LEGISLATIVE RESOLUTIONS 131 & 149

INTERIM STUDIES TO EXAMINE SCHOOL ACCOUNTABILITY (LR 131)
&
HOW SCHOOL FINANCE DATA IS REPORTED TO THE PUBLIC AND WHAT TYPE OF INFORMATION WOULD ASSIST THE LEGISLATURE IN DETERMINING THE COST EFFECTIVENESS OF STATE AID FOR K-12 EDUCATION (LR 149)

FINAL REPORT

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EDUCATION COMMITTEE OF THE NEBRASKA LEGISLATURE

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SECTION I – DISCUSSION OF ISSUES RAISED IN LRs 131 & 149

Collectively, Legislative Resolutions 131 and 149 raised the following issues for consideration:

(1) Ways the Legislature can evaluate how state aid money is expended by public schools (LR 131);

(2) The accountability that school districts must provide to show that the funds they receive through state and local resources are expended on effective educational programs (LR 131);

(3) Ways the Legislature can be assured that every public school student in the state is receiving a quality education (LR 131);

(4) How school finance data is reported to the public and how it could be made more user-friendly, comparable, and understandable (LR 149); and

(5) What type of information would assist the Legislature and the public in evaluating the cost-effectiveness of state aid for K-12 education (LR 149)?

We'll begin with a discussion of each of these issues, followed by a brief listing and description of some quality sources of information on school finance and student performance. The report will conclude with recommendations and conclusions of the staff group. Full text of LRs 131 and 149 is available in Appendix A.

Issue #1: Ways the Legislature can evaluate how state aid money is expended by public schools.

Public schools in Nebraska receive state funding through a variety of channels. The largest and most recognized source of state support is the Tax Equity and Educational Opportunities Support Act (TEEOSA). Aid attributable to TEEOSA comes in a number of forms, including equalization aid, income tax rebate, net option funding, and retirement aid. In addition to aid received through TEEOSA, public schools also receive revenue from fines and licenses, school lands, and payments in lieu of property taxes through the homestead exemption and property tax credit programs. A separate state appropriation is also made for special education. In 2007-08 school fiscal year, more than $1 billion in state dollars were provided in support of K-12 public education.

Unless state dollars are required to be used for a specific purpose, they lose their status as state dollars upon being received by the district. For that reason, there is no way to say definitively how most state dollars are spent. However, detailed information is available as to how schools spend the money they have from all sources collectively. State law requires school districts to submit an annual financial report to the Nebraska Department of Education. The data submitted on these annual financial reports is used to calculate TEEOSA. Statewide and individual district annual financial reports dating back to the

1992-93 school year are available on the Department of Education's website (http://ess.nde.state.ne.us/ASPX/Search.aspx?id=1).

Issue 2: The accountability that school districts must provide to show that the funds they receive through state and local resources are expended on effective educational programs.

Arriving at a determination of whether spending on a given budget item is effective is more difficult than it initially appears. First, effectiveness is, at least to some extent, subjective. Differences in priorities lead to different opinions as to whether spending on a given program constitutes an effective use of public dollars. Second, many if not most items in a school budget aren't subject to quantitative assessment as a means of determining effectiveness. While programs and other budget items are scrutinized prior to receiving funding, there are often no formal data with which to evaluate effectiveness.

However, a great deal of attention is given to determining how well schools are doing in fulfilling their primary goal of educating students. State law requires the State Board of Education to implement a statewide assessment and reporting system to measure how well public schools are succeeding in educating students to state academic content standards in reading, writing, math, and science. The results are released to the public annually via the State of the Schools Report. The report, available on the Nebraska Department of Education's website, contains results on a statewide, school district, and school building level (http://reportcard.nde.state.ne.us/Main/Home.aspx). State law also requires school districts to administer national assessment instruments to enable comparison with students across the country.

There are efforts in TEEOSA to provide accountability for money spent on certain programs. In order to receive allowances for poverty and limited English proficiency (LEP) programs, school districts must file plans with the Department of Education or the learning community coordinating council if the district is a member of a learning community. The plan must specify how the district plans to spend its resources the following school year to address these needs, and how the effectiveness of such programs will be evaluated. Poverty and LEP plans must ultimately be approved by the Department or the learning community coordinating council if the district is a member of a learning community.

Issue 3: Ways the Legislature can be assured that every public school student in the state is receiving a quality education.

In order to determine whether a quality education has been provided, one must first determine what constitutes a quality education. State law requires the State Board of Education to adopt academic content standards in the areas of language arts (reading and writing), mathematics, science, and social studies in order to define the knowledge and abilities that students are expected to have at a particular grade level. Thus, it could be interpreted that fulfillment of these standards constitutes a quality education from the perspective of the state. There are those, however, who feel the standards do not go far enough in preparing students for college or the workforce. In an effort to address that concern, state leaders have agreed to participate in the Common Core State Standards Initiative, a collaborative effort among 48 states focused on establishing and adopting a uniform set of internationally benchmarked standards in English and math. More information regarding the Common Core State Standards Initiative is available at http://www.corestandards.org/.

Even if proficiency on state standards was the agreed-upon benchmark for a quality education, determining how many students meet that benchmark would still prove difficult. First, the information provided in the annual State of the Schools Report is intended to provide the public with information on how well schools are doing in educating students to the state standards. It does not include information on the proportion of individual students who demonstrated proficiency in the subjects in which they were assessed. Therefore, from the information currently provided, one cannot determine the percentage of a district's students which met the standards across the board, and by doing so would be deemed as receiving a quality education. With the requirement for a statewide system for tracking individual student achievement established in LB 653 in 2007, data of this nature should be able to be produced.

Second, the ability to meet state standards is not a direct requirement for graduation. Pursuant to Rule 10, schools must require students to complete a minimum of 200 credit hours in grades 9 through 12 in order to graduate, with 80% of those hours attributable to core curriculum offerings. Given that, the relationship between graduation and proficiency on state standards is indirect. Curriculum is aligned to state standards for purposes of school accountability, and students must complete that curriculum in order to graduate. However, students in Nebraska are not directly required to demonstrate proficiency on state standards in order to graduate.

Regardless of the indicator used to determine whether a quality education has been received, odds are there will always be some students who will fall short. The question then becomes what to make of these students. Have these students failed to receive a quality education, or have they failed to take advantage of the education provided? Academic success is influenced by a variety of factors. Students, parents, school personnel, and a variety of social, emotional, economic, language and mobility issues all play a part. Because of the many factors involved, it is difficult in most cases to attribute success or failure to any one party. So, while it's not only difficult to determine whether a student received a quality education, it's also difficult to establish who or what is to blame when it appears that a quality education has not been received.

Issue 4: How school finance data is reported to the public and how it could be made more user-friendly, comparable, and understandable?

Data and information on school finance are available to the public on the Nebraska Department of Education's Data Services and Finance and Organizational Services website. As previously mentioned, the spending data used in TEEOSA are derived from annual financial reports (AFRs) submitted by school districts to the Department of Education. AFRs dating back to the 1992-93 school year are available for each school district on the Department's website (http://ess.nde.state.ne.us/ASPX/Search.aspx?id=1).

To those who are unfamiliar with it, the AFR is difficult to navigate. A user's manual is available to assist in interpreting the information included in the document (http://ess.nde.state.ne.us/SchoolFinance/AFR/Downloads/0708/08UsersManual.pdf). Using a printed copy as a reference is also helpful in understanding the information included (http://ess.nde.state.ne.us/SchoolFinance/AFR/Downloads/0708/0708paperAFR.pdf).

The Department of Education's website also includes historical data for each district on state aid received, average daily attendance and average daily membership, and selected budget information from LC-2 forms (http://ess.nde.state.ne.us/ASPX/Default.aspx). A school-by-school listing of AFR data, assessed valuations, LC-2 information, property tax levy data, and state aid data for a particular school year can also be downloaded from this page.

The Department's website also contains detailed information on state aid certification for the most recent year (http://ess.nde.state.ne.us/SchoolFinance/StateAid/) and years past (http://ess.nde.state.ne.us/SchoolFinance/StateAid/PreviousStateAidCertifications.htm). Data regarding the various components of state aid certified for each school system are available dating back to 1999-2000 aid certification. In addition, the Department's TEEOSA document provides a thorough description of the formula and its various components (http://ess.nde.state.ne.us/SchoolFinance/StateAid/Downloads/0910/TEEOSA_Doc_revised06-16.pdf). The document is available for each year's aid certification dating back to 2002-2003.

The Department's website also contains data on the per-pupil cost statewide and for individual districts (http://ess.nde.state.ne.us/SchoolFinance/AFR/PerPupil.htm). The statewide per-pupil cost based on average daily membership is available dating back to 1980-81 (http://ess.nde.state.ne.us/SchoolFinance/AFR/StatwidePPC.htm). A listing of per-pupil costs for individual districts, based on both average daily attendance and average daily membership, can be downloaded beginning with the 1992-93 school year (http://ess.nde.state.ne.us/SchoolFinance/AFR/PPCArchive.htm). Statistics on school membership and personnel are also available on the Department's website (http://ess.nde.state.ne.us/DataCenter/DataInformation/).

Another source for information on property tax levies and valuation is the Property Assessment Division of the Nebraska Department of Revenue. The Property Assessment Division produces an annual report (http://pat.nol.org/researchReports/annual/2008_Separate_Tables.html) that includes information on school district valuation and levies (see Tables 12, 13, and 14 of the 2008 report). Annual reports for previous years are also available (http://pat.nol.org/researchReports/annual/).

There are several other sources for data on public schools. These sources and the information available from them are discussed in Section II of this report. The staff group's recommendations for improving school finance data are discussed in Section III.

Issue 5: What type of information would assist the Legislature and the public in evaluating the cost-effectiveness of state aid for K-12 education?

As mentioned in the discussion on Issue 1, state aid loses its status as state funds unless it is earmarked for a certain purpose. As a result, it typically isn't possible to assess the efficiency and effectiveness of state aid dollars specifically because they are intermingled with other funds in a school district's budget. Data are available to help evaluate if schools are using the funds they receive from all sources in a cost-effective manner. However, arriving at such a conclusion requires that a number of factors affecting school costs be taken into consideration.

For example, consider a hypothetical district with a per-pupil cost of $12,500 for the 2007-08 school year. When compared to the statewide average per-pupil cost of $9,529, this school appears inefficient. However, when taking into consideration other factors such as size and location, number of students with special needs such as LEP and poverty, transportation and distance learning costs, etc., it could be the case that this district is operating at quite an efficient level relative to other districts facing similar circumstances. The difficulty in arriving at a determination of efficiency is that it requires a good amount of knowledge about the circumstances facing individual schools. Someone seeking to form an opinion about his or her school's cost-effectiveness not only has to know which factors make a difference, but also has to have data on those factors. For the average citizen, this level of detail amounts to too much information. Just the same, it is necessary to arrive at some conclusion as to whether or not a school district is operating efficiently.

The state uses an "equalization" formula in an effort to direct state dollars for education to where they are most needed. Equalization formulas operate on the basis of the equation "Needs – Resources = State Aid". Aid, then, is the equalizing component between the amount a school district would be expected to spend based on a needs calculation and the amount that they are expected to collect in revenue, primarily through property taxes. This format allows the state to efficiently target aid to districts that, theoretically, need it the most. The aid used to close the gap between a district's calculated needs and its calculated resources is referred to as equalization aid. For the 2007-08 school year, equalization aid accounted for 90% of the nearly $770 million distributed through TEEOSA and approximately 66% of the total state dollars provided in support of K-12 education.

The remaining third of state support is provided through a variety of sources that don't require a school district to be "equalized" (i.e. its needs exceed its resources) in order to receive funding. In TEEOSA, these sources include income tax rebate (approximately $28 million for 2007-08) and net option funding ($46.11 million). For school years 2009-10 through 2013-14, the state will also provide $15 million in aid annually to help schools address the shortfall in retirement funding. In addition to funds allocated through TEEOSA, schools receive state support for special education ($173 million for 2007-08); revenue from school educational trust lands ($32 million); miscellaneous income from programs such as those for high-ability learners, state ward education, early childhood education and the textbook loan program ($15 million); and state payments in lieu of property tax revenue lost as a result of the homestead exemption ($30 million) and property tax credit program ($38 million). Funds received from these other sources are counted as resources in TEEOSA. For equalized districts, these funds offset amounts that otherwise would be paid as equalization aid.

There are several mechanisms within TEEOSA to encourage efficiency. Basic funding, the primary component of a district's needs calculation, is based on spending data averaged among an array that includes the next five larger and the next five smaller schools in terms of enrollment. This averaging mechanism discourages school districts from spending inefficiently due to the fact that any additional spending will average out among other districts in the array.

TEEOSA also contains numerous allowances and adjustments intended to account for cost variances among districts in certain budget areas. The distance education, summer school, and instruction time allowances each use a factor of 85% in determining such allowances. The remaining 15% of the cost is included in basic funding which, because it is averaged among districts in the array, provides an incentive for schools to spend efficiently. Additionally, the poverty and limited English proficiency allowances are limited to the lesser of the amount designated by the district or an amount derived pursuant to a formula.

TEEOSA also contains a factor called the local choice adjustment. The adjustment applies to any school district with basic funding per student that exceeds the basic funding per student of the school district closest to 390 students, and a) has fewer than 390 students, b) is in the standard cost grouping, and c) received fewer than 25% of its general fund operating expenditures in the most recently complete data year or in either of the two fiscal years preceding the most recently complete data year. For districts fitting these criteria, equalization aid is reduced by an amount equal to 50% of the difference between the district's basic funding per student and the basic funding per student for the district closest to 390 students, multiplied by the number of students in the district. The adjustment is designed to split the difference in the excess basic funding per student for districts that are small by choice, with 390 students being the standard for an efficiently sized district in areas where merger is a possibility.

As mentioned previously, school districts are also required to submit a plan in order to receive the limited English proficiency (LEP) and poverty allowances. These plans must include a method for evaluating effectiveness, and must be approved by the Department of Education or, if the district is a member of a learning community, the learning community coordinating council. This effectiveness component contributes to efficiency by helping ensure that state and local tax dollars are not directed at ineffective programs.

SECTION II – SOURCES OF SCHOOL FINANCE AND STUDENT PERFORMANCE DATA

THE STATE OF THE SCHOOLS REPORT
http://reportcard.nde.state.ne.us/Main/Home.aspx

The State of the Schools Report, available on the Nebraska Department of Education's website, contains information on aggregate student performance in reading, writing, math, and science at various grade levels. Information is available at a statewide, district, and building level. The website also contains statistics on school spending and receipts, teacher and student characteristics, and district graduation requirements. Student performance on national assessment instruments and the ACT is also included.

NEBRASKA DEPARTMENT OF EDUCATION DATA SERVICES AND FINANCE AND ORGANIZATIONAL SERVICES
http://ess.nde.state.ne.us/Default.htm

As mentioned previously in the discussion on Issue #4, the Department of Education's Data Services and Finance and Organizational Services website contains a large amount of detailed information on school finance. Aid certification data, annual financial reports, per-student costs, selected information from school district budget forms, valuation and levy data are available.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS BUDGET DATABASE
http://www.auditors.state.ne.us/index_html?page=content/budget_info/budget_db_search.html

The Auditor of Public Accounts' website contains a database of budget information for all political subdivisions, including school districts. School district budget data are available dating back to the 2000-01 school year. The database includes information related to various types of school funds, including the general fund, employee benefit fund, bond fund, special building fund, and depreciation fund. The website conveniently allows data to be downloaded into an Excel spreadsheet.

NEBRASKA DEPARTMENT OF REVENUE PROPERTY ASSESSMENT DIVISION ANNUAL REPORTS
http://pat.nol.org/researchReports/annual/

Data on school district levies and valuation are included in an annual report produced by the Department of Revenue's Property Assessment Division. District valuation, tax collection amounts, and levy rates are available.

NEBRASKA STATE EDUCATION ASSOCIATION TEACHER SALARY SCHEDULES
http://nsea.org/members/bargaining/compensation.htm

The Nebraska State Education Association's website contains teacher salary schedules and benefit information for districts across the state. Information is available beginning with the 2006-07 school year.

COUNCIL OF CHIEF STATE SCHOOL OFFICERS' SCHOOL DATA DIRECT WEBSITE
http://www.schooldatadirect.org/

This website, a product of the Council of Chief State School Officers' State Education Data Center, provides a user-friendly, detailed source of data on public schools at a national, state, and school level. The site contains information on school environment (class size, teacher/student ratios, student and teacher demographic information), spending and revenue (including compensation information), and student performance (graduation rates, performance on NAEP, SAT, and state accountability measures). The website allows for comparisons between states and individual schools, as well as advanced searches for specific information. Data can also be downloaded into an Excel spreadsheet. The website also contains a state-specific glossary of educational terms.

NATIONAL CENTER FOR EDUCATIONAL STATISTICS
http://nces.ed.gov/

The National Center for Educational Statistics is the primary federal source of data on education. The website contains several statistical databases, including:

The Common Core of Data, a collection of fiscal and non-fiscal data regarding public schools (http://nces.ed.gov/ccd/);

The Digest of Education Statistics, which provides information on a broad range of topics within the scope of pre-kindergarten through postsecondary education, including revenues, expenditures and student achievement at the elementary and secondary school level (http://nces.ed.gov/programs/digest/); and

The Education Finance Statistics Center, which provides financial information for public schools (http://nces.ed.gov/edfin/index.asp);

The website also provides state and district profiles, the ability to search for data on a specific topic, as well as the ability to download data into Excel.

UNITED STATES CENSUS BUREAU
http://www.census.gov/govs/school/index.html

The U.S. Census Bureau annually collects financial data on K-12 public education. Revenue, expenditure, debt and asset information is available at both an individual district and state level. The most recent data, for the 2006-07 fiscal year, were released this past July. Data dating back to the 1991-92 school fiscal year are available on the Census Bureau's website (http://www.census.gov/govs/school/historical_data.html).

The Census Bureau also administers surveys on behalf of the National Center for Educational Statistics (http://www.census.gov/govs/eses/index.html). The data obtained from these surveys are included in the NCES Common Core of Data.

SECTION III – RECOMMENDATIONS AND CONCLUSIONS

RECOMMENDATIONS

1. Provide additional detail on spending within federal programs reported on the annual financial report.

The staff group believes that greater detail is necessary with regard to expenditures on federal programs reported on the annual financial report. Currently, schools must report only the amount expended on a particular federal program, with no further breakdown as to how much was spent within such program on employee salaries and benefits, classroom equipment and materials, etc. This lack of detail leads to a somewhat incomplete picture of how school districts are using funds, particularly with regard to personnel, which is commonly the largest expenditure item in a program. Expenditures on federal programs as a percentage of statewide general fund expenditures have grown significantly in the past two decades, from 2.9% in 1986-87 to 7.5% in 2006-07. As these expenditures continue to grow, the information from the annual financial report becomes less precise. The staff group proposes that expenditures within federal programs be provided in order to offer a more complete picture of how schools are utilizing funds.

2. Provide a link from the State of the Schools Report to information on school finance and national comparison data.

The information on school districts provided in the State of the Schools Report includes general information on school district revenues and expenditures. Additional spending data, such as per-student costs, is available on the Department of Education's website, but is not included in the State of the Schools Report. The staff group believes that per-pupil cost should be included among the information in the State of the Schools Report, either as an additional component of each district's data profile or by providing a link to per-pupil cost information on the Department's site. However, the staff group urges caution in using this indicator, or any single indicator for that matter, to form conclusions about school efficiency. As mentioned in the discussion on Issue #5, several factors must be taken into consideration in order to fairly evaluate whether a school district is operating in an efficient manner.

Additionally, the staff group recommends that a link to a website containing national school finance and student performance data be provided for those interested in comparing state and district results to those nationally. The SchoolDataDirect.org site referenced above is, in the staff group's view, a quality source for such information.

3. Require school districts to provide financial and student performance information to its residents via their website, or in a hard copy format available in the district office if the resident does not have internet access.

While a great deal of information on public schools is available, there is no central location for information on both student performance and financial issues. The staff group believes that the first place school patrons look to find such information is from their local school district. With that in mind, the staff group is supportive of requiring all school districts to provide selected school finance and student performance information on their websites. The staff group is aware of only two school districts in Nebraska that currently do not have a website. The information provided on the website would include:

- A link to the district's profile on the State of the Schools Report;
- The district's per-pupil spending relative to the statewide average;
- A list of courses offered in grades 9 through 12;
- The district's graduation requirements;
- General fund expenditures for the current school year and the previous five school years, along with the annual percentage change in such expenditures;
- The school district's total property tax levy for the current year and the previous five years, including a breakdown of the amount attributable to different types of levies (i.e. general fund, special building fund, bond levies, qualified capital purpose levy);
- Links to websites that offer state and national data for purposes of comparison (i.e. State of the Schools Report, SchoolDataDirect.org);
- The following teacher compensation information: the school district's negotiated salary schedule, benefit options, and the employer and employee costs for each benefit option; the number of teachers compensated under each level of the salary schedule and the number of teachers who chose each benefit option; the number of contract days; and the amount of pay for extra duties such as coaching or supervising school activities; and
- Annual salary and benefit amounts for individual school administrators.

Packets containing the above information would be available in the school district office for residents of the district who do not have internet access.

CONCLUSIONS

1. Availability and Utilization of School Data

To the extent that problems exist with respect to school finance and student performance information, it is a problem of too much information rather than not enough. The staff group found that a tremendous amount of information is available regarding school finance and student performance. With so much information available, the average citizen is left overwhelmed and looking for a basic set of indicators from which to form an accurate conclusion. The desire to simplify is understandable. At the same time, the questions school patrons most often want answered – such as how well is my school doing and is it operating efficiently – don't lend themselves to simple answers. A deeper understanding of the factors involved in educating students in a particular district must be taken into consideration. From the standpoint of providing information, the challenge is one of simplifying without losing context. There may be no way to satisfy both objectives simultaneously.

2. The Impact of the American Recovery and Reinvestment Act on Reforming Data Collection and Academic Standards and Assessment

<u>State Fiscal Stabilization Funds</u>

Recent federal initiatives in the American Recovery and Reinvestment Act (ARRA) could have a significant impact on data collection and standards and assessment (http://www.ed.gov/policy/gen/leg/recovery/index.html). In order to receive State Fiscal Stabilization Funds (SFSF) under ARRA, governors had to file an application stating that their states would strive to meet certain assurances specified in section 14005 (d) of the Act. **In general, these assurances include: maintaining support for elementary/secondary and higher education at no less than the level provided in F.Y. 2006; achieving equity in teacher distribution; improving collection and use of data; improving academic standards and assessment; and complying with federal provisions regarding support for struggling schools.** These assurances, in particular the latter four related to education reform, are the focal point for receiving funding under SFSF and Race to the Top.

The assurance regarding data collection specifically requires states to "establish a longitudinal data system that includes the elements described in section 6401(e)(2)(D) of the America COMPETES Act (20 U.S.C. 9871)." Those elements are as follows:

> For preschool through postsecondary education:
> (I) a unique statewide student identifier that does not permit a student to be individually identified by users of the system;
> (II) student-level enrollment, demographic, and program participation information;
> (III) student-level information about the points at which students exit, transfer in, transfer out, drop out, or complete P-16 education programs;
> (IV) the capacity to communicate with higher education data systems; and
> (V) a state data audit system assessing data quality, validity, and reliability.
>
> For preschool through grade 12 education:

(I) yearly test records of individual students with respect to assessments under section 1111(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 (b));
(II) information on students not tested by grade and subject;
(III) a teacher identifier system with the ability to match teachers to students;
(IV) student-level transcript information, including information on courses completed and grades earned; and
(V) student-level college readiness and test scores.

For postsecondary education:
(I) information regarding the extent to which students transition successfully from secondary school to postsecondary education, including whether students enroll in remedial coursework; and
(II) other information determined necessary to address alignment and adequate preparation for success in postsecondary education.

As referenced previously, LB 653 in 2007 required the implementation of a record system to track achievement of individual students (N.R.S. 79-760.05, http://nebraskalegislature.gov/laws/statutes.php?statute=79-760.05). The information required pursuant to this section is reported to the Department of Education through the Nebraska Student and Staff Record System (http://www.nde.state.ne.us/nssrs/). Currently, the database includes student and staff information for public early childhood programs through grade 12. While staff information is part of the database, information linking student performance to individual teachers is not provided. However, given the required elements of the longitudinal data system mentioned above, it appears efforts will need to be made to expand the existing state data system to include students at the postsecondary level and tie teachers to K-12 student performance.

Another assurance requires states receiving stabilization funds to enhance the quality of its academic assessments, comply with federal provisions regarding the inclusion of children with disabilities and those with limited English proficiency, and improve state academic content and achievement standards. These changes, coupled with Nebraska's participation in the Common Core State Standards Initiative, will likely result in some reshaping of Nebraska's standards.

Race to the Top

Nebraska is among the many states seeking funds under the federal Race to the Top initiative (http://www.ed.gov/programs/racetothetop/index.html). Race to the Top is a $4.3 billion competitive grant program established in ARRA. The program is administered by the U.S. Department of Education and is designed to encourage efforts in the four reform assurances required to receive State Fiscal Stabilization Funds (all of the assurances listed in bold above with the exception of maintenance of effort). Because two of the four assurances relate specifically to data collection and standards and assessment, these issues are emphasized strongly in the requirements, priorities, and selection criteria of the program.

Guidance for the Race to the Top program was published in the Federal Register on July 29, 2009 (http://www.ed.gov/legislation/FedRegister/proprule/2009-3/072909d.html). This guidance applies to approximately $4 billion of the $4.3 billion allocated for the program. Included in the guidance were the following elements related to standards and assessment and data collection.

Eligibility Requirements

There are two eligibility requirements in order to compete for a Race to the Top grant. First, a state must have an approved application for both Phases 1 and 2 of the State Fiscal Stabilization Fund program. Second, a state must not have any legal or regulatory provision prohibiting a connection between student performance data and teachers for purposes of teacher or principal evaluation. You'll recall that in order to receive SFSF funds, governors must agree to pursue the four reform assurances cited earlier, two of which relate directly to data collection and standards and assessment. In addition, the concept of linking teachers and student performance was also one of the elements of the longitudinal database required pursuant to the assurance to improve the collection and use data. Currently, the state does not prohibit the connection of student performance to individual teachers, but data of this nature are not provided.

Priorities

The guidance also specifies five priorities in evaluating Race to the Top applications. These five priorities are separated into three different categories: a) one "absolute priority", which a state must meet in order to have its application considered; b) one "competitive preference priority", which gives states that satisfy it additional preference over those which do not; and c) three "invitational priorities", which are encouraged by the U.S. Department of Education but do not warrant additional preference in evaluating the state's application if they are met. The priorities and their respective designations are listed below.

Proposed Priority #1 (Absolute Priority) – Comprehensive Approach to the Four Education Reform Areas

Proposed Priority #2 (Competitive Preference Priority) – Emphasis on Science, Technology, Engineering, and Math

Proposed Priority #3 (Invitational Priority) – Expansion and Adoption of Statewide Longitudinal Data Systems

Proposed Priority #4 (Invitational Priority) – P-20 Coordination and Vertical Alignment

Proposed Priority #5 (Invitation Priority) – School-level Conditions for Reform and Innovation

As you can see, the one absolute priority is focused on the four reform assurances contained in ARRA, two of which, as has been noted previously, specifically relate to improvements in the collection and use of data and improvements in standards and assessment.

In addition, Proposed Priority #3 separately raises the issue of the development of a longitudinal data system. With respect to this particular priority, the guidance states:

> The Secretary is particularly interested in applications in which the State plans to expand statewide longitudinal data systems to include or integrate data from special education programs, limited English proficiency programs, early childhood programs, human resources, finance, health, postsecondary, and other relevant areas, with the purpose of allowing important questions related to policy or practice to be asked and answered.
>
> The Secretary is also particularly interested in applications in which States propose working together to adapt one State's statewide longitudinal data system so that it may be used, in whole or in part, by other State(s), rather than having each State build or continue building such system(s) independently.

The development of a longitudinal data system is also required pursuant to the reform assurance to improve the collection and use of data.

Selection Criteria

Several of the selection criteria are also related to data collection and standards and assessment. According to a summary from the Data Quality Campaign (http://www.dataqualitycampaign.org/files/DQC_ARRA_August_2009.pdf), there are 19 selection criteria for Race to the Top grants. Fourteen of these criteria are spread among the four ARRA reform areas, with another five overall criteria. These criteria are divided into two categories: a) State Reform Conditions Criteria, which consider a state's past efforts in either bringing about or creating conditions for reform within the four assurance areas; and b) Reform Plan Criteria, which evaluate a state's future plans with respect to the four ARRA reform areas.

There are three selection criteria related to the standards and assessment reform assurance. These criteria are:

State Reform Conditions Criteria:

- Developing and adopting common standards;
- Developing and implementing common, high-quality assessments;

The description of both of these criteria reference participation in a consortium of states working to develop a common set of standards that are internationally benchmarked and directed at making students college or career-ready upon graduation. Participation in the Common Core State Standards Initiative would satisfy these criteria.

Reform Plan Criterion:

- Supporting transition to enhanced standards and high-quality assessments. States will be evaluated on the extent to which they, in collaboration with participating LEAs, have a "high-quality plan for supporting a statewide transition to and implementation of (a) internationally benchmarked K-12 standards that build toward college and career readiness by the time of high school graduation, and (b) high-quality assessments tied to these standards."

Likewise, some of the selection criteria pertain to the reform assurance of improving the collection and use of data. These criteria are:

State Reform Conditions Criterion:

- Full implementation of a statewide longitudinal data system that contains the same elements specified for the longitudinal data system required by the data collection reform assurance (i.e. the elements referenced previously in the discussion of SFSF funds)

Reform Plan Criteria:

- The extent to which a state has a high-quality plan to enable data from the state's longitudinal data system to be accessed and used by key stakeholders, that the data can be used to improve instruction, operation, management and resource allocation, and that the data system complies with the applicable provisions of the Family Educational Rights and Privacy Act (FERPA)

- The extent to which states, in collaboration with LEAs, have a high-quality plan to (i) utilize data in order to help teachers, principals, and administrators improve their instruction, decision-making, and overall effectiveness, and (ii) share such data and data from the state's longitudinal data system with researchers so they can evaluate the effectiveness of instructional materials, strategies, and approaches for educating different types of students in a manner that complies with FERPA.

A third reform area involves improving teachers and school leaders. Because of the use of data in evaluating the performance of school personnel, data issues are highly implicated in several of the selection criteria related to this reform assurance. For instance, Reform Plan Criterion (C)(2) involves the use of student growth data to evaluate teacher and principal effectiveness. Reform Plan Criterion (C)(3) addresses the extent to which states have a plan to enhance the number of highly effective teachers in poverty schools and increase the number and percentage of teachers in hard-to-staff subjects. Reform Plan Criterion (C)(4) takes into account whether states have a plan to link student performance to teachers and principals and in turn connect that information to the institution where the teacher or principal received his or her training. Reform Plan Criterion (C)(5) considers whether states, in partnership with LEAs, have plans for providing teachers and principals with "rapid time" student data to better inform and improve their performance. Though these criteria don't directly relate to the collection of data, they rely heavily on the use of data in order to be achieved.

Further emphasis on standards and assessment reform in Race to the Top may be forthcoming. As previously mentioned, these guidelines apply to $4 billion of the $4.3 billion set aside for the Race to the Top initiative. The program guidance states that the remaining $350 million may be used for a separate Race to the Top Standards and Assessment competition to assist the development of assessments by a consortia of states.

Statewide Longitudinal Data Systems Grant

The American Recovery and Reinvestment Act also provided $245 million for a competitive grant program to allow state educational agencies to establish state longitudinal data systems to manage and analyze individual student data. According to the guidance (http://www.ed.gov/legislation/FedRegister/announcements/2009-3/072909c.html) for the program, funds received are to be used for "statewide data systems that, in addition to P-12 data, also include postsecondary and workforce information. Grants will support the development and implementation of P-20 systems that have the capacity to link individual student data across time and across databases, including matching teachers to students, promote interoperability for easy matching and linking of data across institutions and States, and protect student privacy consistent with applicable privacy protection laws." Data systems developed using grant funds must contain the same elements as specified for the longitudinal data system required for the data collection assurance in applying for SFSF funds. The Nebraska Department of Education is preparing an application for this grant.

For more information on the programs included in ARRA that relate to education, visit http://www.ed.gov/policy/gen/leg/recovery/programs.html.

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APPENDIX A: TEXT OF LRs 131 and 149

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE RESOLUTION 131

Introduced by Pahls, 31.

PURPOSE: The purpose of this resolution is to study school accountability. The Legislature appropriates hundreds of millions of dollars in the form of state aid to school districts throughout the state, making accountability for these funds extremely important. The issues addressed by this study shall include, but not be limited to:

(1) Ways the Legislature can evaluate how the money is expended;

(2) The accountability that school districts must provide to show that the funds they receive through state and local resources are expended on effective educational programs; and

(3) Ways the Legislature can be assured that every public school student in the state is receiving a quality education.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIRST LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE RESOLUTION 149

Introduced by Wightman, 36.

PURPOSE: (1) The Legislature finds that:

(a) In 2007-08, the State of Nebraska provided 39.99% of the total funding for K-12 education;

(b) Under the 2007-08 state aid formula, the state would have distributed over $839 million in state aid to school districts, which would have been a $295 million increase over the previous year;

(c) State aid for K-12 education has increased substantially over the past few years;

(d) Such increases are not sustainable when compared to the average growth in the state's revenue;

(e) The American Recovery and Reinvestment Act of 2009 provided increased federal funds of approximately $150 million in one-time funding for K-12 education. This funding must be replaced to sustain aid for K-12 education;

(f) The Legislature needs accurate and complete information to evaluate the performance and cost of its K-12 educational system; and

(g) The Legislature should make information available to taxpayers so that they can understand and evaluate the cost-effectiveness of their local school district.

(2) An interim study should be conducted for the following purposes:

(a) To examine how school finance data is reported to the public and how it could be made more user-friendly, comparable, and understandable; and

(b) To examine what type of information would assist the Legislature and the public in evaluating the cost-effectiveness of state aid for K-12 education.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FIRST LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.