



No Child Left Behind: Where Does the Money Go?

Executive Summary

by

**Gerald W. Bracey
Associate Professor
George Mason University**

Education Policy Research Unit (EPRU)
Education Policy Studies Laboratory
College of Education
Division of Educational Leadership and Policy Studies
Box 872411
Arizona State University
Tempe, AZ 85287-2411

June 2005

EPSL | EDUCATION POLICY STUDIES LABORATORY
Education Policy Research Unit

EPSL-0506-114-EPRU

<http://edpolicylab.org>

Education Policy Studies Laboratory
Division of Educational Leadership and Policy Studies
College of Education, Arizona State University
P.O. Box 872411, Tempe, AZ 85287-2411
Telephone: (480) 965-1886
Fax: (480) 965-0303
E-mail: epsl@asu.edu
<http://edpolicylab.org>

No Child Left Behind: Where Does the Money Go?

Gerald W. Bracey

George Mason University

Executive Summary

This brief examines how No Child Left Behind (NCLB) dollars flow from the federal government through states and districts and into the coffers of companies, mostly for-profit companies. The brief makes the case that the law enriches many private companies and individuals, especially those close to President George W. Bush and his family.

The brief describes the essential workings of NCLB, highlighting inherent costs of the law and costs that come with each successive year of failing to make Adequate Yearly Progress (AYP). The brief emphasizes the sanctions applied after two consecutive years of failure (the requirement that all students be offered the opportunity to transfer to another school) and after three consecutive years (the requirement that districts must hire outside tutors, mostly for-profit companies, to provide Supplementary Educational Services).

The inherent costs occur first because at the time of the law's passage, few states had state testing programs sufficiently large to meet the law's requirements. A Government Accounting Office study concluded that NCLB funds would meet the Title I requirements of the law—that all children in Title I schools in grades three through eight

be tested annually in reading and mathematics—only if states limited their assessments to multiple choice tests. If states chose to test all students and not only those in Title I schools (schools with high percentages of students from low-income families), costs would exceed revenue even if multiple choice tests were used.

The inherent costs occur second because of the existence of the Reading First program, funded at just over \$1 billion per year. To obtain Reading First funds, states apply to a federal panel of experts. If approved, states then fund districts on a competitive grant basis. The criteria for curriculum materials that are acceptable under Reading First are quite specific (some say, narrow). The materials were developed by researchers many of whom are authors of approved curricula and who also serve on the panel of experts. For instance, the researchers who wrote the criteria that most states use to evaluate curricula for Reading First applications also served as authors for the Voyager Expanded Learning series, an approved Reading First curriculum. Officers in the Voyager company are mostly former Texas school officials with close political ties to President Bush. The brief discusses conflict of interest issues.

Costs are incurred after a school fails to make AYP for two consecutive years because all students must be offered the opportunity to transfer to a “successful” school and the sending school must pay for transportation. The choice option to date has not worked as envisioned. Few eligible students have changed schools.

Costs are incurred after a school fails to make AYP for three consecutive years because the district must provide Supplemental Educational Services (SES) through before or after school hours. The U.S. Department of Education has ruled that successful districts can act as their own providers, but districts judged in need of improvement

cannot. This ruling eliminates most urban districts—those that receive by far the largest Title I grants—as providers. Providers can be public schools, private schools, colleges and universities and non-profit groups, but most providers are private for-profit companies: 23 of the 25 most often listed providers are for-profits. Only the Boys and Girls Club (19th) and the YMCA (23rd) are not.

The SES provision has served a higher proportion of eligible students than the choice provision, but even so has thus far served only a small proportion of eligible students. The provision has the potential, though, to funnel over \$2 billion dollars a year to providers.

The accountability of companies providing SES is weak. While all teachers in public schools must be “highly qualified” as defined by the law, those who provide tutoring or other instruction under SES are held to no qualification requirements. The strict criteria seen as providing “scientifically based” educational materials under Reading First are seen as bureaucratic hindrances in SES. U.S. Department of Education officials have said they want “as little regulation [of SES providers] as possible so the market [for SES] can be as vibrant as possible.” This contrast between what is required of schools and what is required of providers has been seen by some as hypocritical.

There are potentially even larger profits to be made after a school fails to make AYP for four or five consecutive years. However, the school year 2005-2006 is only the fourth year that the law has been in effect. Thus the wholesale management changes and reconstitution of schools after four or five years of failure have yet to occur. A short section of the brief describes the school reconstitution efforts in Michigan, a state which appended NCLB to its already-in-place accountability program.

The brief summarizes the known and potential-but-unknown quantities of money that flows through the states and districts under NCLB. The final destination of these large sums of money is unknown, as is whether these funds are being spent on effective services. The brief closes by calling on the U.S. Department of Education to establish policies and procedures to account for the money and to hold private companies to the same standards of accountability which it demands of public schools.