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ABSTRACT

Based on the premises that there is a legitimate federal role in education, that federal education programs need to be simplified, that federal aid must pass through states to the local school districts, and that state and local agencies should be accountable for using federal resources, this paper offers specifications to suggest ways to eliminate unnecessary features of current federal programs. In relation to the controversy over whether it is preferable to institute a form of special revenue sharing or to tighten federal controls, the authors urge a combination of strict accountability for outcomes and wide latitude in determining how those outcomes are achieved. Included in the discussion are programs under Titles I, II, III, IV, and V of the Elementary Secondary Education Act. Recommendations include maintaining the categorical identity of some programs, such as compensatory education, education for severely handicapped children, vocational education, and educational research and development, and consolidating others. This grant simplification proposal would incorporate the principles of "hold harmless" (giving assurances that grantees will receive a minimum allocation based on the previous year's award), performance accountability, and shared state and local control. (Author/WD)

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PAPER NO. 2

RECOMMENDED SPECIFICATIONS FOR
GRANT SIMPLIFICATION FOR
FEDERAL AID TO EDUCATION

May, 1981

This concept paper is the result of discussion, from several meetings coordinated by the Southeastern Regional Council for Educational Improvement. The publishing of the concepts which grew out of those meetings in no way suggests that they have been adopted by the Southeastern Regional Council for Educational Improvement, its member states, nor their Chief State School Officers, nor should any inference be made that any member state or any member Chief State School Officer approves specifically of the items included herein.

SOUTHEASTERN REGIONAL COUNCIL FOR EDUCATIONAL IMPROVEMENT
POST OFFICE BOX 12746, 200 PARK OFFICES, SUITE 111
RESEARCH TRIANGLE PARK, NORTH CAROLINA 27709

919-549-8216

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Part B - Local plans contain (1) description of educational outcomes, (2) assurances, (3) a description of total program, (4) a system for public comment, and (5) a grievance procedure.

Part C - Miscellaneous Provision includes (1) Tydings Amendment, (2) advance funding provisions, (3) criteria for district-wide audits, (4) a depreciation allowance schedule, and (5) provision for non-public participation.

Provides for Secretary's 0.5% discretionary setaside. Authorized activities include (1) gathering and disseminating information on program effectiveness, (2) research and demonstration activities, (3) evaluation and (4) technical assistance. Provides for 60 day review period of state and local plans and repeals all appropriate preceeding acts.

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PREFACE

The role of federal aid to education has been the focus of public debate since its inception with the *Land Ordinance of 1785*. That debate recently intensified during the presidential campaign of 1980 and the subsequent congressional budget battle in the first half of the year. The Southeastern Regional Council for Educational Improvement (a ten-state nonprofit, policy research organization), in an effort to identify some guiding principles for the relationship of its member states with the federal government, coordinated a series of meetings of state educational agency representatives and federal relations directors from its member states and the States of New York, California, and Texas. This issue paper resulted from those meetings, and its chief purpose is to contribute to an informed public debate of the issues involved.

The underlying precepts upon which this paper was written are:

1. The belief that there is a legitimate federal role in education which should be maintained and even strengthened;
2. The painfully obvious conclusion that fragmented and piece-meal federal education programs do need to be simplified using a more effective approach, which has direction and purpose, but leaves the states the flexibility to decide their solutions to their problems;
3. The legacy of a federal system in which states have the primary responsibility for education, and the corollary to this--that federal aid must pass through the states to the local school districts;
4. The belief that state and local educational agencies should be accountable for using federal resources to achieve national goals, but should also be allowed wide latitude to determine the best approaches to achieving them;
5. The conviction that grant simplification must occur, regardless of the level of federal funding for education; and
6. The notion that agreements between states and the federal government should be based upon a state plan dealing with state problems, in light of national concerns. The content of a state's plan are its prerogative and should be subject to federal review, but not approval.

RECOMMENDED SPECIFICATIONS FOR GRANT SIMPLIFICATION
FOR FEDERAL AID TO EDUCATION

I. Introduction

Depending upon one's vantage point, federal aid to education is either a blessing or a curse. It may be a blessing because it assists specially targeted groups, such as severely handicapped children or children from disadvantaged homes. Or it may be a curse because it gives help only when very detailed and restrictive conditions are met. These conditions are the spider web of administrative and fiscal regulations imposed on any grantee who, for whatever reason, accepts federal aid. The unfortunate outgrowth of federal regulations has been increased federal control of education and a trend toward enforced conformity, when in fact diversity is needed.

Historical
Perspective

This was not always so. The situation today did not exist twenty years ago. Nor did it spring into being overnight. At the time of its enactment, Title I of the Elementary and Secondary Education Act displayed many of the same features as consolidated or block grants. It wasn't until regulations were written and amendments for state sponsored programs were added that Title I began to assume its present appearance. In 1965, circumstances among State Education Agencies (SEAs)* were quite different.

*See Appendix for definitions of key terms used throughout this paper.

SEAs More
Capable

Owing to strides made as a result of federal legislation and to other factors, SEAs are far more capable managers and policy-makers now than sixteen years ago. On the other hand, federal policies have failed to account for the very same progress they helped to make possible.

Federal aid to education is at a crossroads. Although few people who know federal aid would disagree that the current regulatory quagmire cannot be allowed to continue, there is considerable debate as to what should replace it. Proposals range from one extreme to another, from one advocating a form of special revenue sharing to another favoring tighter federal controls. The position briefly outlined in this discussion paper is a middle one. It combines what many supporters believe are strengths of both positions: strict accountability for outcomes, but with wide latitude for determining how those outcomes are achieved.

A Hybrid

A. Declaration of Policy

It is not incorrect to say education is a federal concern, a state responsibility, and a local hassle. Ninety percent of all educational revenues are collected by state and local taxing authorities and nearly one hundred percent are spent at those levels. For practical reasons, the federal government spends very little of its money providing direct educational services.

Reconciling State
Authority With
Responsibility

Instead, state and local education agencies serve as its agents to spend federal funds. Under most circum-

stances, such an arrangement would call for liberal measures of good will, trust, and cooperation to ensure success. Sadly, this has not been the case in education.

In fact, perhaps the most surprising result of the federal-state-local "partnership" is that it has achieved successes, despite the difficulties that beset it.

Education: A State Responsibility

The Federal Role In Education

National Concerns

No Mandate Without Means

When the framers of the U. S. Constitution created a "federal" system of government, they envisioned a separation of powers extending beyond the branches of a national government to include different levels of government. Education was one of the powers reserved to the states by the tenth amendment to the Constitution and, to be successful, any federal education policy must take that into account. With this in mind, the first objective of federal education policy should be to *establish a listing of national concerns*. These are concerns which transcend individual state or local interests, and among them are: (1) assuring equal access to educational opportunities, (2) maintaining a pool of skilled manpower for industry, (3) national defense, (4) special programs for disadvantaged or handicapped children, and (5) educational research and development. These are areas in which the federal government has a legitimate interest. Second, the federal government should provide the *necessary funds and technical assistance to deal with these national concerns*. States can ill afford for the federal government to set mandates

without providing the money to see that they are met.

Federal Review Of States

Public Law (P.L.) 94-142, the Education for All Handicapped Children Act, is the most obvious example of this happening.* Third, the federal government should review

state (and not local) *performance in evaluating how well federal funds are spent.* Before federal officials conduct a program or fiscal review of local education programs, they should request permission from the SEA.

But even before that happens, states charged with the responsibility for monitoring local performance should be granted the authority and means to see that it is

Federal Control Of. Education Prohibited

done. Fourth, the federal government should be *prohibited* (as it is now by law) *from exercising any direct control or influence over the operation of state or local education programs or curriculum, except to the extent it guarantees constitutionally protected rights.*

State Role

Each state also has a role. It should see that national and state concerns, such as equal access and due process, are met and that federal funds are distributed equitably within its borders. It is

*A recent decision by the U.S. Supreme Court in *Pennhurst State School and Hospital et al, v. Halderman et al* (1981) bears directly on this issue. Writing for the majority of the Court, Justice Rehnquist likened the Developmentally Disabled Assistance and Bill of Rights Act to a similar Medicaid statute considered in *Harris v. McRae* (1980), which "was designed as a cooperative program of shared responsibilities, not as a device for the Federal Government to compel a State to provide services that Congress itself is unwilling to fund."

especially important for state laws affording due process to be granted precedence over federal requirements whenever their overall effects are substantially the same. Each SEA is responsible for other duties as well, among them: program review; program improvement, including staff development, information dissemination and curriculum; planning and technical assistance to local education agencies; establishing review criteria for evaluating state and local performance; fiscal accountability; and assuring public input into programs.

B. Grant Simplification

The position taken in this paper is that what is needed to solve the dilemma facing federal education programs is grant simplification and not a more radical approach to the problem. There are legitimate national concerns the federal government should address, and this can only be accomplished through legislation which, up to a point, maintains the categorical identity of programs. Some of these categories were briefly mentioned before: compensatory education, education for severely handicapped children, vocational education or manpower training, and educational research and development. One might be tempted to ask if there is a difference between grant simplification and grant consolidation? Perhaps there is, but it is a distinction based upon degree and not on kind.

Maintaining
Categorical
Identity

Some of the principles embodied in a grant simplification package would include the principles of: (1) hold harmless, (2) performance accountability, and (3) state and local control of education. It is essential for any grant simplification proposal to contain assurances that grantees will receive a minimum floor allocation based on their previous year's grant award. First, it would be impolitic not to; and second, sound public policy demands it. A guarantee of 85% of the previous year's allocation should be sufficient to maintain the continuity of state and local federal programs.

Hold Harmless

Performance
Accountability

Performance accountability is likewise an important aspect of grant simplification. It means that state and local education agencies ought to be reviewed on the basis of their accomplishments and not on the basis of their technical compliance with federal regulations. One of the chief problems with federal programs has been the inordinate amount of time needed to comply with federal regulations--regulations with absolutely nothing to do with how well students are learning.

State And Local
Control Of
Education

Finally, state and local control of education is essential to maintaining the vitality and quality that have traditionally been hallmarks of American public schools. Standards selected and approved in Washington, D.C., simply will not fit conditions in every single one of 16,000 school districts nationwide, and they shouldn't be expected to fit.

C. State and Local Plans

State Responsibilities

With regard to federal programs, each State Education Agency would be responsible for monitoring, enforcement, and technical assistance to local districts. A state can meet these responsibilities only if an agreement exists beforehand, stating the conditions under which it will carry out its duties. In order for it to do this, three things must happen: (1) the federal government must identify national concerns and allow those concerns to be met in a variety of ways; (2) SEAs must develop a multi-year, statewide plan for seeing that those concerns are addressed, given the extent of federal resources available and its own state goals and objectives; and (3) local districts must develop their own plans, subject to state approval, for addressing the combined state and federal concerns. As always, local districts must retain the authority to oversee day-to-day classroom instruction. Experience has shown that when local school districts lose that authority, learning suffers.

Comprehensive Plans

State and local plans should not be limited to a single program or category of programs. Each state and local plan should include details on all federal programs operated by the state or local district and announce precisely how those programs dovetail with the overall program of instruction. (Details of what might be included in state and local plans are discussed under Title V in the following pages.)

II. Proposed Legislative Specifications

Categories Of Programs

The proposed legislative specifications sketched in this paper keep several broad categories of programs. These categories should not be confused with very narrowly construed categorical programs. "Scattering too many programs in too many directions has shown the folly of spreading slim resources too thinly. By focusing federal aid into three or four areas, a good deal more can be accomplished. What follows then is a plan for simplifying federal education programs as they now exist.

A. Title I - Compensatory Education

Compensatory education has a durable reputation as one of the federal government's chief education concerns. The notion that the federal government ought somehow to compensate for differences in the wealth of local districts has long been accepted. What has been the subject of intense debate is how best to meet this federal obligation. There are ten or more programs now on the books that could properly be termed "compensatory." They include Title I-Aid to Local Districts, concentration grants, neglected and delinquent grants, migrant education, bilingual education, Emergency School Aid, refugee assistance, adult education, Headstart, Follow Through, and remedial programs funded through the Comprehensive Employment and Training Act. Some of these programs, like Aid to Local Districts, are clearly aimed at local

Local Needs

State Programs

needs. Others, such as the program for neglected and delinquent children, are really intended to serve the needs of children in governmental institutions and programs.

Refugee Programs

Refugee education programs are compensatory in that they provide assistance to meet the special educational needs of refugee children and adults, including Cuban and Haitian "entrants." Refugee assistance is based on the federal government's responsibility to keep the fiscal burden of refugees and entrants from falling disproportionately on the school districts and states in which they are settled.

Refugees A Federal Responsibility

Although the federal government currently reimburses states for 100 percent of the costs of programs which provide cash, medical, and social services to this refugee population for a three year transition period, school districts are reimbursed a much smaller percentage of their costs. If refugees are included in the education block grant, the federal government's full responsibility should still be recognized and provision should be made for them to be counted for a transition period of three to five years. (Also, because the major fiscal impact of refugees is felt during the first year after their arrival in the United States, a separate legislative authorization should be available to provide emergency assistance to impacted school districts until their block grant funding might be adjusted in the next funding cycle.)

Single Authority

A new Title I would combine into a single compensatory education authority ESEA Title I-Aid to Local Districts, concentration grants, migrant education, educational programs for limited and non-English speaking persons, Emergency School Aid, and adult education. States would not be required to spend all or any part of their allocations in any particular area, except as specified in their state plan. Each SEA would file a single, multi-year plan for all titles. Each title would be included under a separate section of the multi-year plan, outlining, in addition to performance outcomes, the monitoring and review procedures each state intends to use and its plan for providing financial assistance to local districts. States and local districts would be granted the authority to use federal funds as they see fit in the specified areas, so long as they meet their performance goals. For instance, in schools with large concentrations of disadvantaged children (i.e., 40 percent or more), local districts would have the option of upgrading the entire school.

State And Local Discretion

Concentrations Of Disadvantaged Children

Title I Formula

The Title I state allocation would be calculated using this formula: seventy-five percent based on the number of children at or below the poverty level and twenty-five percent based on the numbers of limited and non-English speaking children, migratory children, twenty percent of the adults without high school completion certificates, and refugees and entrants enrolled

In-State Formulas

in public schools. States could develop their own weighted formula or use an existing state formula for distributing their allocation. States would be permitted wide latitude in allocating federal monies, so long as the method used was consistent with their state plan and they successfully met their performance goals.

B. Title II - Special Education

Distinguish
Severity Of
Handicaps

In addition to having too many programs, there are several other problems with the way federal handicapped programs are currently set up. First, federal law makes few distinctions between children with learning disabilities or speech impairments and children who are severely handicapped. The confusion created by this imprecision shortchanges both kinds of students. Second, the law draws few distinctions between educational and habilitative services. As a result, school districts are frequently required to offer services unsuited to their capabilities and experience. Third, no satisfactory way of uniformly identifying and locating handicapped children exists.

Habilitative
Services

A single, simplified title would eliminate all or most of the problems associated with handicapped education programs. It would primarily include P.L. 89-313 and P.L. 94-142 under its authorization. A separate section of the multi-year state plan, similar to the one for Title I, would be required. In this section, each SEA

Part Of State Plan

IEPs

would outline how it intended to serve the severely handicapped children within its boundaries. States would be required to develop an Individual Education Plan (IEP) for each severely handicapped child, although the details of each IEP would be determined jointly by the parents of the child and local school officials.

Due Process

The SEA would also describe the procedures to be used to assure due process in resolving complaints filed by the parents of severely handicapped children. Federal law currently mandates the elements of the due process procedures that must be followed. The new Title II would encourage each state to use its own administrative procedures where they afford similar protections and safeguards. Each state plan would describe the procedures used to guarantee due process, as well as the means by which related (habilitative) services would be provided. To identify severely handicapped children, the SEAs would use the current federal definition (see Appendix). The new definition would omit speech impaired and learning disabled children who would be served under the new Title I.

Title II Formula

The formula used for determining each state's Title II allocation would be school-age population. The reasons for using this measure are very simple. First, as was mentioned earlier, no uniformly acceptable definition of severely handicapped children exists which includes a generally accepted classification scheme.

Second, finding handicapped children is easier and simpler in some states than it is in others. For instance, states with large segments of their populations living in rural areas often find it much more difficult to locate handicapped children than do states that are largely urban. Third, studies have shown the overall ratio of similarly handicapped students to the entire school-age population is surprisingly uniform. Fourth, school-age population figures are easily obtainable from existing data sources, at little or no additional public cost.

C. Title III - Vocational Education

Industrial
Revitalization

Examples Of
Uses

For many reasons, vocational education will continue to be a national concern. The revitalization of America's industries and its national security require a large pool of skilled and highly trained manpower. The purposes of a new Title III would be similar to those embodied in the existing law, although specific categories of programs would be eliminated. Some of the uses for which Title III monies could be spent are: curriculum development, inservice training, innovative practices, developing new job skills for emerging technologies, reindustrialization, and, most importantly, using new technologies in vocational education classrooms and laboratories. Each SEA would develop its own performance goals and objectives, based on the federal purposes

enumerated in the law, and incorporate them into its planning. A new Title III would replace the Vocational Education Act of 1963, as amended, and possibly all training programs authorized under the Comprehensive Employment and Training Act of 1973.

Proprietary
Schools

Separate Boards

Some of the crucial issues involved in a new Title III are: CETA-vocational education linkages, proprietary schools participation in federally-supported activities, and recognition (where applicable) of separate boards of vocational education. Title III would not prescribe what action should be taken on each of these issues, but would require states to address them in their state plans. For instance, SEAs would be allowed to establish a state approving agency, similar to that for veteran's programs, for proprietary schools. This would assure non-public participation in this area in a manner consistent with state priorities and goals.

Title III Formula

Two different formulas could be used for allocating funds under Title III. One formula would use school-age population, while the other formula would use measures similar to those in the current law--a sliding scale of percentages for different age groups, with the largest sum allocated on the basis of state population 15-21 years of age.

D. Title IV - Program Improvement

This title would authorize funds for a variety of

Staff Development

Special Projects

uses, including staff development (inservice teacher training, cross-disciplinary retraining, management training, and information dissemination) and special projects (the existing ESEA Title IV-B and C, gifted and talented program, arts education, etc.) for state-wide needs and objectives. In effect, each SEA would use its own discretion in spending funds to address these needs. Ten percent of funds for Titles I, II, and III could be used for the purposes described under Title IV.

E. Title V - General Provisions

Replace GEPA

This title would replace the General Education Provisions Act and generally set forth the criteria for writing state and local plans or agreements. It also would establish policies to be followed in administering the four separate titles authorized under this Act. Title V is divided into three parts: Part A, State Plans; Part B, Local Plans; and Part C, Miscellaneous Provisions.

Assurances

State Performance
Goals And
Objectives

Under Part A, a state plan would contain the following provisions in the sections for each of its titles: (1) assurances that federal funds would be spent in a manner consistent with federal laws and language specifying how those funds will be spent; (2) a listing of state performance goals and objectives, in light of national concerns; (3) a description of the

Performance
Accountability

Review Criteria

Public Comment

Grievance
Procedure

Intra-State
Allocation
Formulas

Educational
Outcomes

Assurances

Comprehensive
Plan

performance or service accountability measures the state intends to use in measuring the effectiveness of its programs, as opposed to procedures; (4) review criteria it intends to use in reviewing local plans and programs, as well as a five-year schedule for conducting these reviews; (5) a system for assuring public review and comment on the state plan; and (6) a grievance procedure for resolving complaints. Five percent of the funds allocated for each state under this Act may be spent for state administration and compliance assurance.

All federal funds under this Act would be allocated directly to each SEA for redistribution. The intra-state allocation formulas used would be left to each state's discretion, taking into account the factors of equity, population, income, and other state and local programs.

Under Part B, local plans would contain the following sections: (1) a description of the educational outcomes (consistent with state goals and objectives) expected as a result of the programs, and the indicators it will use to measure them; (2) assurances that federal funds will be spent in a manner consistent with federal laws, particularly those safeguarding the civil rights of individuals; (3) a description of the total program for educationally disadvantaged students, handicapped children, vocational education, limited and non-English speaking children, and the regular program of instruction;

Public Comment

Grievance
Procedure

(4) a system for assuring public review and comment on the local plan; and (5) a grievance procedure for resolving complaints. (For both state and local plans, the grievance procedure followed may be one authorized by state law if it meets the constitutional tests of equal protection under the law and due process.) It is very important to include a description of how the regular program of instruction is linked to the federal programs authorized by this Act. So often, federal programs have been imposed on states and local school districts with little thought for how they affect their programs. It is essential that federally supported programs be tailored to fit local situations and conditions, and not the other way around.

Tydings Amendment

Advance Funding

Audits

Non-Public
Participation

Under Part C, miscellaneous provisions encompass a wide range of policy and procedural issues. Among them are: (1) a continuation of the Tydings Amendment, allowing unspent federal funds to be carried forward to the next fiscal year; (2) advance funding for federal education programs, and a July 1 through June 30 program year; (3) criteria for conducting district-wide audits (including a provision limiting the number of times a district can be audited); (4) a depreciation allowance for facilities and equipment purchased with federal funds; and (5) a provision for non-public participation similar to the one now in effect. Also covered by Part C would be compliance agreements eliminating repayment

State Law To Take
Precedence

of misspent funds when an adverse condition is corrected. In addition, this part would allow any state law or written public policy which substantially meets or exceeds federal standards to take precedence over the federal requirement.

Secretary's
Discretionary Funds

Under Part C, the Secretary of the U. S. Department of Education would receive a 0.5% discretionary setaside. Special national attention would be given to migrant transfer programs and funds from the setaside would be used for interstate activities of national significance and for technical assistance. Funds from the setaside could not flow directly to local school districts without the consent of the state in which the districts are located. The activities authorized for the Secretary would include: (1) gathering and disseminating information on the effectiveness of programs authorized under this Act; (2) carrying out research and demonstrations related to the purposes of this Act; (3) evaluating the programs and projects this Act supports; and (4) assisting state and local school districts in the implementation of programs under this Act. Local applications for funds would be submitted through the State Education Agency for approval, and only applications which it recommends would be transmitted to the Secretary for his/her approval.

Plan Review

State and local plans authorized under Parts A and B of Title V would have a 60 day review period, and a

state or federal approving agency would be required to show cause as to why a plan should not be approved as submitted. Under Part A, the 5% administrative allocation may, at each state's discretion, be pooled without regard to program for more effective use.

Excess Paperwork

Another issue of concern is excess paperwork, and a separate section on excess paperwork and reporting requirements would highlight the importance this issue has for state and local education agencies and provide a lever for reducing unnecessary reports..

Acts Repealed

The Act would repeal the Elementary and Secondary Education Act (except Part A of Title III), the Education of the Handicapped Act (except sections 602, 622-627, 633, 635, 636, and Parts E and F), Parts A and B of Title V of the Higher Education Act, the Adult Education Act (except section 314), the Career Education Incentive Act, the Alcohol and Drug Abuse Education Act, Part B of Title V of the Headstart, Economic Opportunity and Community Partnership Act, and the Vocational Education Act of 1963, as amended. Sections of the Comprehensive Employment and Training Act related to training may also be subject to repeal.

III. Summary

What these specifications do is to suggest ways to eliminate unnecessary features of current federal education programs and streamline the remaining ones into a sensible

approach to the problems facing America's schools. There are legitimate national concerns deserving of the federal government's attention and which, in fact, may only be solved through a concerted national effort. The original impetus for federal aid to education has not disappeared, and it is just as apparent today as it was in 1965 when many landmark education laws were enacted. But times have changed and so have the circumstances in which federal programs find themselves. This proposal is an answer to the needs of today's schools and to the demands of an increasingly technological society. And it is with that in mind that it attempts to find a middle ground between state and local control of education and pressing federal concerns.

Appendix

DEFINITIONS

1. The term "State" means a State, Puerto Rico, Guam, the District of Columbia, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.
2. The term "State Educational Agency" means the officer or agency primarily responsible for the state supervision of public education.
3. The term "Secretary" means the Secretary of Education or the Secretary's designee.
4. The term "local educational agency" or "local school district" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary, secondary or vocational schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary, secondary or vocational school.
5. The term "handicapped children" means mentally retarded, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired children who require special education.
6. The term "educationally deprived children" means children who need special educational assistance to attain a level of achievement appropriate for children of their age.

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