



**Evaluation of Flexibility Under *No Child Left Behind*:
Volume I—Executive Summary of Transferability,
REAP Flex, and Local Flex**



**Evaluation of Flexibility Under *No Child Left Behind*:
Volume I—Executive Summary of Transferability,
REAP Flex, and Local-Flex Evaluations**

Prepared by:

Gayle S. Christensen
The Urban Institute
Washington, D.C.

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Office of Planning, Evaluation and Policy Development

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Director

Program and Analytic Studies Division

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Executive Summary

Flexibility Under No Child Left Behind

The reauthorization of the *Elementary and Secondary Education Act (ESEA)* as amended by the *No Child Left Behind Act of 2001 (NCLB)* relied on two notable policy instruments to improve education: accountability and flexibility. Accountability is perhaps the most recognized and discussed feature of the legislation. As a strategy for improving education, it calls for establishing challenging standards of performance, developing rigorous and scientifically based systems for monitoring progress toward attaining these standards, and introducing meaningful consequences for schools that consistently fail to make satisfactory progress. *NCLB* not only maintains but also strengthens federal commitments to this approach as an important driver of reform.

However, *NCLB* complements this increased accountability with several new flexibility provisions. In other words, it exchanges greater accountability for results with greater levels of flexibility in how states and school districts can use federal education funds. The intent is to reduce federal red tape and put greater decision-making powers at the local and state levels for educators most in touch with students' needs. Some of the flexibility options authorized under the law are continuing provisions while others are new.

- **State Flex and Local Flex.** New demonstration programs that allow states and school districts the opportunity to consolidate funding from a set of eligible federal programs.
- **Transferability.** A broad provision that allows states and districts to transfer a portion of funds among a set of eligible federal programs.
- **Waivers and Ed Flex.** Expanded authority for the secretary and approved “Ed Flex” states to grant waivers of certain requirements.¹
- **Consolidation.** Authority to consolidate administrative funds and submit consolidated applications.
- **Rural Education Achievement Program (REAP Flex).** Allows eligible small rural school districts the opportunity to use funding from certain federal sources for other federal program purposes.
- **Title I Schoolwide Programs.** Expanded authority for high-poverty schools to integrate Title I with other funds to support comprehensive school improvement efforts.

This study examines three of these flexibility programs—Transferability, REAP Flex, and the Local Flexibility Demonstration Program (Local Flex)—through nationally representative surveys and case studies of districts. This Executive Summary provides a brief overview of the three programs and then summarizes and compares the key results across the three flexibility

¹ The Ed Flex program is authorized under the *Education Flexibility Partnership Act of 1999*. The *No Child Left Behind Act* updated the list of federal programs subject to Ed Flex authority, although it did not alter the provisions that specify eligibility requirements for Ed Flex.

programs. Volumes II, III, and IV of this report provide more detailed information on each of these flexibility programs.

Descriptions of Studied Flexibility Programs

Transferability is the most widely accessible form of flexibility among the three programs. There is no application process that might discourage potential users. Eligibility is automatic for all districts nationwide and only consistent failures to make adequate yearly progress (AYP) can impact participation in the program. Transferability allows public school districts to transfer up to 50 percent of initial formula allocations into and out of the following federal education programs:

- o Title II, Part A (Improving Teacher Quality State Grants)
- o Title II, Part D (Educational Technology State Grants)
- o Title IV, Part A (Safe and Drug-Free Schools and Communities State Grants)
- o Title V, Part A (State Grants for Innovative Programs).²

In addition, money may be moved into, but not out of, Title I, Part A (Improving the Achievement of Disadvantaged Children). Transferred funds are subject to the rules and guidelines (including set-asides) of the programs to which they have been redirected. Districts that do not make AYP risk limiting or losing their Transferability authority. For example, districts designated for improvement after failing to make AYP for two consecutive years are limited to transferring only 30 percent of formula funds and they must also use these funds to support district improvement efforts. Those designated for corrective action after missing AYP targets for four years may not exercise Transferability.

While there are limitations on the use of Transferability authority, participation is relatively simple. Districts simply need to notify their state education agencies 30 days in advance of their decision to transfer funds with a detailed plan of the amounts, the programs involved and the dates of intended transfer.

REAP Flex targets small, rural school districts. These districts may have a particular need for flexibility, because the amount of formula-based program funds these districts receive from individual federal programs may be individually too small to support significant school improvements. Districts participating in REAP Flex may use up to 100 percent of the applicable formula funds (Title II, Part A—Improving Teacher Quality State Grants; Title II, Part D—Educational Technology State Grants; Title IV, Part A—Safe and Drug-Free Schools and Communities; and Title V, Part A—State Grants for Innovative Programs) for activities authorized under one or more the programs listed below. In addition, there are no “set-asides” or limits on how much money may be utilized from eligible program funds. Unlike Local Flex, however, there is no application process for districts that wish to participate in the program. The only requirement is that eligible rural districts notify states of their intent to exercise the REAP Flex authority by a state-established deadline. Under this provision, money can be utilized for activities under the following programs:

² State education agencies may exercise Transferability authority as well, but the discussion here and the larger evaluation of the program consider only district use of the program.

- o Title I, Part A (Improving Achievement for Disadvantaged Children)
- o Title II, Part A (Improving Teacher Quality State Grants)
- o Title II, Part D (Educational Technology State Grants)
- o Title III (Language Instruction for Limited English Proficient and Immigrant Students)
- o Title IV, Part A (Safe and Drug-Free Schools and Communities)
- o Title IV, Part B (21st-Century Community Learning Centers)
- o Title V, Part A (State Grants for Innovative Programs).

One particular goal of REAP Flex is to support activities that help participants reach AYP. After three years of participating in REAP, a district may continue to exercise the full REAP Flex authority only if it is making AYP. Those districts falling short of state AYP goals may continue to use REAP Flex to the extent that the “applicable funding”—program funds eligible for use with other programs—is used for improvement activities authorized under Section 1116.

The Local Flexibility Demonstration Program (Local Flex) is a competitive program that grants a selected group of participating districts enhanced flexibility authority to consolidate their formula allocations under the following four programs:

- o Title II, Part A (Improving Teacher Quality State Grants)
- o Title II, Part D (Educational Technology State Grants)
- o Title IV, Part A (Safe and Drug-Free Schools and Communities State Grants)
- o Title V, Part A (State Grants for Innovative Programs).

Local Flex permits participating districts to use the consolidated funds from four eligible federal programs and to use those funds for any educational purpose authorized under the *ESEA*. The flexibility associated with Local Flex applies to funds for public schools and funds for services to nonpublic school students and teachers in participating districts. Central to Local Flex is the creation of formal five-year educational improvement plans that include the identification of needs and the development of strategies to address these needs. Districts must develop a clear linkage between exercising flexibility authority and carefully defined local and state educational priorities. Districts must submit an annual performance report for each year of the Local Flex implementation. In addition, if the district fails to make AYP for two consecutive years, the Department must terminate the Local Flex agreement.

Comparison of Flex Program Use

Key Finding: REAP Flex is widely used by eligible rural districts, but districts were less likely to participate in Transferability, and only one district opted to participate in Local Flex.

During the 2005–06 school year, 4,781 districts nationwide were eligible to exercise REAP Flex, and just over half (51 percent) of districts surveyed reported participating. In contrast, only about 16 percent of districts nationwide used the Transferability option, based on district

reports.³ State lists of Transferability participants indicate a slightly lower usage rate (12 percent).

The above participation rates for Transferability are based on all districts nationwide, because all districts are eligible to use this form of flexibility. In theory, districts that are eligible for REAP Flex might be expected to universally prefer that form of flexibility rather than Transferability, because REAP Flex is somewhat broader and allows districts greater flexibility in the uses of federal program funds. Therefore, it might be argued that Transferability participation rates should be calculated just for districts that are not eligible for REAP Flex. However, the survey results indicate that there was not a significant difference between REAP Flex eligible districts and noneligible districts in their usage of Transferability. Among districts who are not eligible for REAP Flex, the participation rate in Transferability based on district reports was 17 percent. Again, state list of Transferability participants indicate a slightly lower usage rate among these districts (11 percent).

Although the Department is authorized to grant Local Flex authority to up to 80 local education agencies, only one—Seattle Public Schools (SPS)—submitted a full application and is participating in the Local Flex program. Thus, SPS was the subject of the Local Flex case study. In addition, the statute authorized up to seven states to receive State Flex authority. Florida initially applied for and was approved to participate in State Flex, but withdrew from the demonstration program before it had begun to implement the activities under its State Flex plan.

Key Finding: Transferability and REAP Flex participants most commonly used this flexibility to provide additional funds for programs and services authorized under Title I, Part A, and Title V, Part A, by using funds originally allocated for Title II, Part A, and Title IV, Part A.

Transferability participants were most likely to transfer funds to Title V, Part A (46 percent of participating districts), and a smaller number transferred funds to Title I, Part A (22 percent). Similarly, REAP Flex participants most commonly used that flexibility to support activities under Title I, Part A (34 percent), and Title V, Part A (28 percent).

Transferability participants were most likely to transfer funds from Title II, Part A (70 percent), and Title IV, Part A (55 percent), but a sizable minority transferred funds from Title II, Part D (35 percent), and Title V, Part A (32 percent). Among REAP Flex participants, the funds that districts most frequently used for other program purposes were Title II, Part A (58 percent), and Title IV, Part A, funds (58 percent); as with Transferability, a sizable minority also used funds from Title II, Part D (43 percent), and Title V, Part A (36 percent), for other program purposes.

³ The standard error on the estimate for the rate of Transferability participation from the survey results was large, because there were a small number of districts that were not on the state lists but reported using Transferability and these districts ended up representing a large number of districts nationally. Weighted results from district surveys suggested that Transferability participation ranges between 12 percent and 21 percent of districts nationwide.

Exhibit 1 Uses of Funds Under Transferability and REAP Flex, 2005–06

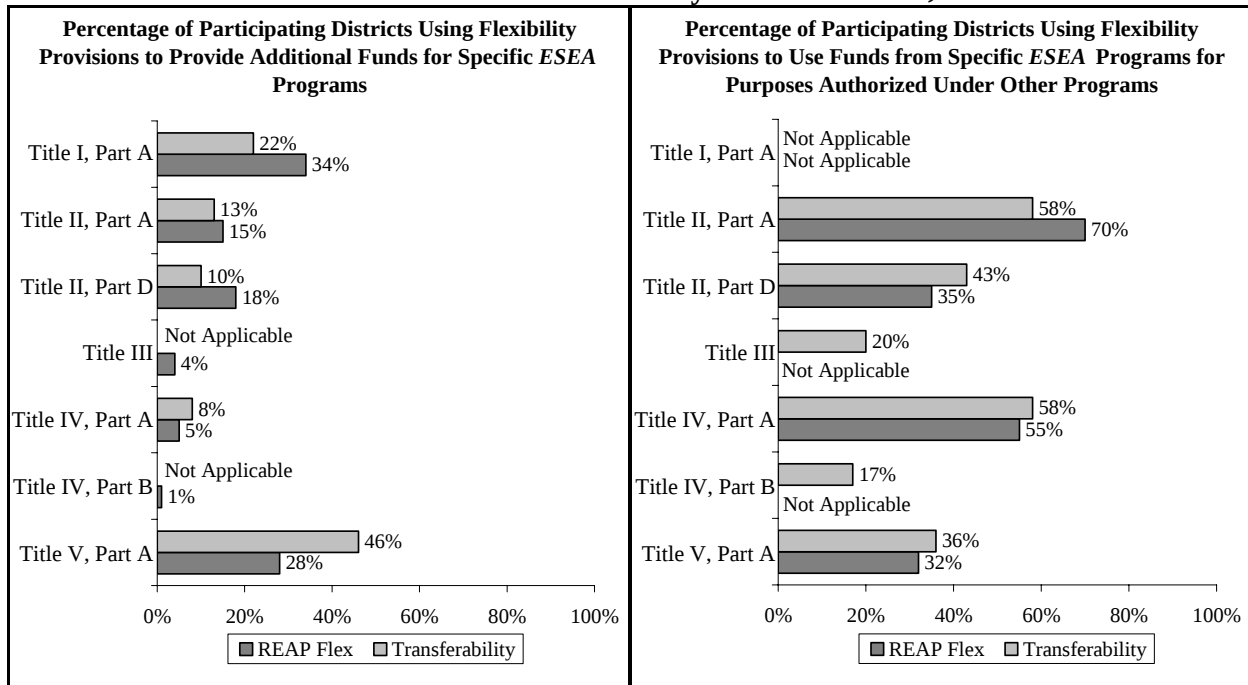


Exhibit reads: Twenty-two percent of districts participating in Transferability reported using this flexibility to transfer funds to Title I, Part A, and 70 percent reported that they transferred funds from Title II, Part A.

Source: Transferability Authority District Administrator Survey #18, REAP Flex Authority District Administrator Survey #21.

Key Finding: Eligible districts most commonly relied on their state for information or technical assistance about Transferability and REAP Flex.

More than two-thirds of Transferability and REAP Flex eligible districts indicated that information or technical assistance from the state was a very useful or somewhat useful source of information about flexibility programs. Other sources that districts reported were useful included workshops or information sessions, U.S. Department of Education Web site or publications, and regional technical assistance providers (see Exhibit 2).

Exhibit 2
Percentage of Districts Reporting That Sources of Information About Transferability and REAP Flex Were Very Useful or Somewhat Useful, 2005–06

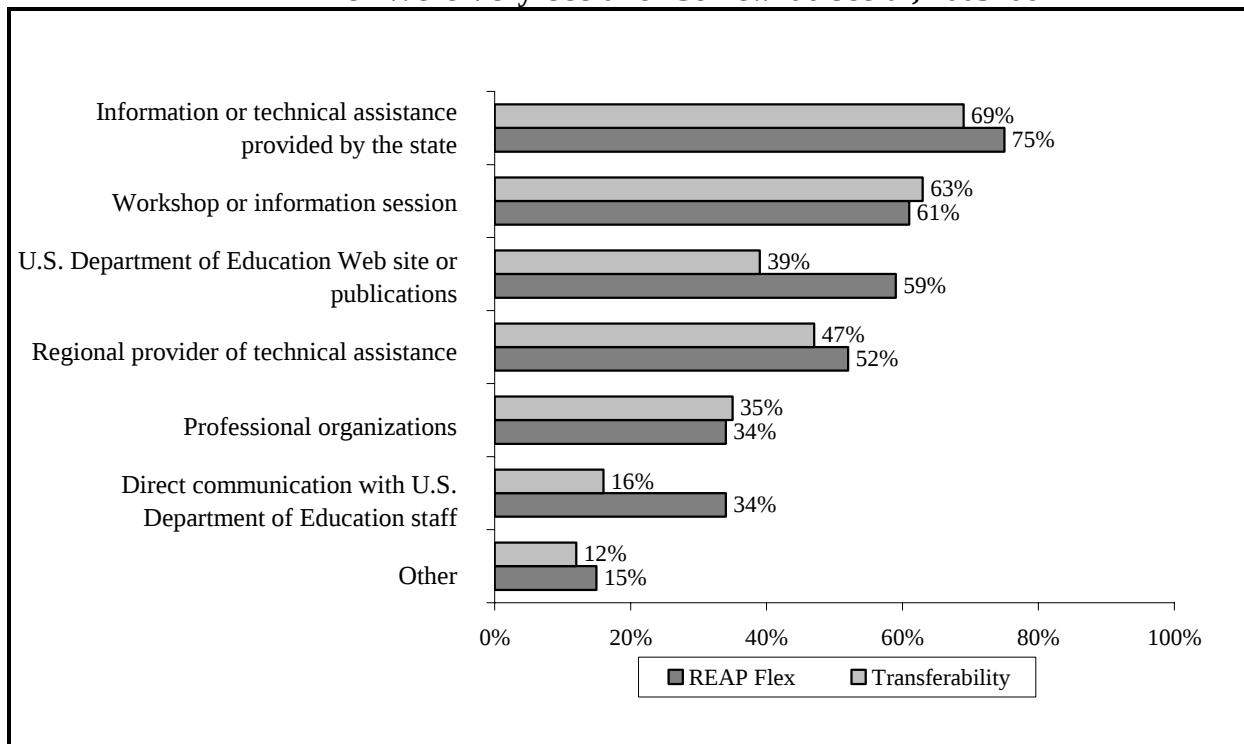


Exhibit reads: Sixty-nine percent of districts reported that information or technical assistance provided by the state was very useful or somewhat useful.

Source: Transferability Authority District Administrator Survey #4, REAP Flex Authority District Administrator Survey #4.

Reasons Why Districts Participate in Flexibility Programs

Key Finding: Districts that chose to participate in the three flexibility programs did so in order to focus funds on achieving their goals of making AYP by targeting particular areas of need. Rural districts found flexibility particularly useful because of the small allocations for individual programs and funding constraints associated with declining enrollments.

Transferability participants reported that their primary reason for using the program was a desire for greater flexibility in the use of federal funds. More specifically, district representatives identified mismatches between federal funding and district priorities, decreasing levels of federal funding, and a higher degree of flexibility associated with particular programs as driving forces in the decision to use Transferability. Generally, districts reported that money transferred under Transferability was used for initiatives aimed at helping schools make AYP. Specifically, the most common goals associated with transferred funds were improved teacher quality, an increased focus on Title I students, technology, math, and literacy.

REAP Flex participants reported similar reasons for using flexibility provisions as Transferability participants, with a focus on using flexibility to provide more resources to activities aimed at making AYP. REAP Flex was most often used to target low-performing

student subgroups and raise reading and math achievement via improvements in technology and teacher quality. District administrators also chose to implement REAP Flex as a means of increasing the effectiveness of priority programs and maintaining a stable level of effort for on-going activities threatened by budget constraints. Rural districts found flexibility particularly useful, as often the amount of formula-based funds they received within a particular federal program was insufficient to support significant school improvement efforts. Many rural districts are experiencing declining enrollments resulting in reductions in federal program allocations, making REAP Flex even more essential to rural districts, and high participation rates reflect rural districts' need and enthusiasm for the program.

In the case of Local Flex, participating in the program created new possibilities for effectively reaching the district's goals and allowing Seattle Public Schools to think strategically about student needs through the methods articulated in its five-year plan. In its plan, SPS has chosen to focus on five major themes to better target federal funds and meet student needs through planning and accountability measures, tracking student progress, and employing new initiatives. While Seattle Public Schools initial Local Flex agreement ended after it failed to make AYP for two consecutive years, the Department has provisionally approved a new agreement that Seattle Public Schools recently submitted. Seattle is making modifications to that agreement, and a peer review panel will be reviewing the modified agreement. Local Flex has changed the way the district focused on strategic planning, helped to deploy resources to the schools and students most in need through expanded programs, and encouraged greater collaboration within the district office and with public and private schools.

Reasons Why Districts Do Not Participate in Flexibility Programs

Key Finding: Lack of information and districts' inability to distinguish clear benefits from the flexibility programs were the two main reasons districts reported for not using flexibility provisions. In the case of Local Flex, the application requirements further discouraged participation.

Barriers to Participation in Transferability and REAP Flex

Evaluations of Transferability and REAP Flex revealed two main factors that limited participation in the programs. First, as with Local Flex, lack of information was a central reason that districts did not utilize Transferability and REAP Flex. Second, there was a perception by many district officials that there were not clear benefits from the flexibility programs and that they already possessed adequate flexibility in their use of federal funds.

Information about Transferability and REAP Flex. Over one-third of districts not participating in the Transferability cited insufficient information as a factor in their choice not to use the flexibility provision. In general, there appeared to be an information gap between Transferability participants and nonparticipants. For example, 86 percent of Transferability participants recalled obtaining information from the state, yet only 57 percent of nonparticipants received information or recalled receiving information from the state. The state appeared to be the most important source of information about the program with nearly 70 percent of districts reporting the information to be useful. In addition, in states that appeared to be particularly

active in providing information about the program, a much higher percentage of districts participated in the program.

There were similar results related to information about the REAP Flex program. As with Transferability, over a third of nonparticipants cited insufficient information about REAP Flex as a reason for not participating in the program. There were also similar information gaps with participants receiving information about the program at much higher levels. The state was also the most important source of information about REAP Flex and about three-quarters of districts reported that information from the state was useful. Furthermore, 28 percent of nonparticipating districts did not consult any source of information about REAP Flex, which may also have contributed to not participating in the program.

There also appeared to be some confusion about the different flexibility provisions, which may contribute to limited participation, as districts are unable to identify particular provisions and related benefits. States did not always have accurate information about the districts using Transferability, even though districts are required to inform the state about their use of the provision. Districts' Transferability use status may not have corresponded with state lists because districts did not realize they were using a different flexibility program (some districts that thought they were using Transferability were actually using REAP Flex), did not know they needed to notify the state, or because districts knowingly chose not to notify the state. Also, states may not have asked for this information or kept accurate and up-to-date lists. Districts that participated in REAP Flex often exhibited a misunderstanding about what REAP Flex entails. The most common mistake was confusion related to the names of the program (differentiating among REAP, REAP Flex, and the Small Rural School Achievement Program). Districts often did not know what the different flexibility provisions were, how they could use them, or even whether they were currently using a particular provision (e.g., Transferability vs. REAP Flex).

Benefits of Transferability and REAP Flex. About 40 percent of school districts that did not participate in Transferability and REAP Flex identified satisfaction with current levels of flexibility as a major factor in the decision to not to use Transferability. These districts indicated that they could carry out priority programs without additional flexibility. In addition, 35 percent districts reported the amount of funds in applicable categories would have been individually too small to carry out desired activities effectively even after exercising Transferability. Just under a quarter of REAP Flex nonparticipants indicated that this was a major reason for not participating. Thus, some districts made a conscious decision not to participate in Transferability or REAP Flex because they did not see clear benefits from participation.

Barriers to Participation in Local-Flex

The U.S. Department of Education commissioned the Urban Institute in 2003 to conduct a series of interviews to examine the low application rates for both the Local Flex and State Flex demonstration programs. That study identified three main factors that led to the low participation rates in Local Flex (and State Flex) competitions.

Competing Priorities and Organizational Capacity. The combination of higher priorities and limited organizational capacity limited interest in the State and Local Flex programs. State and local education agencies viewed the implementation of other *No Child Left Behind* provisions, particularly those related to accountability, as a higher priority than exploring the possibilities of the State Flex and Local Flex programs. Thinly stretched organizational resources and agency staff also made agencies less likely to pursue discretionary opportunities, unless they were viewed as particularly attractive.

Benefits and Costs of Local Flex. District administrators generally agreed that greater flexibility in the administration of federal funds would be beneficial. Few respondents, however, could provide specific examples of how the demonstration programs could uniquely help them to achieve their educational goals. In short, many administrators saw no clear benefits in implementing State or Local Flex. As the implementation of the provisions would involve additional costs and responsibilities (e.g., a time-intensive application process, new accounting procedures, and new expenses related to administering the program), a rough cost-benefit analysis led some administrators to decide that participating in the demonstrations was not worthwhile, especially since these programs provided no additional funds.

Information About the Local Flex Programs. Administrators at the state and district level often displayed only a modest familiarity with the program provisions. While all administrators were familiar with *ESEA*-related flexibility in general, few had detailed knowledge of the nuances of the Local Flex provisions or what distinguished them from the Transferability authority. This knowledge gap is partially attributable to the distance between information sources and the administrators charged with examining and applying for the programs; state-level administrators were more familiar with State Flex than their district-level counterparts were with Local Flex. Unable to distinguish State or Local Flex provisions from other flexibility options, many officials chose not to pursue the program.

Increasing Participation in Flexibility Programs

Key finding: Ensuring districts have accurate information and can distinguish among the different programs would enable districts to make an informed decision about whether or not participating in a flexibility program would be beneficial and would likely increase participation rates.

Providing more information to eligible non-participating districts about flexibility programs would likely increase participation in all three of the studied flexibility provisions. It would be especially beneficial for participation in Transferability and REAP Flex. Clarifying the names, scope, and benefits of the programs would reduce confusion and allow districts to better understand the requirements and benefits of the new flexibility provisions. Case studies of Transferability and REAP Flex nonparticipants indicated that if district officials had known about the program or had more information about the benefits of the program, they would have been more likely to participate.

The state is likely the single most important source of information about these programs. Districts using Transferability noted that the state provided information about both the uses and

requirements of the program. For REAP Flex, districts noted that the state provided them with information about both the uses and restrictions associated with REAP Flex funds, including potential restrictions related to AYP or LEA improvement status. State employees also provided more than technical guidance—one district did not even know REAP Flex existed until a state supervisor brought it to the district’s attention. While it may be difficult to reach rural or smaller districts, the findings indicated the importance of state efforts to disseminate information. While there are clearly a large minority of nonparticipant districts that reported having adequate flexibility, providing accurate information would allow more districts to make an informed decision about participation and would likely increase participation rates as inadequate information appeared to be a significant obstacle to participation.

While increasing the quality and availability about information would likely increase participation without making changes to the programs, the evaluation findings also indicated that some specific changes to Transferability and REAP Flex would also increase interest in the use of the program. A large majority of districts reported that they would be more likely to take advantage of Transferability if the transferred funds were not restricted by the rules and regulations of the receiving programs. Increasing the proportion of funds that could be transferred from eligible programs would also enhance interest in the program, as would reducing the amount of accounting requirements or increasing assistance for maintaining necessary records. These types of changes could also potentially lead to greater participation in Transferability. Similar changes would increase the interest of REAP Flex eligible districts including relaxing accounting requirements and increasing the number of federal programs where applicable funds could be used.

Conclusions

Overall, participants in flexibility programs had positive reports of their experiences. Transferability participants generally found the program useful, although some district officials would like to see fewer programmatic requirements. REAP Flex participants reported a very high level of satisfaction with the program in meeting the specific needs of rural districts. Once districts used REAP Flex they continued to participate year after year. While this study does not examine the impact of the flexibility options on student achievement, district participants generally reported being pleased with the flexibility program they use and the opportunities it has provided the district. The largest barrier to use of the Flexibility programs did not appear to be the programs themselves but rather insufficient information about the flexibility provisions.



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