It does not include the Individuals with Disabilities Education Act (IDEA).

Under H.R. 2300 school districts will not lose Title I part A funds

If Title I, Part A is included by a State, each school district in the State would receive at least as much money as they received in the preceding fiscal year under part A of Title I.

Allocations to districts and use of non-Title I funds under the performance agreement

In general, the allocation and use of funds is determined by the Governor and the State legislature. However, if such an arrangement violates State constitution or State law because it has designated another entity to be responsible for education, the entity with the responsibility for education shall make this determination, in consultation with the Governor and the state legislature, insofar as this does not override state law or its constitution. States are also required to provide parents, teachers and local schools with an opportunity to comment on the proposed allocation of funds.

Limitations on administrative expenditures

If a State includes Part A of Title I, it may spend up to one percent on administration. This is so that States may not spend any more for administration under Straight A's than they are allowed under current law. If it does not include Title I Part A, it may spend up to three percent. The percentage allowed for administrative purposes is larger in this case because of the smaller amount of funds involved. Also, non-Title programs for the most part allow about five percent to be used for administrative purposes at the state level. Local educational agencies that submit performance agreements may spend up to four percent on administration, which corresponds with the amount LEAs may spend for administrative

purposes under the Committee reported version of HR 2, the Student Results Act of 1999, which reauthorizes Title I. The amount is the same whether or not an LEA includes Title I. This is because apart from the Committee-passed reauthorization, under current law there is no limits on administrative costs at the local level and no precedent to take into consideration.

Improving achievement through rewards and penalties

ESEA has failed in largely because dollars continue to flow to States the same way whether or not a state improves student achievement. Straight A's provides incentives to improve achievement by financially rewarding States that improve achievement. No such reward program exists in current for federal education funds.

Incentives and Rewards

If, after five years a State accomplishes one of the following, a State may receive a reward equal to at least five percent of its total program funds for the first year of the agreement:

• Narrows the achievement gap between its highest and lowest performing students by 25 percent or more, in at least two grades and content areas, including reading or math; or

• Increases the proportion of two or more groups of students that meet State proficiency standards by 25 percent, in at least two grades and content areas, including reading or math;

Funds for the rewards will come from the Fund for the Improvement of Education. The Secretary should set aside sufficient funds in advance in order to fully fund rewards under this provision, and the Appropriations Committees should take into consideration this reward program when appropriating funds for the Fund for the Improvement of Education in Title X of the Elementary and Secondary Education Act. A new program is not created, nor is new money necessary to fund this provision.

Performance Review and Penalties

Mid-term performance review.—If student academic performance in a State declines for three consecutive years, in the performance categories established in the performance agreement, the Secretary may terminate the charter after notice and an opportunity for a hearing.

Loss of eligibility.—If a State does not meet or substantially meet its performance goals at the end of the five-year agreement, it must revert to categorical funding streams in effect and the accompanying regulations and requirements. A State should be allowed to continue if it has made solid and substantial progress towards meeting those goals—90 percent or higher. States should be encouraged to set ambitious goals for the term.

Loss of administrative funds.—If a State makes no progress towards meeting its performance goals, the Secretary may reduce its administrative set-asides by as much as 50 percent for two years following the State's reversion to categorical funding streams. This provision is similar to provisions under current law which permit the Secretary to withhold administrative funds. However, the per-

centage allowed under Straight A's is significantly higher and is not optional.

Preserving important protections under current law

Federal civil rights protections remain in effect

States must include in their agreement an assurance that Federal civil rights laws will be enforced, even though civil rights requirements cannot be waived. Civil rights laws are separate, independent freestanding statutes and not part of the Federal elementary and secondary education programs to which Straight A's applies. However, the Committee wished to address this specifically to alleviate any concern that Straight A's could in some way be used to subvert federal civil rights requirements.

Private school participation

States must include in their agreement an assurance that it will ensure the equitable participation of students and professional staff in private schools. The bypass and complaint provisions in sections 14504–14506 also apply to a State's use of funds under Straight A's. These sections provide a statutory remedy for situations in which a State fails to live up to its assurance to provide for the equitable participation of students and professional staff.

Home Schools and non-recipient, non-public schools

As provided under current law, home schools are not affected by this Act, regardless of how home schools are defined under State law. No Federal control over any aspect of private, religious or home schools is authorized by this act.

General Education Provisions Act Protections

The provisions of the General Education Provisions Act (GEPA) that are inconsistent with the intent and requirements of H.R. 2300 are superceded by H.R. 2300. However, provisions in GEPA affecting civil rights, enforcement authority and withholding of funds for fiscal accountability purposes, and family educational and privacy protections are not in any way superceded by Straight A's.

Conclusion

The kind of accountability in Straight A's has worked well in cities and States around the nation. Unlike many recent attempts to put more accountability requirements into federal programs, such as Title I, accountability in H.R. 2300 has been coupled with fiscal and legal autonomy and flexibility, which allows reforms to be implemented quickly and efficiently at the State and local level.

Straight A's has the potential of serving as the catalyst for significantly improving the Federal investment in education. It is the Committee's view that the time is now to take bold reforms and encourage reform-minded States to continue their successes. Federal funds should be focused on helping children and their schools, not on preserving separate funding streams and maintaining separate categorical Federal programs. If H.R. 2300 is signed into law, all students, especially the disadvantaged students who were the focus

of Federal legislation in 1965, may finally receive effective instruction and be held to high standards.

SUMMARY

H.R. 2300 gives States and local educational agencies the option of agreeing to meet substantial academic achievement goals agreed to in a five-year performance agreement submitted to the Secretary of Education. If the agreement is approved by the Secretary, States would be able to consolidate federal program funds included in the agreement, it would be freed from the individual requirements of those programs. H.R. 2300 specifically describes the assurances and academic achievement goals States or school districts must include in their performance agreement; how states must allocate funds under the agreement; the penalties States and local educational agencies are subject to for failing to meet the terms of the performance agreement; the financial rewards for significantly narrowing achievement gaps and improving overall student achievement; and the civil rights and other protections that remain in effect.

SECTION-BY-SECTION ANALYSIS

Section 1—Provides the short title of the Act as the "Academic Achievement for All Act (Straight A's Act).

Section 2—States the purpose of the Act.

Section 3—Describes the performance agreement a State has the option of entering into with the Secretary of Education.

(a) Authorizes the State to enter into an optional performance

agreement.

- (b) States that parents, teachers, schools and school districts must be given time by the State to give comment on the agreement.
- (c) States that the Secretary must make a written determination within 60 days on the agreement or it is automatically approved.

(d) Describes provisions required in each performance agreement.

Section 4—Lists eligible programs.

- (a) Lists the programs that are eligible under this Act: part A of title I; part B of title I; part C of title I; part D of title I; part B of title II; part B of title II; title IV, title VI, and part C of title VII, of the Elementary and Secondary Education Act of 1965, section 307 of the Department of Education Appropriation Act of 1999, Comprehensive School Reform Programs as authorized under section 1502 of the Elementary and Secondary Education Act of 1965, title III of the Goals 2000: Educate America Act, sections 115 and 116, and parts B and C of title I of the Carl D. Perkins Vocational Technical Education Act, and subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act.
- Stewart B. McKinney Homeless Assistance Act.

 (b) Provides that States may consolidate funds from programs under (a) and that the program requirements are no longer in effect, except that the proportion of funds for national programs and allocations to States will remain the same (States will not lose their proportion of funds if they chose to participate).

(c) Provides that allocations can be used for any elementary and secondary educational purposes permitted by State law.

Section 5—Describes requirements for State fund distribution to local educational agencies.

- (a) Provides that the State legislature and the Governor determine how funds are distributed according to State constitution or State law.
- (b) Provides that States, under State law, must provide parents, teachers, schools and school districts time to comment on agreement.
- (c) Provides that States that include part A of title I agree to provide local educational agencies with funds equal to or greater than the amount they would have received under part (A) of title I in the previous fiscal year. States must reduce the amount each local educational agency receives in a uniform fashion if funds that they receive from the Secretary are not sufficient.

Section 6—Describes the local participation option.

- (a) Provides that local agencies who are eligible to submit a performance agreement to the Secretary only if the State agency does not choose to participate in the Act.
- (b) Sets forth requirements of local educational agencies that submit performance plans.

(c) Describes exceptions that do not apply to local agencies.

Section 7—Sets forth State and local limits on administrative costs.

Section 8—Describes penalties.

Section 9—Sets forth requirements for renewal of the agreement.

Section 10—Sets forth achievement gap reduction reward.
Section 11—Requires the Secretary to make annual State reports

available to the House Committee on Education and the Workforce and the Senate Committee on Health, Education, Labor and Pensions.

Section 12—States that Straight A's supersedes provisions of title XIV of ESEA.

Section 13—States that this Act supersedes provisions of the General Education Provisions Act, except in the areas of civil rights, withholding funds and enforcement authority, and family educational and privacy rights.

Section 14—States that the Act does not affect home schools in relation to being treated as a private school or home school under State law.

Section 15—States that the Act does not give the Federal government control over any private, religious, or home school under State law.

Section 16—Definitions section.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. This bill, H.R. 2300, the "Academic Achievement for All Act," focuses federal resources for education on increasing student performance and nar-

rowing achievement gaps. It gives States, school districts and schools the option of receiving additional flexibility in the use of fourteen state-administered, federal elementary and secondary education program funds in exchange for increased accountability for academic achievement. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

Unfunded Mandate Statement

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. H.R. 2300 gives States, school districts and schools the option of receiving additional flexibility in the use of fourteen state-administered, federal elementary and secondary education program funds in exchange for increased accountability for academic achievement. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

COMMITTEE ON EDUCATION AND THE WORKFORCE

BILL H.R. 2300

DATE October 13, 1999

ROLL CALL 1 BILL H.R. 2300
AMENDMENT NUMBER 2 DEFEATED 17 - 24

SPONSOR/AMENDMENT Mr. Fattah : amendment regarding educational equity

MEMBER	AYE	NO	PASSING	NOT VOTING
Mr. GOODLING, Chairman		Х		
Mr. PETRI, Vice Chairman		X		i
Mrs. ROUKEMA		X		
Mr. BALLENGER		X		
Mr. BARRETT	1	X		
Mr. BOEHNER				X
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD	 	X		
Mr. GRAHAM		X		
Mr. SOUDER	 	X		
Mr. McINTOSH		X		
Mr. NORWOOD	-	X		
Mr. PAUL	-	X		
Mr. SCHAFFER	+	X		
Mr. UPTON		X		
Mr. DEAL	+	X		
Mr. HILLEARY	-	X		
Mr. EHLERS		X		
Mr. SALMON	-			X
Mr. TANCREDO	-	X	 	^
Mr. FLETCHER		X		
Mr. DEMINT		X		
Mr. ISAKSON		X		
		, X		
Mr. CLAY	X			
Mr. MILLER				X
Mr. KILDEE	X			
Mr. MARTINEZ	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO				X
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY				X
Mr. KIND	X	ļ		
Ms. SANCHEZ				X
Mr. FORD				X
Mr. KUCINICH	X			
Mr. WU	X	· · · · · · · · · · · · · · · · · · ·		
Mr. HOLT	X			
TOTALS	17	24	 	8

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2

BILL H.R. 2300

DATE October 13, 1999

PASSED 26 - 19

SPONSOR/AMENDMENT Mr. Petri / report the bill to the House with an amendment and with the recommendation that the amendment be agreed to and that the bill as amended do pass

MEMBER	AYE	NO	PASSING	NOT VOTING
Mr. GOODLING. Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mrs. ROUKEMA	X			
Mr. BALLENGER	X			
Mr. BARRETT	X			
Mr. BOEHNER	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. TALENT	X			
Mr. GREENWOOD	X		-	
Mr. GRAHAM	X			
Mr. SOUDER	X			
Mr. McINTOSH	X		1	
Mr. NORWOOD	X			
Mr. PAUL	X			
Mr. SCHAFFER	X		1	
Mr. UPTON	X			
Mr. DEAL	X			
Mr. HILLEARY	X			
Mr. EHLERS	X			
Mr. SALMON				X
Mr. TANCREDO	X			
Mr. FLETCHER	X			
Mr. DEMINT	X			
Mr. ISAKSON	X			
Mr. CLAY		X		
Mr. MILLER	1			X
Mr. KILDEE		X		
Mr. MARTINEZ	-	X		
Mr. OWENS		X		
Mr. PAYNE		X		1
Mrs. MINK		X		
Mr. ANDREWS		X		
Mr. ROEMER	-	X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Mr. ROMERO-BARCELO			<u> </u>	X
Mr. FATTAH		X	-	
Mr. HINOJOSA		X		
Mrs. McCARTHY		X	 	
Mr. TIERNEY		X	-	
Mr. KIND		X	-	
Ms. SANCHEZ		—	1	X
Mr. FORD		X		
Mr. KUCINICH		X		
Mr. WU		X	 	
Mr. HOLT		X	1	
TOTALS	26	19	+	4

CORRESPONDENCE

Washington, DC, October 15, 1999.

Hon. WILLIAM F. GOODLING, Chairman, Education and the Workforce Committee, 2181 Rayburn House Office Building.

DEAR MR. CHAIRMAN, due to unforseen circumstances, I was unavoidably detained during the Committees consideration of H.R. 2300, the Academic Achievement for All Act and as such missed Rollcall Vote number 2 on favorably reporting the bill. Had I been present, I would have voted "aye."

I would appreciate your including this letter in the Committee Report to accompany H.R. 2300. Thank you for your attention to this matter.

Sincerely,

Matt Salmon, Member of Congress.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 2300 from the Director of the Congressional Budget Office:

U.S. Congress, Congressional Budget Office, Washington, DC, October 15, 1999.

Hon. WILLIAM F. GOODLING,

Chairman, Committee on Education and the Workforce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed estimate for H.R. 2300, the Academic Achievement for All Act (Straight A's Act).

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Audra Millen.

Sincerely,

BARRY B. ANDERSON (For Dan L. Crippen, Director).

Enclosure.

H.R. 2300—Academic Achievement for All Act (Straight A's Act)

Summary: H.R. 2300, the Academic Achievement for All Act (also referred to as the Straight A's Act), would allow the Department

of Education to delegate to states a portion of its waiver-granting authority. The bill would give any State or Local Educational Agency (SEA or LEA) the option to combine funds under certain federal elementary and secondary education programs for the purpose of improving student achievement. The Secretary of Education would waive the primary requirements governing funds under those programs and participating SEAs and LEAs would be held accountable for demonstrating improvements in student performance outcomes.

CBO expects that enacting H.R. 2300 would affect the rate of spending from funds that were appropriated for fiscal year 1999. Such effects would constitute changes in direct spending; therefore, pay-as-you-go procedures would apply to the bill. We estimate that direct spending would increase by \$18 million in 2000 and \$5 million in 2001, and decrease by \$16 million in 2002 and \$7 million in 2003. Implementing the bill also would affect discretionary spending by providing the same flexibility to states for use of funds yet to be appropriated for fiscal year 2000. Subject to appropriation of the amounts already authorized for 2000, CBO estimates that discretionary outlays would be \$125 million higher in 2001, and \$125 million lower over the 2002–2004 period, relative to our estimates of such spending under current law.

H.R. 2300 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state and local governments resulting from enactment of this bill would be incurred voluntarily. Tribal governments

would not be affected by the provisions of this bill.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2300 is shown in the following table: The costs of this legislation fall within budget function 500 (education, training, and employment and social services).

	By fiscal years in millions of dollars—					
	2000	2001	2002	2003	2004	
CHANGES IN DIRECT SI	PENDING					
Budget Authority	0	0	0	0	0	
Estimated Outlays	18	5	-16	-7	0	
SPENDING SUBJECT TO APP	ROPRIATIO	N				
Spending Under Current Law:						
Estimted Authorization Level 1	12,006	0	0	0	0	
Estimated Outlays	11,070	11,168	3,800	762	56	
Proposed Changes:						
Authorization Level	0	0	0	0	0	
Estimated Outlays	0	125	-31	-63	-31	
Spending Under H.R. 2300:						
Estimated Authorization Level	12,006	0	0	0	0	
Estimated Outlays	11,070	11,293	3,769	699	24	

¹ A full-year appropriation has not yet been provided for 2000. Note.—Components may not add to totals because of rounding.

Basis of estimate

Direct spending

Historically, federal education programs have been designed to direct federal dollars for a specific educational purpose. Program requirements restrict the uses and activities of the funds provided. However, the Education Flexibility Partnership Act of 1999 (Public

Law 106–25), which was enacted on April 29, 1999, allowed qualifying states to waive the requirements of certain education programs and provided some school districts with the opportunity to use Class Size Reduction funds for professional development programs. CBO assumed that about 9 percent of schools would use the new authority under Public Law 106–25 to reallocate their 1999

Class Size Reduction funds for other purposes.

The Straight A's Act, on the other hand, would provide greater authority for SEAs and LEAs to waive most of the current program restrictions in exchange for increased accountability. States would be able to consolidate funds from their choice of certain existing programs, including the newly funded Class Size Reduction program. The 1999 appropriations for the programs covered under H.R. 2300 total \$11.9 billion, including \$1.2 billion for classroom size reduction. States would be required to submit a plan detailing how they will use the consolidated funds to improve student achievement and what assessment measures they will use. Once approved, the states could use all of the included funds without regard for the purpose or restrictions of the original programs. To remain eligible, states would have to demonstrate improvement in academic achievement.

How states would use the flexibility offered under H.R. 2300 is uncertain. Some members of the education community have argued that the accountability requirements of the bill would discourage participation, whereas others believe that most states would prefer the flexibility the bill offers. CBO assumes that any budgetary effects of the bill would occur because states chose to reallocate funds provided for classroom size reduction, a program that is projected to spend more slowly than other elementary and secondary education programs.

CBO estimates that H.R. 2300, in combination with the estimated effect of Public Law 106–25, would affect 20 percent of the 1999 funds for classroom size reduction. We expect that those funds would be spent at an accelerated rate. This change would increase outlays in 2000 and 2001 by \$18 million and \$5 million, respectively, and lower outlays by \$16 million in 2002 and \$7 million

in 2003.

Spending subject to appropriation

The Straight A's Act also affects funding for fiscal year 2000, the last year of authorization for most of the elementary and secondary programs. For 2000, full-year appropriations have not been provided yet. However, there are expected to be similar changes in the rates of spending, and discussed above. By 2001, CBO assumes that one-half of the states which do not take advantage of H.R. 2300 in 2000 will do so in 2001 and beyond. Consequently, by 2001, 60 percent of all the states would be using the flexibility provide under the bill. In fiscal year 2001, outlays from estimated 2000 authorization levels are expected to be \$125 million higher if H.R. 2300 is enacted. We estimate that outlays in 2002, 2003, and 2004 would be lower by \$31 million, \$63 million, and \$31 million, respectively, resulting in no net effect over the 2001–2004 period.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for leg-

islation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By fiscal years, in millions of dollars—									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	18	5	-16	-7	0	0	0	0	0	0
Changes in receipts	Not applicable									

Estimated impact on state, local, and tribal governments: H.R. 2300 contains no intergovernmental mandates as defined in UMRA. Any costs incurred by state or local governments as a result of participation in the program created by this bill would be voluntary. Tribal governments would not be affected by the provisions of this bill.

Under H.R. 2300, states (and local educational agencies in non-participating states) would voluntarily enter into performance agreements with the Department of Education to make measurable improvements in the academic achievement of all students. In return, sates or local educational agencies would be authorized to combine funding from fourteen federal education programs to be used for any educational purpose permitted by sate law in the participating state. While states and local educational agencies may incur costs to develop performance measures and systems to monitor and report progress, such costs would be incurred voluntarily.

Estimated impact on the private sector: The bill contains no private-sector mandates as defined in UMRA.

STATEMENT OF OVERSIGHT FINDINGS OF THE COMMITTEE ON GOVERNMENT REFORM

With respect to the requirement of clause 3(c)(4) of rule XIII of the rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform on the subject of H.R. 2300.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 1, which grants Congress the power to lay and collect taxes, duties, imports and excises, to pay the debts and provide for the common defense and general welfare of the United States.

COMMITTEE ESTIMATE

Clauses 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 2300. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the committee has included in its report at timely submitted cost estimate of the bill prepared by the

Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman). There are no amendments to existing law.

SUPPLEMENTAL VIEWS

Those who wish to diminish federal control over education should cast an unenthusiastic yes vote for the Academic Achievement for All Students Freedom and Accountability Act (STRAIGHT "As"). While this bill does increase the ability of state and local governments to educate children free from federal mandates and regulations, and is thus a marginal improvement over existing federal law, STRAIGHT "As" fails to challenge the federal government's unconstitutional control of education. In fact, under STRAIGHT "As" states and local school districts will still be treated as administrative subdivisions of the federal education bureaucracy. Furthermore, this bill does not remove the myriad requirements imposed on states and local school districts by federal bureaucrats in the name of promoting "civil rights." Thus, a school district participating in STRAIGHT "As" will still have to place children in failed bilingual education programs or face the wrath of the Department of Education's misnamed Office of Civil Rights.

The fact that this bill increases, however marginally, the ability of states and localities to control education, is a step forward. As long as the federal government continues to levy oppressive taxes on the American people, and then funnel that money back to the states to use for education programs, defenders of the Constitution should support all efforts to reduce the hoops through which states must jump in order to reclaim some of the people's tax monies.

However, there are a number of both practical and philosophical concerns regarding this bill. The primary objection to STRAIGHT "As," from a constitutional viewpoint, is embedded in the very mantra of "accountability" stressed by the drafters of the bill. Talk of accountability begs the question: accountable to whom? Under this bill, schools remain accountable to federal bureaucrats and those who develop the state tests upon which a participating school's performance is judged. Should the schools not live up to their bureaucratically-determined "performance goals," they will lose the flexibility granted to them under this act. So federal and state bureaucrats will determine if the schools are to be allowed to participate in the STRAIGHT "As" programs and bureaucrats will judge whether the states are living up to the standards set in the state's five-year education plan—yet this is supposed to debureaucratize and decentralize education!

Under the United States Constitution, the federal government has no authority to hold states "accountable" for their education performance. In the free society envisioned by the founders, schools are held accountable to parents, not federal bureaucrats. However, the current system of leveling oppressive taxes on America's families and using those taxes to fund federal education program denies parental control of education by denying them control over the education dollar. Because "he who pays the piper calls the tune," when

the federal government controls the education dollar schools will obey the dictates of federal "educrats" while ignoring the wishes of the parents.

In order to provide parents with the means to hold schools accountable, I have introduced the Family Education Freedom Act (HR 935). The Family Education Freedom Act restores parental control over the classroom by providing American parents a tax credit of up to \$3,000 for the expenses incurred in sending their child to private, public, parochial, other religious school, or for home schooling their children.

The Family Education Freedom Act returns the fundamental principal of a truly free economy to America's education system: what the great economist Ludwig von Mises called "consumer sovereignty." Consumer sovereignty simply means consumers decide who succeeds or fails in the market. Businesses that best satisfy consumer demand will be the most successful. Consumer sovereignty is the means by which the free society maximizes human

happiness.

When parents control the education dollar, schools must be responsive to parental demands that their children receive first-class educations, otherwise, parents will find alternative means to educate their children. Furthermore, parents whose children are in public schools may use their credit to improve their schools by helping to finance the purchase of educational tools such as computers or extracurricular activities such as music programs. Parents of public school students may also wish to use the credit to pay for special services for their children.

MINORITY VIEWS

Introduction

H.R. 2300, the Academic Achievement for all Act, is nothing less than a national abandonment of our commitment to help our country's most disadvantaged public schools. The bill essentially would give states a "blank check" for billions of dollars in the form of revenue sharing, without accountability or protection of our most vulnerable students.

The H.R. 2300 block grant scheme would allow states to convert part or all of Federal aid into private school vouchers, thus decimating public schools. It would allow states to slash funding for poor schools and move that funding to the most affluent schools. It would allow states to take funds appropriated specifically for special need students, and use it for the general student population.

H.R. 2300 also reneges on the bipartisan agreement reached this week on Title I of ESEA to strengthen accountability and performance of Title I schools.

The H.R. 2300 block grant is bad education policy

Block grants have failed because they lack the focus required to ensure accountability for results in the use of taxpayer dollars to stimulate real reform. Many federal education programs were enacted because states and communities had difficulty meeting the special educational needs of poor, limited English proficient, migrant, neglected, delinquent, and or homeless children. H.R. 2300 surrenders this commitment.

We know from experience that block grants lead to decreased political support for funding because they lack focus and accountability. For example, in 1981 Congress consolidated 26 programs into a single block grant (now Title VI of ESEA). Since then, funding for Title VI has dwindled, falling 63 percent in real terms since 1981. Today,the program has no accountability, no focus, and can demonstrate no success in improving educational achievement. Based on this sorry record, the Republican Majority seeks to emulate this failed idea that has done nothing to improve student achievement.

Loss of targeting and national priorities

H.R. 2300 fails to target Federal funds to the districts, schools, and students with the greatest needs. In particular, it guts the very mission of Title I of ESEA, the nation's \$8 billion flagship program for the nation's poor children. H.R. 2300 would essentially repeal Title I's need and poverty-based allocation procedures by allowing States to distribute funds in a way that the governors and State legislatures decide. In many states this would be a disaster for the nation's poor students.

Many other programs focus dollars to poor areas. Class Size Reduction allocations are based largely on the number of poor children in each district. Similarly, criteria for State allocation of Safe and Drug-Free Schools funds to local education agencies include "high-need factors" such as high rates of drug use or student violence.

Most Federal education programs were created specifically to serve disadvantaged groups, after Congress found that States and localities were not meeting the needs of those groups on their own. Nearly 30 years after the creation of many Federal education programs, GAO still finds that State funding formulas are significantly less targeted on high-need districts and children than are Federal formulas.¹

Congress has often helped communities address national priorities with resources, based on a sound track record by local educational agencies. For example, national leadership by Congress to reduce class size in the early grades, tackle youth and drug alcohol abuse, and provide professional development for teachers, and enhance technology in the schools have already reaped rewards. H.R. 2300 guts these key national priorities, despite overwhelming public support.

Straight A's is the Anti-Accountability Act

The Republican Majority's emphasis on block granting, eliminating oversight and accountability, and eliminating targeting, flies in the face of the "Academic Achievement for All" that the Majority purport to want. The reality is that only a strong federal role in education will assure that all children have equal access and equal opportunity to quality education. The Straight A's Act would replace the fiscal and performance requirements with a toothless "performance agreement." The States could take federal funds allocated for poor and special needs students and use it for "any educational purpose permitted by State law." The Secretary would have to approve these 5 year agreements, even if they include weak and ineffective assessment and performance indicators. States that fail to meet these so called performance agreements would face only minimal sanctions (loss of some administrative funds.)

Breaks the bipartisan agreement to strengthen Title I

It is ironic that the Republican Majority would pass the Straight A's "block grant" scheme on the day it voted, in a bipartisan manner, to enhance the accountability and performance of Title I programs. H.R. 2, as amended by the Committee maintains targeting requirements to serve poorest schools first, increases funding for Title I schools, requires parent report cards to help parents hold schools accountable, requires all teachers to become fully accountable, prohibits use of Title I funds for private vouchers, continues the 1994 reforms requiring all states to have rigorous standards and assessments, and makes permanent the comprehensive, re-

¹In 1998, GAO found that high-poverty districts had less local funding than low-poverty district per weighted pupil in 37 of the 47 states GAO analyzed. When GAO added state and federal funds to local funds for GAO's analysis, only 21 states still had such funding gaps, and these gaps were smaller in each state. Nevertheless, about 64 percent of the nation's poor students live in these 21 states. See "School Finance State and Federal Efforts to Target Poor Students" (GAO/HEHS–98–36, January 1998).

search based educational school reform program that helps commu-

nities overhaul struggling schools.

H.R. 2 eviscerates these bipartisan reforms before the ink on the bipartisan agreement is dry and returns to the partisan attacks on federal aid to public education that have dominated much of the Republican-controlled Congress.²

H.R. 2300 torpedoes local school control

While H.R. 2300 may be a bonanza for governors, it excludes local school district participation. The Council of Great City Schools, which represents the country's largest and diverse public

schools, strongly opposes H.R. 2300;

"The bill repeals from current law virtually all critical local decision-making authority regarding the use and focus of the super flex funding, allowing the States to dictate local uses of funds based upon their political judgment at the moment * * * [It allows] * * * the State's chosen priority, to the exclusion of local school district priorities such as reading, math, science, or special needs children. A state could decide to use all these federal funds for private school vouchers, if allowed under State law."

Conclusion

There is a national consensus to promote high academic standards for all children, target resources to children with the greatest need, and enhance public accountability and oversight. The public overwhelmingly supports federal aid to help communities reduce class sizes, ensure high quality teachers, and help all children learn the basics. This bill shamefully abandons the federal partnership in public education, and leaves disadvantaged schools and school children to fend for themselves.

The National Coalition for Public Education, Washington, DC, October 5, 1999.

Committee on Education and the Workforce, House of Representatives, Washington, DC.

DEAR REPRESENTATIVE: The National Coalition for Public Education is comprised of more than 50 education, civic, civil rights, and religious organizations devoted to the support of public schools. Our coalition is opposed to the diversion of public education funds to private and religious school vouchers or other similar funding mechanisms. It is with our mission in mind that the undersigned organizations are writing to oppose H.R. 2300, the "Academic Achievement for All" (Straight A's) Act.

In the Straight A's bill, funds can be used for any educational

In the Straight A's bill, funds can be used for any educational purpose determined by the governor and state legislature that is permitted by state law. In some states, large amounts of money

²Since the Republicans took control of the House of Representatives in 1994, they have proposed: abolishing the Department of Education; diverting of dollars in public school funds for private school vouchers; cutting school lunches; ending equal opportunity in higher education; gutting bilingual education; tax cuts for the wealthy to send children to private schools; slashing billions of dollars from education programs; eliminating the summer youth jobs program; eliminating school-to-work opportunities for high school students; eliminating the in-school interest subsidy for student loans; and eliminating the safe and drug-free school program.

could be diverted from public schools, where 90% of our Nation's students are educated, to private or religious schools that serve a far smaller number of students.

Our coalition opposes vouchers because:

• Vouchers do not ensure parental "choice."

Private schools do not have to serve all students and can reject those with disabilities, who lack English proficiency or have other special needs. Choice really belongs to the private school administrators who select who will be admitted.

• Vouchers do not improve public schools through competition.

Public and private schools are not on a level playing field, so genuine competition is impossible. Public schools must accept all students, whereas private schools can hand-select who will be admitted.

Voucher programs lack accountability.

Private schools are not required to be accountable to the public. Private schools do not have to disclose test scores, drop out rates, or school safety and discipline information.

Vouchers do not protect our children's civil rights.

Private schools are not subject to and do not have to comply with all federal anti-discrimination laws designed to protect our children.

• Vouchers would force federal taxpayers to support religious beliefs and practices with which they may strongly disagree,

Public funds used to pay for parochial school education is a violation of the U.S. Constitution's First Amendment doctrine of church-state separation.

In conclusion, we do not believe there is a need for the massive and arbitrary overhauls of federal education programs proposed in the Academic Achievement for All Act. Congressional committees review federal programs regularly and refine and improve them as needed. In fact, as a result of recent reauthorizations, school districts already have tremendous flexibility to make decisions about how they will use the money they receive from federal programs. In addition, the Ed-Flex bill, just enacted in April, provides for increased flexibility, but still maintains program purpose and integrity. Just last month, the House of Representatives adopted important new accountability provisions requiring teachers to be certified and qualified to teach, yet Straight A's could allow states to disregard these provisions in their performance plans if they so choose.

We ask that you focus on improving current ESEA programs, and not overhaul them as outlined in H.R. 2300. Instead we ask that you strengthen your commitment to improving education through support for an increased federal investment.

Sincerely,

American Association of University Women; American Federation of School Administrators; American Federation of Teachers; Association for Career and Technical Education; Consortium for School Networking; Council of the Chief State School Officers; Council of The Great City Schools; International Reading Association; National Alliance of Black School Educators;

National Association for Bilingual Education;

National Association for Elementary School Principals;

National Association of School Psychologists;

National Association of Secondary School Principals;

National Association of State Boards of Education;

National Association of State Directors of Special Education;

National Education Association;

National Education Knowledge Industry Association;

National PTA;

National Science Teachers Association;

New York State Education Department.

LEADERSHIP CONFERENCE ON CIVIL RIGHTS, Washington, DC, October 1, 1999.

Hon. WILLIAM L. CLAY, House of Representatives, Rayburn House Office Building, Washington, DC.

H.R. 2300 Undercuts Education Reform and Fails to Target Resources

DEAR REPRESENTATIVE CLAY: The Leadership Conference on Civil Rights (LCCR) strongly supports legislation that will extend and improve the 1994 Elementary and Secondary Education Act (ESEA) Title I reforms that Congress adopted to provide educational opportunity to all children. We oppose the Academic Achievement for All Act (Straight A's) (H.R. 2300) because it would undercut the premise of those reforms by diluting the commitment to higher standards and dissipating the effort to target resources to children who need them the most. Further, it would have a grave impact on the gender equity language that LCCR worked hard to incorporate into the 1994 ESEA.

H.R. 2300 would create a block grant that gives states, through governors and state legislatures, the authority to consolidate over \$11.9 billion on federal education funds. More than 80 percent of all Federal support to elementary and secondary education would be included in this block grant. Further, states could divert edu-

cation funds to other purposes.

Currently local school districts have authority and flexibility with their federal education funds to carry out the programs established by Congress. H.R. 2300 would allow governors and state legislatures, not local school districts, control over all federal education funds. Thus, if this bill were enacted, the balance of authority within a state would shift from local communities to governors and state legislatures.

LCCR believes that H.R. 2300 undermines the federal commitment to improve public schools. It offers funding to states with no assurance that these funds will go to helping all children reach high standards and support proven practices to raise student achievement. Straight A's does not ensure that the most disadvantaged students receive the resources and support they need to

achieve high academic standards, and it does not promote gender bias-free education. Indeed, as a recent Government Accounting Office report pointed out, federal education funds are much more targeted to areas of need than state funds.

Nor has any case been made that H.R. 2300 is needed. Broad authority to waive regulations exists under current law and there is no evidence that states or local school districts are currently re-

strained from taking any educational initiative.

If H.R. 2300 is enacted, governors and legislatures could decide to use all federal education funding without regard to the specific educational purposes that Congress has identified as national priorities. H.R. 2300 would effectively eliminate most of the federal education programs, including: the Women's Educational Equity Act (WEEA), the only federal program aimed at promoting educational equity for girls and women; Title I, which provides funding to low-income schools; and professional development, education technology, and vocational education programs. If H.R. 2300 were to become law, schools would no longer be encouraged to promote gender bias-free education including: addressing gender bias in teacher training; preventing sexual harassment in schools; meeting the special needs of pregnant and parenting teenagers; or promoting math and science courses for girls.

We urge you to support higher standards and targeting resources to children who need them most and to oppose H.R. 2300 when it is considered by the House Education and the Workforce Committee. If you have any questions, please call Wade Henderson, Bill

Taylor, or Nancy Zirkin.

Sincerely,

Wade Henderson,
Leadership Conference on
Civil Rights.

BILL Taylor,
Leadership Conference on
Civil Rights.

Nancy Zirkin,
American Association of University Women.

Council of the Great City Schools, Washington, DC, October 12, 1999.

Hon. WILLIAM CLAY, Ranking Member, Education and the Workforce Committee, House of Representatives, Washington, DC.

DEAR CONGRESSMAN CLAY: The Council of the Great City Schools, the coalition of the nation's largest central city school districts, writes to express our unequivocal opposition to the Straight

A's bill pending before the Committee.

The bill overrides the traditional focus of federal education assistance that targets funds and services on children with special needs. This "super flex" approach is tantamount to a wide-open block grant of federal elementary and secondary aid. Ironically, this untargeted approach is apparently unacceptable for educational services targeted on disabled children, but acceptable for disadvan-

taged children, migrant children, neglected and delinquent children, and others.

The bill repeals from current law virtually all critical local decision-making authority regarding the use and focus of these super flex funds, allowing the States to dictate local uses of funds based upon their political judgement at the moment. School discipline and security, for example, could be the State's chosen priority, to the exclusion of local school district priorities such as reading, math, science, or special needs children. A State could decide to use all these federal funds for private school vouchers, if allowed under State law. And similarly, a State could hire an army of new state employees to ostensibly help local school districts.

In addition, the bill overrides current local formula allocations under a variety of programs, replacing these local allocations with only a minimal Title I hold-harmless provision to ensure that a school district receives any funding whatsoever under this bill. In short, with the exception of a Title I hold-harmless, this "Straight A's" bill allows for State discretionary de-funding of individual

school districts.

Finally, the bill ostensibly trades flexibility for greater accountability. Yet, the bill provides for only a minimal administrative wrist slap if no progress is made in the five-year term of the State performance agreement.

The Council requests a "NO" vote on this unwise and potentially

harmful measure.

Sincerely,

MICHAEL CASSERLY, Executive Director.

NATIONAL EDUCATION ASSOCIATION, Washington, DC, October 5, 1999.

Committee on Education and the Workforce, House of Representatives, Washington, DC.

DEAR REPRESENTATIVE: On behalf of the National Education Association's (NEA) 2.4 million members, we would like to express our strong opposition to the Academic Achievement for All Act (H.R. 2300), scheduled to be marked-up October 6th. We believe this bill would have devastating consequences for the future strength of our public education system.

NEA strongly supports efforts to strengthen federal education programs through increased efficiency, effectiveness and flexibility. The proposed block grant legislation, however, would undermine such reform efforts by failing to maintain fiscal and programmatic accountability, eliminating targeting of programs to specific needs, and diluting distribution of funds to schools based on financial need.

Federal investment in public education has been successful precisely because of the accountability and controls placed on the dollars and the targeting of federal resources to those areas with the greatest needs. Targeted, accountable, federal programs have been essential in addressing national concerns not addressed by individual states and in ensuring all students a quality public education. Eliminating federal accountability and local decision-mak-

ing—and turning all control for federal dollars over to Governors—represents a major step in the wrong direction.

In addition, because the proposed legislation allows federal funds to be used for any education purpose permissible under state law, it could result in the diversion of dollars away from public schools through private or religious school vouchers. NEA strongly opposes vouchers and voucher-like plans that divert essential resources from the 90 percent of students attending public schools.

Finally, NEA believes that the proposed block grant would contradict the very important accountability proposals included in the Student Results Act (H.R. 2). By allowing states to opt out of these accountability provisions, H.R. 2300 undermines bipartisan efforts to strengthen programs through increased accountability.

We believe H.R. 2300 represents a dangerous threat to efforts to enact positive education reforms and to strengthen public education for the 21st century. We strongly urge you to oppose H.R. 2300.

Sincerely,

MARY ELIZABETH TEASLEY, Director of Government Relations.

WILLIAM L. CLAY. DALE E. KILDEE. Major R. Owens. Patsy T. Mink. TIM ROEMER. LYNN WOOLSEY. Снака Гаттан. CAROLYN McCarthy. RON KIND. HAROLD E. FORD, Jr. DAVID WU. GEORGE MILLER. MATTHEW G. MARTINEZ. DONALD M. PAYNE. ROBERT E. ANDREWS. Bobby Scott. CARLOS ROMERO-BARCELO. RUBEN HINOJOSA. JOHN F. TIERNEY. LORETTA SANCHEZ. DENNIS J. KUCINICH. RUSH HOLT.

ADDITIONAL VIEWS

During the House Education and the Workforce Committee's markup of H.R. 2300, the Academic Achievement for All Act (Straight A's Act), Congressman Chaka Fattah offered and we supported an amendments that would focus the Federal government's efforts on ensuring that all public school students receive an equal and adequate education regardless of where they live. This amendments received the full support of our Democratic colleagues on the Committee.

Congressman Fattah's amendment offered to H.R. 2300 on educational equity would simply require that States certify to the Secretary of Education that either the per pupil expenditures are "substantially equal" across the state or that achievement levels are "substantially equal" across the state. The amendment further calls for the consultation with the National Academy of Sciences to develop definitions for "substantially equal" and "per pupil expenditures".

When the issue of school finance equity has been raised supporters of the status quo have argued that achievement is not directly related to quantity of dollars and services provided to public school students. We strongly disagree with this assertion. The obsolescence of our nation's school finance systems is having a devastating effect on both educational equity and educational equality in school districts all over the country. There has been no significant change in these systems for 70 years. Court challenges pending in 23 states are finding not only that they perpetuate gross disparities in the resources that are available to districts of different wealth, but also that these antiquated systems are geared to meeting minimum standards rather than to providing the high quality, world class education our children need to compete in today's global economy.

The United States consistently ranks last among the top ten industrialized nations in the educational attainment of its students. Most of the school districts in the country need enriched and expanded curricula, better facilities, higher quality and greater quantity of text books, instructional equipment, audiovisual materials, consumable supplies, computer labs and libraries. Poorer school districts have inferior course offerings, dilapidated facilities, higher drop out rates, and failing scores. We cannot lift our national performance without addressing the need of these districts. We cannot preserve our viability as a nation unless we can insure that all

children have the level of education they need to be citizens and to compete in the labor market.

CHAKA FATTAH. PATSY T. MINK. DONALD M. PAYNE.

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