

The Cost of Fulfilling the Requirements of the No Child Left Behind Act for School Divisions in Virginia

Prepared By

Robert Palaich,
John Augenblick,
Justin Silverstein,
Amanda R. Brown

**Augenblick, Palaich and Associates, Inc.
Denver, Colorado**

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Table of Contents

<u>EXECUTIVE SUMMARY</u>	2
<u>FOREWORD AND ACKNOWLEDGEMENTS</u>	4
<u>PART I: INTRODUCTION</u>	6
<u>PART II: SCOPE AND METHODOLOGY</u>	8
<u>Cost Structure</u>	8
<u>Determination of Local Costs</u>	9
<u>Limitations of the Study</u>	9
<u>PART III: LOCAL SCHOOL DIVISION FINDINGS</u>	11
<u>Context and Overview</u>	11
<u>Albemarle County</u>	13
<u>Fairfax County</u>	14
<u>Fredericksburg City</u>	16
<u>Halifax County</u>	17
<u>Henrico County</u>	18
<u>Norfolk City</u>	20
<u>Roanoke County</u>	21
<u>Washington County</u>	23
<u>PART IV: STATEWIDE ESTIMATE OF LOCAL DIVISION NCLB COSTS</u>	25
<u>PART V: FEDERAL NCLB REVENUES COMPARED WITH</u>	28
<u>STATEWIDE PER PUPIL NCLB COSTS</u>	28
<u>Figure 1</u>	28
<u>Figure 2</u>	29
<u>PART VI: CONCLUSION</u>	31
<u>LEGISLATIVE MANDATE – 2005 GENERAL ASSEMBLY</u>	32

EXECUTIVE SUMMARY

This report presents the findings of a study of the local costs of the federal No Child Left Behind Act (NCLB) in Virginia by Augenblick, Palaich and Associates, Inc. (APA), under contract for the Virginia Department of Education (VDOE). This report focuses on the school division level cost impact of NCLB since the federal legislation was enacted in 2001, with projections extending through 2007-08.

The statewide estimate for Virginia at the school division level indicates that the cost of implementing NCLB, using the definition described below, ranged from \$238 to \$267 million per year for the school years between 2003-04 and 2007-08. This represents a local dollar per pupil figure per year of between \$204 and \$219. When balanced against new NCLB revenues, this results in an unfunded per pupil cost of approximately \$53 per year. The \$53 estimate represents less than one percent of the statewide average total per pupil expenditure of \$8,552 in 2003-04.

Given the conservative assumptions of the study, these results indicate that Virginia's LEA costs of complying with NCLB are underfunded. As the 2014 NCLB requirement for 100 percent proficiency approaches, it is likely that Virginia's local school divisions' costs could increase at a faster rate as additional resources are needed to assist schools and students.

This study was undertaken in response to a request from the state legislature. In 2004, pursuant to Item 144, paragraph E.5.b., of the 2004 Appropriation Act (Chapter 4, 2004 Acts of Assembly, Special Session I), the General Assembly required the Superintendent of Public Instruction to report on the status of the Virginia Department of Education's effort to estimate the cost impact of the NCLB. In 2005, the General Assembly passed two pieces of legislation, Senate Bill 1136 and House Bill 2602, requiring the Virginia Board of Education to examine the fiscal implications of NCLB for both the state and local governments. The legislation required the Board to report its findings to the House Committees on Education and Appropriations and the Senate Committees on Education and Health and Finance no later than October 1, 2005.

For purposes of this study, the cost of NCLB is defined as the value of the resources – both time and materials – school divisions in the state need to:

- Implement the *explicit* requirements of NCLB that are related to accountability (including the development and implementation of school and school division performance standards, assessments to measure student performance, and consequences of not meeting performance expectations);
- Meet any *new* requirements of NCLB that go beyond what had been required under the previous reauthorization of the Elementary and Secondary Education Act (ESEA) – such as requirements about the qualifications of educators who work with students; and

- Administer all aspects of NCLB, including managing the numerous federal grant programs it supports.

Utilizing a series of Microsoft Excel-based templates, APA provided a detailed framework of NCLB requirements that school divisions must meet to comply with the law. The framework was drawn from a close reading of NCLB legislation and the regulations and non-regulatory guidance issued by the U.S. Department of Education. Finally, the framework was reviewed and modified by members of the Council of Chief State School Officers' NCLB Cost Consortium. It is organized around seven cost-driving NCLB *components* that APA has identified, including:

Component 1A	Standards and Assessments;
Component 1B	Accountability;
Component 2A	Technical Assistance for LEAs and Schools;
Component 2B	School Choice and Supplemental Services;
Component 3	High Quality Educators;
Component 4	NCLB Data Management; and
Component 5	Administration of NCLB and Title Programs.

The APA framework further breaks down these components into uniform subset *areas* and associated *tasks*. For instance, under Component 1A, there are a set of required areas which every school division must address regarding the alignment of curriculum and instruction with state standards and assessments for reading, math and science. Within these requirement areas, the framework further delineates a standard series of associated tasks, such as the need to develop and disseminate support materials and to train educators. School division staff – including division business officers and federal program directors – from eight school divisions representing each of the eight administrative and geographic regions of the Commonwealth of Virginia completed the templates that generated the estimates presented in this report.

Virginia's local NCLB cost study has been conducted with commitment and diligence on the part of all those participating in the study. Nevertheless, it is important to reiterate that this study necessarily relies both on objective data and professional judgment. The resulting figures should therefore be treated as cost estimates, not as precise dollar specifications. Finally, because NCLB implementation decisions continue to be made – with ongoing changes in standards and assessments, student performance and AYP lists, sanctions, technical assistance needs, and other key cost areas — the results presented herein for fiscal year 2005-2006 and beyond may change as these new decisions take effect.

The report that follows describes how the underlying data were collected and shows how these figures were derived.

FOREWORD AND ACKNOWLEDGEMENTS

This report, which presents an estimate of new federal No Child Left Behind (NCLB) Act related costs to Virginia local education agencies (LEAs), is being released concurrently with a report that presents similar information for the Virginia state education agency (the Virginia Department of Education). Both studies grew out of an initiative of the Council of Chief State School Officers (CCSSO) that formed a consortium of state departments of education to develop a coordinated approach for analyzing the costs of NCLB for multiple states. The CCSSO contracted with Augenblick, Palaich and Associates, Inc. (APA) to develop the model framework for states and local divisions to use to determine the activities and costs to implement NCLB. Virginia, in turn, contracted with APA to undertake its LEA study and to review the methodology used for the state education agency study.

This report is the result of collaboration between APA, eight local school divisions, and the department. APA took the lead in training staff of the school divisions in determining their NCLB-related costs and in undertaking the analysis that resulted in per pupil costs for each division and for the state. The department acted as liaison and coordinator for the overall project and had final approval of the variables used for the statewide per pupil cost extrapolation. Each division prepared its own cost information using the APA guidelines and gave final approval on the cost information presented in this study. All per pupil amounts for each of the eight LEAs are presented using the cost information provided by the respective division, measured against student populations as determined by the department.

The department, working closely with the eight participating school divisions, provided APA with narrative information and with data used for the revenue/cost analysis shown in Part V of this report. Throughout the study, the department and participating school divisions worked closely with APA.

The majority of the work that resulted in this study, however, was conducted by staff of the eight participating school divisions. These divisions were Albemarle County, Fairfax County, City of Fredericksburg, Halifax County, Henrico County, City of Norfolk, Roanoke County, and Washington County. We are grateful to these eight divisions that agreed to participate in this study and to their staff who undertook a great deal of intense work in a short period of time, in addition to their already heavy workloads. This study could not have been produced without their efforts and we appreciate the tremendous contribution they have made to our understanding of this important issue.

The authors would like to acknowledge the contributions of the Council of Chief State School Officers (CCSSO) and the members of its NCLB Cost Consortium (of which Virginia is a member) for their contributions to the refinement of the data collection templates used in this study. In Virginia, the strong commitment of the Virginia Department of Education (VDOE) to the completion of this study was made possible by the State Superintendent of Public Instruction, Dr. Jo Lynne DeMary.

This report would not have been possible without the leadership, encouragement and logistical support of Assistant Superintendent Anne Wescott and Director of Policy Michelle Vucci. Ms. Vucci acted as the liaison between APA and the participating school divisions. In addition, Ms. Vucci provided APA data from the department regarding estimates of federal revenue that could be used to offset the cost of NCLB in local divisions. She was assisted in her work by Albert Ciarochi, a Ph.D. candidate and experienced educator, who helped author parts of this study. The superintendents of the eight participating school divisions gave permission for their divisions to participate. Finally, deputy and assistant superintendents, business officials, federal program coordinators as well as principals and teachers worked for many hours to complete the data collection templates for each division. The local NCLB cost estimate would not have been possible without the contributions of these individuals. Thank you again for your efforts.

Finally, the authors would like to thank Dr. Dianne deVries for her contribution to the development of the local NCLB cost templates. Dale DeCesare edited this report.

PART I: INTRODUCTION

This report presents the findings of a study of the local costs of the No Child Left Behind Act (NCLB) in Virginia by Augenblick, Palaich and Associates, Inc. (APA), under contract for the Virginia Department of Education (VDOE). This report focuses on the school division level cost impact of NCLB since the federal legislation was enacted in 2001, with projections extending through 2007-2008. The study utilized a research methodology adapted by APA for the nonpartisan Council of Chief State School Officers (CCSSO) and its NCLB Cost Consortium, of which Virginia is a member.

For purposes of this study, the cost of NCLB is defined as the value of the resources – both time and materials – school divisions in the state need to:

- Implement the *explicit* requirements of NCLB that are related to accountability (including the development and implementation of school and school division performance standards, assessments to measure student performance, and consequences of not meeting performance expectations);
- Meet any *new* requirements of NCLB that go beyond what had been required under the previous reauthorization of the Elementary and Secondary Education Act (ESEA) – such as requirements about the qualifications of educators who work with students; and
- Administer all aspects of NCLB, including managing the numerous federal grant programs it supports.

Utilizing a series of Microsoft Excel-based templates, APA provides a detailed framework of NCLB requirements that all states must meet to comply with the law. The framework was drawn directly from a close reading of NCLB legislation and the regulations and non-regulatory guidance issued by the U.S. Department of Education. Finally, the framework was reviewed and modified by members of the Council of Chief State School Officers' NCLB Cost Consortium. It is organized around seven cost-driving NCLB *components* that APA has identified, including:

<i>Component 1A</i>	Standards and Assessments;
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<i>Component 4</i>	NCLB Data Management; and
<i>Component 5</i>	Administration of NCLB and Title Programs.

The APA framework further breaks down these components into uniform subset *areas* and associated *tasks*. For instance, under Component 1A, there are a set of areas which NCLB requires every state to address regarding the creation of state standards and assessments for reading, math and science. Within these requirement areas, the

framework further delineates a standard series of associated tasks, such as the need to develop and disseminate support materials and to train educators.

Using this framework, the school divisions in Virginia were then asked to identify the set of activities that reflect the strategies that each participating division has adopted to respond to NCLB. Examples of activities might include convening study groups, holding meetings, conducting professional development, preparing materials, managing contracts, responding to questions, resolving disputes, developing reports, or other steps taken to complete a task in the APA template. Because the Constitution of Virginia vests the operation of school divisions with the respective local school boards, each of Virginia's school divisions operates independently of one another. Consequently, the eight divisions participating in the study faced the challenge of defining what new NCLB costs meant in the context of their own unique operating structure, geographic location, economic condition, and student population.

School division staff from each participating division entered the raw personnel and other cost data for each task on each of the templates, which generated specific costs for each task. The analysis further required that the percent of an activity cost attributable to NCLB also be indicated for each activity. This percent reflects the cost of the activity that would **not** have been incurred if NCLB did **not** exist. That is, it specifically focuses on resources expended above and beyond those the Commonwealth was already spending to develop and implement its own programs. The school division results were then analyzed and used (methodology described below) to obtain an estimate of the statewide local cost of implementing NCLB in Virginia.

The rationale for an activity-based cost analysis is this: requiring activity-based reporting of time, contracts, and other expenditures minimizes speculation, reduces the incidence of over- or under-reporting of staff time, and facilitates verification or replication of the data. The completed templates also can be used as long-range planning tools, since they clearly identify what activities have been implemented and are still underway, how many days are required for various levels of personnel to perform those activities, where additional personnel may be needed, and which activities might be consolidated to improve efficiency or maximize program outcomes.

PART II: SCOPE AND METHODOLOGY

Cost Structure

The methodology used by APA to execute this report is based on one that the firm developed and used in Hawaii. Under a 2003 contract with the Council of Chief State School Officers' (CCSSO) NCLB Cost Consortium, however, the methodology was examined and refined for use in consortium member states. The consortium – which includes Virginia and eleven other states – was charged with devising a common methodology for conducting NCLB cost studies in member states.

Consortium participants met twice in Washington, D.C. in late spring 2004 to help shape the APA cost data collection framework. As stated above, the resulting methodology utilizes cost templates to collect, organize, and aggregate costs at four levels: by (1) component, (2) areas within each component, (3) tasks within each area, and (4) activities within each task. Cost Consortium members also made clear that each state should have a degree of flexibility in the final design of the study within each state.

Initial consortium deliberations determined that costs are collected for the NCLB startup period of January 2001 through June 2003, but that the focal year of interest is July 2003 through June 2004, for which sound data could most easily be produced. Finally, projections are made through fiscal year 2007-2008, understanding that great care needs to be taken in estimating the ramping up of time/effort and contract expenditures and that NCLB provisions, and the flexibility provided therein, could undergo revisions during that timeframe.

This cost study specifically excludes state-supported interventions, competitive grant initiatives, and professional development programs that are not directly related to compliance with NCLB. While it is true that efforts aimed at improving student performance, narrowing the achievement gap, and ensuring high-quality schooling for all Virginia children are the kind of investments that also help schools and LEAs to meet AYP requirements, NCLB does not mandate prevention/intervention/school-reform actions prior to a school or division's failure to meet AYP. Moreover, though state investments in initiatives such as pre-school, after-school programs, class size reduction, summer school, or summer leadership academies for educators are worthwhile initiatives, these initiatives in Virginia were undertaken independently of any federal requirements.

By excluding all improvement strategies and preventive measures not directly related to compliance with NCLB's provisions, the study presents a conservative estimate of NCLB costs. The resulting cost figures, then, are what they are — the meticulously tabulated cost of new activities initiated at the division level solely for the purpose of complying with and administering the provisions of NCLB. The study's design and implementation produces results that should satisfy the need for objective information for policymakers, regardless of their support for NCLB.

Determination of Local Costs

As part of the agreement with the CCSSO NCLB Cost Consortium, APA developed a set of templates to estimate division-level NCLB costs. These templates were tailored to the types of costs divisions would face when implementing NCLB. For example, a division could expend resources and incur additional costs related to offering school choice and supplemental services.

Identifying the division costs associated with NCLB was the critical task for the school divisions that participated in the study. Each school division collected a list of job titles that worked on NCLB-related activities and determined an average salary for each job category. APA then helped each division create a tailored set of templates for itself so that it could participate in the local part of Virginia's NCLB cost study.

The participating school divisions included Albemarle County, Fairfax County, Fredericksburg City, Halifax County, Henrico County, Norfolk City, Roanoke County and Washington County. These school divisions represent the eight administrative and geographic regions in the Commonwealth. Collectively, these school divisions served more than 279,000 students in the 2003-2004 school year. The responsible staff in each school division convened additional staff members as needed to complete the templates.

School division staff were asked to report, to the best of their ability, the number of days of effort that were needed to complete each activity in 2002-2003 (the "development" year) and 2003-2004 (when most costs became "ongoing"). Staff members were also asked to estimate the portion of any outside contracts (e.g., with technical assistance providers) that would be attributable to NCLB. For those NCLB activities that were expected to continue beyond school year 2003-2004, APA also asked for estimates of the increase and/or decrease in the NCLB cost of each activity for the school year 2004-2005.

Staff time was reported by activity and personnel category. As the data were entered into the specially-designed division templates, days of effort were translated into full-time equivalents (FTEs). Embedded in the activity spreadsheet cells was the average cost (wages plus benefits) for each personnel category, allowing for the automated accumulation of cost for each activity as the data were entered. The software automatically uploaded these costs, as well as the annual cost of any contracts associated with the activity, into area summary spreadsheets, which in turn were automatically uploaded into component costs. The costs in this report are reported at the component level. Finally, the lead staff member in each division was responsible for data cleaning including the careful review of cell entries and summary figures.

Limitations of the Study

All costs contained in this study represent a "snapshot in time." The study uses a conservative approach in estimating state costs incurred as a result in NCLB; it does not

capture every single cost in state and federal dollars but focuses on documenting significant new costs to the eight local school divisions from fiscal years 2003-2004 through 2007-2008. The study documents only those new costs resulting from NCLB. The study focuses only on cost and does not evaluate any aspect of NCLB's programs or policies in Virginia.

Finally, this study is not an "adequacy" study; that is, it does not project the costs to the local school divisions of 100 percent proficiency in reading/language arts and mathematics by 2013-2014 as required by NCLB.

PART III: LOCAL SCHOOL DIVISION FINDINGS

Context and Overview

The Constitution of Virginia requires the state Board of Education to determine and prescribe standards of quality for the public schools of Virginia, subject to revision only by the General Assembly. These codified standards, known as the Standards of Quality (SOQs), include Standards of Learning (SOLs), teacher licensing, school accreditation, and student achievement.

In 1995, the Virginia Board of Education (Board) undertook to further reform Virginia's public education system by regularly assessing student achievement in key areas and making schools accountable for student achievement. The Board approved SOLs in English, history and social science, mathematics, and science for grades kindergarten through twelve, and technology SOLs to be achieved by the end of grades five and eight. In addition, the Board began implementing a statewide system of assessment to measure student achievement and to base school accreditation upon testing results. The first statewide SOL tests were administered in the spring of 1998. Since then, Virginia has continued to develop and refine its accountability system.

In 2001, Congress passed the No Child Left Behind Act (NCLB) that required states to ensure that all students achieve high standards, through attaining 100 percent proficiency in reading/language arts and mathematics by 2013-2014. Because of its rigorous SOL testing requirements for NCLB core subjects (i.e., English, mathematics, and science), Virginia was already targeting student achievement in these areas.

NCLB is not a new federal program but a set of new requirements on many existing federal programs, with additional funds provided to help states make the transition to an educational environment that includes rigorous, annual student achievement tests. In Virginia, NCLB could be characterized as an overlay to a well-established state system of assessment and accountability.

NCLB has, however, presented reporting challenges to the Commonwealth because of existing state accreditation requirements and the federal measure of Adequate Yearly Progress (AYP). As a result, since the passage of NCLB, Virginia has been integrating its accountability system with the requirements of NCLB – a process that has been challenging to both state and local administrators and to the public. Because of this “blending” of state and federal reporting systems, the Commonwealth decided that determining *true, new costs* to Virginia of NCLB required a school division by school division examination of costs.

Virginia's Local Education Agencies (LEAs) are divided into eight administrative and geographic regions. To identify candidates for this study, the designated representative superintendent worked with the divisions in his or her region. Eight school divisions, one from each region, agreed to participate in the LEA NCLB cost study, prior to the study being mandated by the 2005 General Assembly.

The participating divisions chosen for the study had sufficient administrative capacity to handle the labor-intensive data collection and analysis process. These divisions also represented diverse geographic, economic, and cultural areas of the Commonwealth and, collectively, contained almost one-fourth of Virginia's total student population of approximately 1.2 million for the 2003-2004 school year (which is the base year for this study). Participating LEAs comprised approximately 14 percent of the 765 Title I schools in the state.

The study includes not only cost information provided but also qualitative information collected through interviews with each of the participating divisions. From this information, a number of themes emerged that are common to most of the eight divisions. These themes are as follows:

- • To some extent, all LEAs are diverting resources to meet NCLB requirements and experiencing opportunity costs as a result. All divisions participating in this study are making these trade-offs. Most divisions are experiencing difficulty in balancing their needs and priorities with state and federal requirements.
- • LEAs are focused on the current accountability situation and its challenges. These challenges include a recognition that efforts may need to be undertaken to ensure that schools do not fall into "in improvement status" and remain in this status. No LEA in the study has a mechanism for projecting the number of schools that might fall into "in improvement status," due to the lack of experience with NCLB requirements. The participating divisions are diligent in their efforts to ensure that sufficient resources are available so that schools do not have to incur sanctions under NCLB.
- • Among the unquantifiable costs for some LEAs is the communication efforts they undertook (and are still undertaking) to inform parents, students, and faculty and staff about NCLB. The time and energy needed for this effort is compounded by the differences between Virginia's existing accountability system and NCLB.
- • The LEAs in the study reported that data disaggregation required by NCLB is a positive thing to do. Several large, urban divisions were already building database systems that would enable them to better focus on addressing achievement gaps. To accomplish this goal, divisions in the study are seeking solutions to data warehousing demands as a result of NCLB. Selected LEAs are investigating comprehensive and cost-efficient alternatives, such as data warehousing consortia and interface with the state Education Information Management System (EIMS).
- • Most divisions are experiencing difficulty in maintaining the high quality teacher work force required by NCLB. The divisions participating in the study regard the requirements for high-quality educators as beneficial to their school systems.
- • Prior to NCLB, all LEAs in the study had developed an infrastructure to administer Virginia's state assessment program. Nevertheless, all divisions in the

study have needed substantial, additional resources to meet the testing requirements of NCLB and to ensure that the existing state accountability structure is merged with AYP reporting requirements.

- • School divisions in Virginia, like school divisions nationally, have more Limited English Proficient (LEP) students coming into their systems. The testing requirements for these students in their first years of enrollment are challenging the capacity of the schools both to prepare students for the tests and to administer the tests.
- • School divisions are expending additional resources to assist students needing testing accommodations to take and pass required tests so that AYP benchmarks are met.

The remainder of this section of the report sets out the key statistics and significant findings for each of the eight divisions. An appendix to this report contains additional cost information and, in some cases, additional narrative data for each of the eight divisions.

Albemarle County

Table 1: School Division Characteristics Albemarle County	
Region	V
End-Year-ADM from 2003-2004	12,272
Division Free Lunch as of 10/31/03	13.82%
Total Number of Schools as of 9/30/04	25
Number of Title I Schools (2004-2005)	11
Number of Title I Schools in Improvement Status (2004-2005)	0

Table 2: School Division Results Albemarle County, ADM = 12,272					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$1,179,405	\$1,306,201	\$1,513,621	\$1,637,827	\$1,693,108
NCLB Cost per Pupil	\$96	\$106	\$123	\$133	\$138

Notes to findings:

- • The division has restructured many areas of its organization and operations to meet NCLB requirements. The full extent of this effort is not quantifiable.
- • The division finds that the analysis of subgroup data required by NCLB has been beneficial to its efforts to improve student achievement. The division's use of data because of NCLB has enabled administrators to focus more efforts on student intervention.
- • The division is exploring improving efficiencies in its data management operations through a data warehouse consortium. At this time, it does not know the full extent of resources needed in this area.
- • The division began investigating achievement gap data in the early 1990s and developed a site-based approach to address these gaps. Due to the complex design of subgroup categories under NCLB, the division has migrated from this site-based approach to a more systemized one for developing personalized learning plans for all students. This has been a beneficial, though costly, aspect of NCLB.
- • The division has incurred costs in expanding the scope of the assessments that it administers. This includes the expansion of its assessment department and the use of support personnel to manage a greater volume of test data and materials.
- • Prior to 2001, the division funded personnel, structures, and strategies that are now necessary to meet NCLB requirements. Therefore, the division considers its funding impact to be less than other divisions statewide.

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Fairfax County

Table 3: School Division Characteristics Fairfax County	
Region	IV
End-Year-ADM from 2003-2004*	158,483
Division Free Lunch as of 10/31/03	14.16%
Total Number of Schools as of 9/30/04	190
Number of Title I Schools (2004-2005)	35
Number of Title I Schools in Improvement Status (2004-2005)	2
*End-of-year figures do not include Fairfax City.	

Table 4: School Division Results Fairfax County, ADM = 158,483					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$24,393,116	\$27,649,058	\$33,077,431	\$34,719,164	\$39,940,573
NCLB Cost per Student	\$154	\$174	\$209	\$219	\$252

Notes to findings (see Appendix for additional information):

- • Located in suburban Washington, D.C., this division is the largest in the Commonwealth, with 14 percent of the state’s student population. As of September 30, 2004, the division served over 29,000 LEP students, a third of the state total. Consequently, the division has had significant costs associated with LEP assessments required under NCLB.
- • The division has found that the analysis of subgroup data required by NCLB has been beneficial to its efforts to improve student achievement. However, the tracking of these data has necessitated the development of a sophisticated and costly data warehouse. In addition, the division has implemented enhancements to its automated personnel system to meet NCLB’s “highly qualified educator” requirements. Material costs have been incurred to create and maintain this capability.
- • The division had made significant outlays to train roughly 14,000 teachers and 1,000 administrators on the complex requirements of NCLB.
- • The division devotes considerable resources to ensure adequate communication of NCLB requirements so that parents and others understand the meaning of performance results for a given student or school.
- • The division has incurred significant costs to meet the challenge of properly assessing young children and students with disabilities. There have also been formidable costs associated with the provision of appropriate assessment accommodations for these students.

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Fredericksburg City

Table 5: School Division Characteristics Fredericksburg City	
Region	III
End-Year-ADM from 2003-2004	2,382
Division Free Lunch as of 10/31/03	41.33%
Total Number of Schools as of 9/30/04	4
Number of Title I Schools (2004-2005)	2
Number of Title I Schools in Improvement Status (2004-2005)	0

Table 6: School Division Results Fredericksburg City, ADM = 2,382					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$525,341	\$895,388	\$921,829	\$948,270	\$974,710
NCLB Cost per Student	\$221	\$376	\$387	\$398	\$409

Notes to findings:

- • This urban division has four schools, two of which are Title I schools. Neither of the Title I schools are schools “in improvement status.” The division does not anticipate that these schools will fall into “in improvement status” in future years.
- • The division finds that Title I schools receive adequate federal funding. However, funding is not sufficient for non-Title I schools having difficulty making AYP.
- • Because the revenue stream for certain federal grants is not on-going but one-time, the division is seeking alternate funding sources when certain NCLB grants expire.
- • The division has spent and continues to spend considerable resources ensuring the hiring and continued employment of teachers meeting the NCLB “highly-qualified” definition. The division is unable to fully quantify the extent of the resources devoted to this initiative.

- • The division finds that the analysis of subgroup data required by NCLB has been beneficial to its efforts to improve student achievement. The division also finds that the NCLB requirement of managing large amounts of student data has added significantly to its workload.
- • As a result of NCLB, division staff and, in particular, teachers, spend more time communicating NCLB requirements to parents. These efforts, which are critically important to student achievement, have also required additional resources in time and materials.

Halifax County

Table 7: School Division Characteristics Halifax County	
Region	VIII
End-Year-ADM from 2003-2004	5,877
Division Free Lunch as of 10/31/03	43.45%
Total Number of Schools as of 9/30/04	15
Number of Title I Schools (2004-2005)	11
Number of Title I Schools in Improvement Status (2004-2005)	1

Table 8: School Division Results Halifax County, ADM = 5,877					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$1,732,684	\$2,023,436	\$2,104,373	\$2,188,548	\$2,276,090
NCLB Cost per Student	\$295	\$344	\$358	\$372	\$387

Notes to findings:

- • Halifax County is a rural school division and home to more than 37,000 residents. The division is located in South Central Virginia. The majority of the division's schools are Title I schools.

- • The division has one Title I school in year two of “school improvement status” and is offering school choice. The division does not anticipate that any of its Title I schools will move beyond the school choice option in future years.
- • For the component related to school choice and supplemental services, the division faces challenges offering school choice because of student transportation costs and the distances that would need to be traveled by students to attend different schools. If the division needs to offer supplemental services, this would be challenging not only due to the cost but also because of the small number of providers available locally.
- • The division is expending considerable effort to assist students needing testing accommodations to take and pass required tests. Currently, the division estimates that 19 percent of its student population has special needs. The Virginia Grade Level Alternative (VGLA) test is benefiting the division in terms of measuring student achievement.
- • Because of its rural location, the division faces challenges in recruiting and retaining NCLB “highly-qualified” teachers and paraprofessionals. Because of revenue constraints at the state, local, and federal level, difficulties exist in providing competitive compensation, particularly to paraprofessionals. The division finds that the NCLB “highly-qualified” definition for teachers and paraprofessionals is beneficial to student achievement efforts.
- • The division finds that the analysis of subgroup data required by NCLB has been and continues to be beneficial to its efforts to improve student achievement.

Henrico County

Table 9: School Division Characteristics Henrico County	
Region	I
End-Year-ADM from 2003-2004	44,762
Division Free Lunch as of 10/31/03	21.44%
Total Number of Schools as of 9/30/04	64
Number of Title I Schools (2004-2005)	16
Number of Title I Schools in Improvement Status (2004-2005)	0

Table 10: School Division Results Henrico County, ADM = 44,762					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$4,085,125	\$4,403,190	\$4,614,694	\$4,693,823	\$4,772,826
NCLB Cost per Student	\$91	\$98	\$103	\$105	\$107

Notes to findings:

- This urban/suburban school division, located in the metropolitan Richmond area, has no Title I schools in “school improvement status.” The division does not try to predict schools that may fall into “school improvement status” but reviews school data to identify what schools may be at risk and intervenes early. It has found that significant resources are required to assist a school in “school improvement status.”
- The division is experiencing a tremendous burden as a result of new and expanded assessments and is having difficulty providing its schools with the resources needed to accommodate testing demands. The division is not able to provide every school with a dedicated test coordinator and will have to reallocate resources to cover the expenses of testing some LEP students as required under NCLB.
- The challenges the division’s schools face in making AYP are compounded by the fact that the county is experiencing annual growth in overall membership as well as in the number of special education and LEP students. For 2004, the division’s population of LEP students was almost 2,000 students, a 36 percent increase over the prior year. The division estimates that the LEP population for the 2005-2006 school year could be over 3,000 students.
- This division is located in a growing county that is building new schools annually, and it is supplementing existing space with modular units. The division is struggling to find space for special programs (including preschool programs) and for ongoing needs that students have for instructional differentiation/tutoring. The division would face significant facility challenges if public school choice were offered.
- Prior to NCLB, the division had implemented an Oracle database system that was tracking most of the subgroup and other information required by NCLB. The division finds that the analysis of subgroup data required by NCLB has reinforced the efforts it had underway.
- The division has incurred increasing costs related to high quality educators, particularly in ensuring that existing teachers continue to meet the qualifications, and has increased tuition reimbursement expenses for teachers.

Norfolk City

Table 11: School Division Characteristics Norfolk City	
Region	II
End-Year-ADM from 2003-2004	34,040
Division Free Lunch as of 10/31/03	45.21%
Total Number of Schools as of 9/30/04	52
Number of Title I Schools (2004-2005)	18
Number of Title I Schools in Improvement Status (2004-2005)	2

Table 12: School Division Results NORFOLK CITY, ADM= 34,040					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$10,345,889	\$7,431,123	\$7,271,568	\$7,106,397	\$7,265,073
NCLB Cost per Student	\$304	\$218	\$214	\$209	\$213

Notes to findings (see Appendix for additional information):

- • This urban division has two Title I schools “in improvement status” and is allocating significant resources to all Title I schools. The division anticipates continuing pressure on its resources as AYP benchmarks rise.
- • With the increase received in Title I funds used to assist the two schools in year one of school improvement, the division has been able to provide more high-quality, school-based professional development, part-time reading tutors, and research-based instructional resources. Because of these efforts (and other local instructional and assessment initiatives), both schools made AYP for 2005-2006 and are expected to receive full state accreditation based on preliminary test data. Consequently, these two schools are "holding" in year one. If the division had not already been addressing the improvement of teaching and learning as a division goal, this targeted assistance could have been a much more costly undertaking.
- • The division is incurring new costs for professional development of existing teachers and paraprofessionals. Historically, the district has had difficulty offering competitive salaries to teachers as it is surrounded by jurisdictions with larger revenue bases that are able to offer more competitive salaries. NCLB has added to

the challenge of attracting and retaining qualified teachers. To help address this issue, incentives such as smaller class sizes, the availability of research-based instructional programs and materials, and increased opportunities for high quality, in-building professional development are currently being implemented.

- • To assist paraprofessionals in meeting the highly qualified requirements of NCLB, the division has offered preparatory workshops in reading and mathematics for those taking the ParaPro Assessment. It is also funding classes at Tidewater Community College for a targeted group of paraprofessionals desiring to pursue an associate's degree in early childhood education (with the goal of continuing at a four-year institution and earning a teaching degree). The division considers this initiative to be an investment in its effort to close the achievement gap.
- • The division has experienced a significant increase in the number of LEP students over the last few years (from 80 to over 300) and expects this trend to continue. This has required hiring additional ESL teachers and part-time tutors to provide the support needed for this NCLB subgroup to meet or exceed proficiency on the SOLs. It is anticipated that this cost will increase over time for the division.
- • In its continuing efforts to increase parent and community involvement, the division has implemented several efforts to inform parents of their rights under NCLB. The division has also offered school and division level workshops to assist the community with understanding the SOLs, resource identification, and parenting skills. NCLB publications have been created and distributed, electronic media have been used, and a library of resources (available for check-out) has been set up at the division's Parent Center. The division is also purchasing additional resources targeted to the needs of parents of LEP students.

Roanoke County

Table 13: School Division Characteristics Roanoke County	
Region	VI
End-Year-ADM from 2003-2004	14,382
Division Free Lunch as of 10/31/03	10.43%
Total Number of Schools as of 9/30/04	27
Number of Title I Schools (2004-2005)	10
Number of Title I Schools in Improvement Status (2004-2005)	0

Table 14: School Division Results Roanoke County, ADM= 14,382					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$16,815,728	\$12,343,220	\$18,660,218	\$23,654,352	\$24,773,195
NCLB Cost per Student	\$1,169	\$858	\$1,297	\$1,645	\$1,723

Notes to findings (see Appendix for additional information):

- • The division does not currently have any Title I schools that fall into school improvement status and does not anticipate schools falling into this category in the future.
- • The division finds that the analysis of subgroup data required by NCLB has been beneficial to its efforts to improve student achievement and compare the level of services provided to students.
- • The division is reallocating funds away from the provision of competitive teacher salaries to the provision of smaller class sizes and additional resources for students to increase achievement. Because of this strategy to meet NCLB requirements, the division is experiencing difficulty keeping highly-qualified teachers.
- • In order for the division and its schools to continue to make AYP, the division is expending considerable effort to assist students needing testing accommodations to take and pass required tests.
- • The division finds that federal grant revenues have not kept pace with NCLB costs. This means that funds must be used from other sources to meet NCLB requirements.
- • In its data collection, the division estimated the resources to undertake prevention efforts needed to ensure that the division and its schools continue to make AYP. More information on this issue is included in the Appendix.

Washington County

Table 15: School Division Characteristics Washington County	
Region	VII
End-Year-ADM from 2003-2004	7,176
Division Free Lunch as of 10/31/03	29.36%
Total Number of Schools as of 9/30/04	15
Number of Title I Schools (2004-2005)	6
Number of Title I Schools in Improvement Status (2004-2005)	0

Table 16: School Division Results Washington County, ADM= 7,176					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Total NCLB Cost	\$440,282	\$427,299	\$427,299	\$409,696	\$404,052
NCLB Cost per Student	\$61	\$60	\$60	\$57	\$56

Notes to findings:

- • The division’s most significant cost area relates to its efforts to ensure that its special education students make AYP.
- • The division does not currently have any Title I schools that fall into school improvement status. It has planned for the possibility of schools falling into improvement status in future years, but it is difficult to assign a cost or forecast the number of schools due to the division’s lack of experience with NCLB requirements. Since the division is located in a large, rural county, if it needs to provide supplemental services in the future, it may have difficulty finding service providers.
- • The division finds that the analysis of subgroup data required by NCLB has been beneficial to its efforts to improve student achievement and compare the level of services provided to students.
- • The division now hires its teachers differently than in prior years because of the NCLB “highly-qualified” definition. In addition, the division has paid more than \$50,000 in tuition reimbursements and training to ensure that staff continues to be “highly-qualified.”

- • The division indicates that it would be undertaking most of the initiatives required by NCLB, even if the Act did not exist.

PART IV: STATEWIDE ESTIMATE OF LOCAL DIVISION NCLB COSTS

Knowing the estimated NCLB costs in eight school divisions does not, however, directly answer the question – what is the statewide school division cost associated with NCLB? To answer this question, a procedure for extrapolating the costs found in the eight divisions to the other students and divisions across the state must be adopted. Several options exist for creating such a procedure.

For example, one option is that the per pupil results for a school division in a particular region could be allocated to all the students in that region. A second option is to give school divisions of a particular size the per pupil results of a comparable division that participated in the study. A third option is to create a regression model that could be used to predict the per pupil costs in all divisions using the results from the eight participating divisions. Because the results from the regression model can adjust for key elements of division variation, APA selected this last option as the procedure used in this study to extrapolate the results developed by the eight participating school divisions to a statewide local NCLB cost estimate.

Applications of regression analysis exist in almost every field. In economics, the dependent variable might be a family's consumption expenditure and the independent variables might be the family's income, number of children in the family, and other factors that would affect the family's consumption patterns. In political science, the dependent variable might be a state's level of welfare spending and the independent variables measures of public opinion and institutional variables that would cause the state to have higher or lower levels of welfare spending. In sociology, the dependent variable might be a measure of the social status of various occupations and the independent variables characteristics of the occupations (pay, qualifications, etc.).

In a linear regression model, the dependent variable is assumed to be a linear function of one or more independent variables plus an error term introduced to account for all other factors:

$$Y_i = B_1X_{i1} + \dots B_kX_{ik} + U_i$$

In the above *regression equation*, Y_i is the *dependent variable*, X_{i1}, \dots, X_{ik} are the *independent* or *explanatory variables*, and U_i is the *disturbance* or *error term*. The goal of regression analysis is to obtain estimates of the unknown parameters B_1, \dots, B_k , which indicate how a change in one of the independent variables affects the values taken by the dependent variable. The functional form of the equation is as follows:

$$Y_i = B_1X_{i1} + \dots B_kX_{ik} + Z,$$

with Z in this equation being the constant (or intercept) term.

In trying to predict the Per Pupil NCLB spending (the dependent variable in our regression model) for the eight school divisions that participated in the study, several predictor variables (independent variables) were examined. With only eight observations, including more than three predictor variables at the same time in the equation would reduce the overall stability of any selected regression model. APA examined models with different combinations of the following predictor variables: fiscal year 2004 End-of-Year ADM for Determining Cost Per Pupil (ADM); October 2003 Count of Free Lunch Claims (FL); September 2003 Count of LEP Students (LEP); and spending per pupil for the 2003-2004 school year. In addition, after interviews with all of the participating school divisions, it was clear that the Roanoke County estimate included additional diagnostic and data management work for their students compared to other divisions. To keep the results from Roanoke County in the model, APA created a special variable for this school division, solely for the purpose of statewide projections.

The regression model that generated the best estimated NCLB costs for the eight participating school divisions included the following variables: ADM; FL; and the Roanoke County indicator. The model explained 81 percent of the variation in Per Pupil NCLB costs across the eight school divisions. The selected regression model is summarized in Table 17.

Table 17: Summary of Selected Regression Model to Predict Per Pupil NCLB Costs in Participating School Divisions				
Model Summary	R	R-squared	Standard Error of the Estimate	
	.905	.818	146.24	
Summary of Model Coefficients	B	Standard Error	t	Significance
Constant	\$201.67	77.006	2.619	.05
ADM	-\$0.0012	.002	-.630	.56
FL	\$0.0062	.013	.486	.65
Roanoke	\$665.44	163.363	4.073	.02

For any individual school division in the state, therefore, the predicted Per Pupil NCLB cost in 2003-2004 is specified below. APA then applied this equation to each school division in Virginia.

$$\text{Per Pupil NCLB Cost} = \$201.67 - \$0.0012 * \text{ADM} + \$0.0062 * \text{FL}$$

The results of this equation for each school division were then averaged and the results are presented in the 2003-2004 column of Table 18.

Several procedures exist for estimating the per pupil average statewide local NCLB cost for school years 2004-2005 through 2007-2008. Out-year estimates could be based on the percent increases provided by the participating school divisions, or on regression models using school division estimates for each of the out years. APA elected to use a conservative approach – applying the predicted rate of inflation for each of the out years to the estimated statewide average local NCLB cost per pupil in 2003-2004, \$204. (The inflation rates taken from the [NASA GDP Price Deflator](#) and used by the VDOE in the state NCLB cost study are the following: 1.2% in 2004; 1.5% in 2005; 1.7% in 2006; 1.9% in 2007; and 2.0% in 2008.) VDOE also provided the latest predicted statewide ADM figures for school years 2005-2006 through 2007-2008.

Table 18 then shows the statewide estimate of division-level NCLB costs beginning in the first year of the legislation and projected through the 2007-2008 school year. Beginning in the 2003-2004 school year, division costs associated with implementing NCLB in Virginia are estimated to be between \$238 and \$267 million per year. This represents a per pupil expenditure for local NCLB costs of between \$204 and \$219 per pupil.

Table 18: Predicted local NCLB Cost Estimate in Virginia Using the Selected Regression Model (Total cost figures are given to the nearest \$1,000)					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Estimated Statewide Average Local NCLB cost Per Pupil	\$204	\$207	\$210	\$214	\$219
Predicted Statewide ADM	1,167,747 ¹	1,175,734 ²	1,192,624 ³	1,205,686 ³	1,219,051 ³
Estimated Statewide Total NCLB Cost	\$238,220,000	\$243,377,000	\$250,451,000	\$258,017,000	\$266,972,000

¹ End-of-Year ADM from [Table 15](#) of Superintendents' Annual Report for Virginia.

² Figure represents actual March 31, 2005 ADM.

³ K-12 ADM projections from the Department of Education as of August 2005.

PART V: FEDERAL NCLB REVENUES COMPARED WITH STATEWIDE PER PUPIL NCLB COSTS

This section of the report compares estimated LEA statewide costs for NCLB to revenues over a four-year period, using 2004-2005 as the base year for analysis. The revenues represented in this section are those federal grants that the U.S. Department of Education has identified as directly related to NCLB.

Figure 1

Virginia Department of Education LEA Revenues Related to the Federal No Child Left Behind Act				
	Year One 7/04-6/05 Based on Actual Awards	Year Two 7/05-6/06 Estimation	Year Three 7/06 - 6/07 Estimation	Year Four 7/07 - 6/08 Estimation
<i>Summary of Title I Federal Grants Directly Related to NCLB- LEA Allocation</i>				
Title I - Academic Achievement of the Disadvantaged	193,632,682	199,653,297	205,861,110	212,261,943
Title I Part B - Reading First	13,542,584	13,963,663	14,397,835	14,845,506
Title I Part B - Even Start	3,274,047	3,375,847	3,480,812	3,589,041
Title I Part C - Migrant Education	791,578	816,191	841,568	867,735
Title I Part D - Neglected or Delinquent Children	951,488	981,073	1,011,577	1,043,030
Title I Part F - Comprehensive School Reform	<u>5,232,795</u>	<u>5,395,498</u>	<u>5,563,260</u>	<u>5,736,238</u>
Subtotal, Title I Grants	217,425,174	224,185,568	231,156,163	238,343,494
<i>Other NCLB Awards- LEA Allocation</i>				
Title II Part A - Improving Teacher Quality	50,769,567	52,348,144	53,975,803	55,654,071
Title III Part B - Mathematics and Science Partnerships	2,268,656	2,339,195	2,411,928	2,486,922
Title II Part D - Enhancing Education Through Technology	9,817,742	10,123,005	10,437,759	10,762,300
Title IV Part B - 21st Century Community Learning Centers	14,345,738	14,791,790	15,251,710	15,725,931
Title V Part A - Innovative Programs	5,888,413	6,071,501	6,260,282	6,454,933
Title VI Part A - State Assessments, Improving Academic Achievement	0	0	0	0
Title VI Part B - Rural & Low-Income Schools	1,107,674	1,142,115	1,177,627	1,214,243
Title IV Part A - Safe & Drug-Free Schools & Communities ¹	6,082,127	6,271,239	6,466,230	6,667,284
Title III Part A - English Language Acquisition	<u>6,909,724</u>	<u>7,124,568</u>	<u>7,346,092</u>	<u>7,574,504</u>
Subtotal, Other NCLB Awards	97,189,642	100,211,556	103,327,431	106,540,187
TOTAL AVAILABLE FEDERAL RESOURCES (Title I Grants + Other NCLB Awards)	314,614,815	324,397,124	334,483,594	344,883,681
Assume 53% increase in revenues since the passage of NCLB ² - ADJUSTED FEDERAL REVENUE BASE	166,745,852	171,930,476	177,276,305	182,788,351

¹Actual and projected revenue does not include Safe & Drug Free Schools Governors Grants (approximately \$1.7 million in fiscal year 2004-2005).

²Based on analysis of actual 2001 and 2004 federal grants (excluding Impact Aid and the Title VI, Part A grant for state assessments that is provided to the SEA), federal revenues related to NCLB are 53% higher than before

passage of the Act. Consequently, 53% of the total revenue available is “carved-off” to be measured against new NCLB costs.

Figure 2

SUMMARY OF LEA ESTIMATED REVENUES AND COSTS - VIRGINIA DEPARTMENT OF EDUCATION				
	Year One			
	7/04-6/05	Year Two	Year Three	Year Four
	Based on Actual	7/05-6/06	7/06 - 6/07	7/07 - 6/08
	Awards	Estimation	Estimation	Estimation
ADJUSTED FEDERAL REVENUE BASE (53% of Federal Revenues - See Figure 1)	166,745,852	171,930,476	177,276,305	182,788,351
STATE CONTRIBUTION TO LOCAL EFFORTS (See Appendix to the study for additional detail)¹	14,617,400	18,748,848	19,408,152	19,522,221
TOTAL NCLB RESOURCE BASE FOR COMPARISON (Adjusted Federal Revenue Base Plus State Contribution to Local Efforts)	181,363,252	190,679,323	196,684,456	202,310,572
TOTAL IDENTIFIED NEW NCLB COSTS (Projected ADM X Per Pupil Cost)²	243,447,482	250,451,040	258,016,804	266,972,169
SURPLUS/(SHORTFALL) - [Total NCLB Resource Base for Comparison less Total Identified New NCLB Costs]	(62,084,230)	(59,771,717)	(61,332,348)	(64,661,597)
ESTIMATED PER PUPIL AMOUNT [Surplus/(Shortfall) Divided by Projected ADM]³	(52.80)	(50.12)	(50.87)	(53.04)

¹In addition to the 53% figure noted in footnote one in Figure 1, the revenue base also includes an adjustment for state efforts that: 1) directly relate to local technical assistance and are identified in the state cost study; 2) include state support for the student data records collection system beginning in fiscal year 2005-2006; and 3) include funding for related NCLB initiatives funded by the Virginia General Assembly. In other words, added to the 53% base is an adjustment of \$72 million over the measurement period that is the estimated amount of SEA efforts going to local divisions to help alleviate administrative burden, create efficiencies, and assist divisions with continuing to meet AYP.

²Year 1 ADM is based on actual March 31, 2005 average daily membership as reported to the department. ADM for years two through four is projected using department estimates as of August 2005.

³ The forecast shown here does not take into consideration the carryforward expenditure “window” for federal funding. To summarize, federal grant monies carried forward between fiscal years are not included in this analysis. To forecast federal revenues, a 3% escalator has been used in years two through four.

The revenues shown in Figure 1 represent the estimated LEA allocation to Virginia from all NCLB-related federal grants, including those that existed prior to the implementation of the Act. The revenues shown for year one of the measurement period represent actual 2004 awards for the federal fiscal year beginning October 1, 2004 and ending September 30, 2005. The federal grants shown in this chart mirror those reported by USED as being directly linked to NCLB, with the exception of Impact Aid. Title VII revenues from Impact Aid are not considered in this study because this revenue stream is targeted to selected localities in Virginia where the tax base is impacted by federal property. In addition, the Title IV, Part A (State Assessments) grant is not included because this funding is provided to the SEA and intended for new test development.

For years two through four of the measurement period, federal revenues are estimated based upon the 2004 actual award information. In order to account for estimated increases in LEA allocations and because actual fiscal year 2005-2006 awards are not final at this time, the 2004-2005 award amount is inflated by three percent in the second year and every year thereafter. The three percent inflation factor was derived by examining the growth in all federal NCLB-linked grants between 2003 and 2004.

In order to compare NCLB estimated costs against a comparable revenue base, the amount of new revenue available due to NCLB needs to be determined. To make this determination, the department examined actual federal grant revenues directly linked to NCLB from 2001 (before the Act’s implementation) against 2004 actual award amounts. This comparison shows that federal revenues (excluding Impact Aid and the state assessment grant) were approximately 53 percent greater in 2004 than in 2001. Consequently, the department took 53 percent of the revenue shown in the ‘**TOTAL AVAILABLE FEDERAL RESOURCES**’ line in Figure 1 to determine a revenue base for measurement against LEA statewide estimated costs.

Figure 2 presents the summary of statewide estimated local revenues against estimated costs. One further adjustment has been made to the federal revenue base in Figure 2. The department has determined that a portion of the SEA’s new NCLB costs directly support LEAs in implementing NCLB (see Appendix to this report for further detail.) The support provided to the LEAs is intended to alleviate administrative burden and maximize LEA resources for service delivery. Thus, these identified SEA costs constitute additional resources of approximately \$72 million in NCLB revenues supporting Virginia’s LEAs over a four-year period.

This \$72 million is added to the 53 percent “carve off” from Figure 1 to recognize the SEA contribution to local efforts. The “**STATE CONTRIBUTION TO LOCAL EFFORTS**” row in Figure 2 shows the annual impact of these costs. The “**TOTAL NCLB RESOURCE BASE FOR COMPARISON**” is the sum of the 53 percent “carve-off” of revenue and the state support contribution. The figures in this row become the base against which all estimated, statewide NCLB costs are measured.

In order to calculate estimated, statewide costs for 2004-2005, the per pupil amount of \$207 produced through APA’s projections (see Table 18) is multiplied by K-12 average daily membership as of March 31, 2005. For the remaining years of the measurement period, the per pupil amount for each applicable year is multiplied by a projected ADM figure supplied by the department.

When the “**TOTAL NCLB RESOURCE BASE FOR COMPARISON**” is measured against “**TOTAL IDENTIFIED NEW NCLB COSTS**”, the result yields a shortfall over the measurement period, ranging from \$52.80 per pupil in the first year to \$53.04 per pupil in the fourth year. This analysis measures federal grant revenue estimations in the year of award only and not the application of federal carryforward balances that could potentially offset funding shortfalls, particularly in the first two years of the measurement period.

PART VI: CONCLUSION

The statewide estimate for Virginia at the school division level indicates that the cost of implementing NCLB ranged from \$238 to \$267 million per year for the school years between 2003-04 and 2007-08. This represents a local dollar per pupil figure per year of between \$204 and \$219. When balanced against new NCLB revenues, this results in an unfunded per pupil cost of approximately \$53 per year. The \$53 estimate represents less than one percent of the statewide average total per pupil expenditure of \$8,552 in 2003-04. The cost study found that total identified new LEA NCLB costs exceed total projected federal revenues for the time period of the study, if revenues are examined only in the grant award year and no “carryforward” of unexpended balances are considered.

Given the conservative assumptions of the study, the results indicate that Virginia’s LEAs costs of complying with NCLB are currently underfunded. As the 2014 NCLB requirement for 100 percent proficiency approaches, it is likely that Virginia’s local school divisions’ costs for compliance could increase at a faster rate as additional resources may be needed to assist schools and students.

In its state cost study report, the SEA has identified a modest surplus over its measurement period as the difference between projected NCLB revenues to the state and estimated costs. If such a state surplus is not needed by the department to implement NCLB, then this surplus could be provided to LEAs to help support compliance costs.

LEGISLATIVE MANDATE – 2005 GENERAL ASSEMBLY

CHAPTER 11 and CHAPTER 13, 2005 ACTS OF ASSEMBLY

An Act to direct the Board of Education to take certain actions regarding the Commonwealth's participation in the federal No Child Left Behind Act.

[House Bill 2602 and Senate Bill 1136]

Approved March 16, 2005

Be it enacted by the General Assembly of Virginia:

1. *§ 1. That, pursuant to § 9401 of the federal No Child Left Behind Act (the Act), the Board of Education shall seek waivers from compliance with those provisions of the Act that are (i) in conflict with Title IX, Section 9527 (a), which prohibits federal authorities from mandating, directing, or controlling state or local allocation of resources and from mandating state or local expenditure of funds or incursion of any costs not paid for under the Act; or (ii) duplicative of the Commonwealth's existing educational accountability system as set forth in the Standards of Quality, Standards of Learning, and Standards of Accreditation; or (iii) lacking in effectiveness, including, but not necessarily limited to, those addressing (a) testing of students with disabilities or limited English proficiency; (b) additional or excessive testing; (c) exclusion of passing scores on expedited retakes of Standards of Learning assessments from calculations of adequate yearly progress; (d) measurement of adequate yearly progress based on, among other things, individual grade levels rather than longitudinal data and individual subgroup failures; (e) the overinclusion of certain students in several subgroups; and (f) components of the Commonwealth's educational accountability system and teacher licensure and employment requirements that, in the discretion of the Board, already substantially comply with the spirit and intent of the federal act.*

2. That the Board of Education shall examine the fiscal and other implications for the Commonwealth and its local governments in the event that Virginia continues its compliance with, or withdraws from participation in, the federal No Child Left Behind Act. The Board shall convey its findings from such examination to the House Committees on Education and Appropriations and the Senate Committees on Education and Health and Finance no later than October 1, 2005.

3. That an emergency exists and this act is in force from its passage.