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ABSTRACT

This document presents the findings from one aspect of the National Study of Local Operations under Chapter 2 of the Education Consolidation and Improvement Act of 1981. The report examines the distribution of funds to school districts under Chapter 2, the federal education block grant. The introductory chapter reviews findings from early studies regarding the fiscal effects of Chapter 2, presents the research questions that motivated the aspect of the study reported here, and discusses the sources of the data used. The remaining chapters describe the distribution of Chapter 2 funds, analyze how districts spent the funds, and explain local spending patterns. The concerns addressed include the relationship of district size to fund allocation, the allocation of discretionary funds, the provision of services to private school students, shifts in fund allocation resulting from the consolidation of funding into the block grant, effects of district size on spending patterns, differences between expenditures for private and public school students, changes in spending patterns resulting from consolidation of funding into the block grant, and the nature of the factors influencing local spending decisions. Appendixes provide error values for the report's tables and a list of antecedent programs consolidated into the Chapter 2 block grant. (PGD)

FUNDS ALLOCATION AND EXPENDITURES UNDER THE EDUCATION BLOCK GRANT

A Special Issue Report from the National Study of Local Operations Under Chapter 2 of the Education Consolidation and Improvement Act

January 1986

Richard Apling, Policy Studies Associates
Christine L. Padilla, SRI International

Prepared for:

U.S. Department of Education,
Office of Planning, Budget, and Evaluation
Washington, D.C. 20202

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Reports from the

National Study of Local Operations under Chapter 2

Michael S. Knapp Craig H. Blakely	The Education Block Grant at the Local Level: The Implementation of Chapter 2 of the Education Consolidation and Improvement Act in Districts and Schools
Michael S. Knapp	Legislative Goals for the Education Block Grant: Have they been Achieved at the Local Level
Richard Apling Christine L. Padilla	Funds Allocation and Expenditures under the Education Block Grant
Rhonda Ann Cooperstein	Participation of Private School Students in Services Supported by the Education Block Grant
Craig H. Blakely Marian S. Stearns	Involvement of Parents and Citizens in Local Decisionmaking Under the Education Block Grant
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PREFACE

This document is one of a series of reports resulting from SRI's National Study of Local Operations Under Chapter 2 of the Education Consolidation and Improvement Act (ECIA). Chapter 2--the first federally supported education block grant--consolidated 28 former categorical programs into a grant of funds to all school districts, to be used for any of the purposes in the preceding programs. The block grant was implemented in school districts across the nation in the 1982-83 school year, following passage of ECIA in 1981.

In response to numerous demands for information about the block grant's implementation and effects from the U.S. Congress, other federal agencies, and interest groups, and in anticipation of its own need to inform debate on reauthorization and appropriations, the U.S. Department of Education commissioned SRI, in collaboration with Policy Studies Associates (PSA), in 1983, to study Chapter 2. The two-year inventigation was to focus its data collection on the third year of implementation, the 1984-85 school year, although information was also gathered to examine the first two years of Chapter 2 and the year preceding it, the last in which programs consolidated into the block grant were operating.

The SRI study did not take place in a vacuum. For various reasons--among them, the newness of the block grant mechanism in federal education aid, the lack of a formal reporting route from the local to federal levels, the fact that shifting to a block grant format significantly redistributed funds--numerous smaller investigations were mounted by federal agencies (including ED), independent research, which we review in Section I, documented various effects in, but also left many questions unanswered about, the first and second years of implementation, and especially with regard to the local level in longer-term perspective.

Building on the foundation built by these earlier studies, the SRI investigation had the following purposes:

(1) Describe local activities and operations under Chapter 2 in the program's third year, noting changes over the first three years of the program and changes from antecedent programs.

(2) Assess the achievement of federal legislative goals, in particular, educational improvement, reduction in administrative burden, and an increase in programmatic discretion at the local level.

(3) Describe how the federal block grant mechanism (Chapter 2 funding or guidelines and state actions or interpretations) influences LEA activities.

(4) Determine how state and local education agencies evaluate their Chapter 2 programs and develope options so that the Deparmtnet of Education (ED) can offer technical assistance.

(5) Draw lessons from Chapter 2 implementation and effects for future federal policies.

To fulfill these purposes and obtain a comprehensive description of local activities and operations under Chapter 2, the study is organized around five major topics. Each of these represents a purpose of the law or a set of issues regarding the block grant mechanism.

- Education service delivery (concerning the nature of education services supported by Chapter 2 and their contribution to education improvement).
- Funds allocation and expenditure (concerning the types of expenditures under Chapter 2 and the influences on local spending).
- Local program administration and decisionmaking (concerning the way in which programs are administered and the effect on administration/paperwork burden; the nature of the decision process, the participation of parents/citizens, and implications for the exercise of local discretion; local evaluation activities).
- Services for private school students (concerning expenditures for services to private school students and the delivery of these services; their participation in Chapter 2 supported activities, the administration of these services).
- Intergovernmental relations (concerning the roles and interaction of local, state, and federal levels under Chapter 2).

The results of the study have been reported in three ways:

(1) A comprehensive report, emphasizing descriptive findings in all topic areas and summarizing the analyses in special issue reports.

(2) A series of shorter reports addressing five special issues: services for private school students, the achievement of legislative goals, the allocation and expenditure of funds, the participation of parents and citizens in decisionmaking, and intergovernmental relations.

(3) An options paper for state and local audiences regarding ways to evaluate activities supported by the block grant.

Titles and authors of all these reports are listed on the back of the title page of this document.

Michael S. Knapp,
Project Director

December 1985

ACKNOWLEDGMENTS

A study of this magnitude represents the ideas, energy, and perseverance of many people. We wish to acknowledge their contributions and thank them for their willingness to help the study toward successful completion.

First, we owe much to the patience and support of various state Chapter 2 coordinators, who listened to plans for the study, made suggestions, and encouraged their districts to participate. Those who sat on the Study's Advisory Panel--Darrell Arnold, Weaver Rogers, and Carolyn Skidmore--and the members of the State Chapter 2 Coordinator's Steering Committee deserve special mention.

The findings of our research synthesize the responses of many school and district staff, school board members, parents, and others at the local level. To all who took the time to respond to our questionnaires or answer interview questions, we owe the deepest gratitude--for taking the time from their busy lives to provide information that helps those at a greater distance understand what the block grant contributes to their schools or school districts. Particular school district staff, who advised us during the course of the study, deserve special mention: Todd Endo, Gerald King, Alan Osterndorf, Tom Rosica, and Ken Tyson.

Numerous national associations and interest groups have helped shape the plans for the study, critiqued draft reports, or both, among them: Susan Hennessy, Council of Chief State School Officers (also members of its Committee for Evaluation and Information Systems); Claudia Mansfield, American Association of School Administrators; Marilyn Rauth, American Federation of Teachers; Robert Smith, American Council on Private Education; Joseph McElligott, California Catholic Conference; Michael Casserly, Council of the Great City Schools; Arnold Fege, National Parent Teachers Association; James Jess, Rural Education Association; Anne Henderson, National Committee for Citizens in Education.

In the U.S. Department of Education, individuals in many parts of the agency took an interest in the study and helped focus its questions and approach to research. The Project Officer, Carol Chelemer, of the Planning and Evaluation Service in the Office of Planning, Budget, and Evaluation, shepherded the investigation through its various stages with humor, insight, and unwavering support. We much appreciated the contributions of others in the Department, among them: Janice Anderson, Charles Blum, Lois Bowman, Cecil Brown, Lawrence Davenport, Fred Graves, Linda Hall, Gary Hanna, Patricia Jones, Allen King, Stanley Kruger, Patsy Matthews, David Morgan, Kay Rigling, Robert Stonehill, Kenneth Terrell, and Zulla Toney.

In other federal agencies and the U.S. Congress, we found individuals who were insightful about what needed to be studied, how to gather the information, and the ways to present our findings. We wish especially to thank: Mary Kennedy, National Institute of Education; Paul Grishkat, David Bellis, and Frederick Mulhauser, U.S. General Accounting Office; Kathy Burchard, Barry White, Richard O'Brien, and Barbara Young, U.S. Office of Management and Budget; Dan Koretz, Congressional Budget Office; Jack Jennings, Marc Smolonsky, and Richard DiEugenio, congressional staff in the U.S. House of Representatives; Bruce Post and Ann Young, congressional staff in the U.S. Senate.

Colleagues in universities, research firms, and elsewhere contributed wide-ranging technical expertise to the various design and analysis issues confronting the study. In this regard, we are especially grateful to Robert Goettal who commented on an earlier version of this report, and to William Madow who helped with sampling and statistical issues.

Finally, the dedication and professionalism of the entire study team was the key to making this research successful. Marian Stearns, Director of SRI's Social Sciences Department and Project Director during the study's design phase, deserves special mention for her unflagging enthusiasm and good sense about research on federal aid to education. Others on the study team, besides the authors of other reports (see inside cover), include these SRI staff: Linda Burr, Marion Collins, Carolyn Estey, Elaine Guagliardo, Mary Hancock, Deborah Jay, Ruth Krasnow, Klaus Krause, Lynn Newman, Debra Richards, and Kathy Valdes. Other individuals who worked as field staff helped us gather useful interview information on numerous field visits: Brian Delaney, Peggy Estrada, Gene Franks, Susan Peters, and Stephen Thornton.

To all these people, we wish to say that your contributions were much appreciated.

NOTES FOR READING TABLES

Tables in this report are generally broken out by district size category, because the enormously skewed distribution of districts nationwide may distort the reader's understanding of national estimates (the large number of very small districts, for example, means that most overall estimates are largely a reflection of these). The breakout also enables the reader to appreciate the considerable differences in block grant impact and implementation in districts of different size.

Size categories also comprise differing proportions of the nation's student population. We indicate below the number and percentage of districts falling in each size category, as well as the proportion of the nation's students represented.

Where relevant, the "very large" category has been further subdivided into urban districts and suburban county systems (which may include a moderate-sized city as well) because the characteristics and responses of these two types differ substantially.

District Size (Enrollment)	Number (and percentage) of districts within range	Proportion of nation's students
Very large (25,000 or greater)	163 (1.0%)	25.8%
Urban	92 (0.6%)	15.8
Suburban	71 (0.5%)	10.0
Large (10,000 to 24,999)	466 (3.0%)	17.3
Medium (2,500 to 9,999)	3,027 (19.5%)	35.1
Small (600 to 2,499)	5,369 (34.6%)	17.9
Very small (Less than 600)	6,508 (41.9%)	3.8
TOTAL	15,533 (100%)	100.0%

Wherever tables are presented without subdivision into these categories, the reader may assume that the differences among categories are statistically insignificant or irrelevant to the analysis in question.

To simplify presentation, tables do not include standard errors. These and accompanying technical notes may be found in Appendix A.

For the most part, this report describes funds distribution and spending patterns by presenting national estimates of local Chapter 2 allocations (in dollars) or numbers and percentages of districts spending Chapter 2 dollars in particular ways. Unless otherwise noted, dollar allocations will be reported as weighted medians, numbers of districts will be reported as weighted counts, and percentages will be weighted means.* In addition, ranges between the 10th and 90th percentiles will be reported with medians (see Standard Error Tables, Appendix A).

Although less often reported than means, medians are easily interpreted. The median represents the midpoint of a group of numbers. For example, the median total Chapter 2 budget for very large urban districts is $451,385. This means that half the very large urban districts in the nation received more than $451,385, and half received less. (See Technical Notes, Appendix A).

*The mail survey sample represents roughly 10 percent of the nation's districts. Survey responses were weighted by the proportion of districts selected from each cell in the sampling stratification scheme.

I INTRODUCTION AND OVERVIEW

This report examines the distribution of funds to school districts under Chapter 2 of the Education Consolidation and Improvement Act (ECIA) of 1981, otherwise referred to as the federal education block grant, and the way these funds are spent at the local level. In this introduction, we review findings from early studies regarding the fiscal effects of Chapter 2, present the research questions that motivated our investigation, and discuss the sources of the data used in this report. Subsequent sections describe the distribution of Chapter 2 funds, analyze how districts spend the funds, and present explanations for local spending patterns.

Themes in Existing Research

The fiscal effects of Chapter 2 have attracted more research attention than other aspects of the block grant's implementation. Early studies focused on the way the block grant redistributed funding, but also identified possible spending patterns and key influences on these expenditures. Although not based on comprehensive data, the findings of these studies provided a useful starting point for our research.

One must keep in mind the national context for the fiscal effects of the block grant. Federal appropriations for Chapter 2 represented an initial loss of approximately 12% of federal funds compared with the aggregate amount appropriated under the 32 categorical programs*

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*We will refer to these programs collectively as the "antecedent programs" and to funding for these programs as "antecedent funding." A complete listing of these programs and their authorizing laws appears in Appendix B.

consolidated into the education block grant. In dollar amounts, the appropriations decreased from approximately $512 million in school year 1981-82 to $456 million for the next school year. Although the block grant has often been described as the cause of these cuts, sizable reductions had occurred in large antecedent programs such as the Emergency School Aid Act (ESAA) and in Title IV-C of the Elementary and Secondary Education Act (ESEA) before these were consolidated into Chapter 2 (Jung and Bartell, 1983). The decrease in funding for the block grant thus contributed to cuts in funds that already were under way.

Distribution of Federal Funds

Chapter 2 has resulted in redistribution of funds among beneficiaries of federal education dollars. An important aspect of this redistribution is the change from allocation of funds based on enrollment together with competitive grants for specific purposes to distribution mainly by enrollment.* Early studies of the block grant suggested that this change resulted in funding losses for many large urban districts, for recipients of ESAA grants, and for many districts with the resources and skills to seek competitive grants, while districts without these characteristics gained (American Association of School Administrators, 1983). In case studies of Chapter 2 in nine states (Kyle, 1983), the most common characteristics of districts that gained money under Chapter 2 were small size and a lack of participation in categorical programs.

Other studies noted that the formulas by which states distribute Chapter 2 funds to LEAs may contribute to this redistribution. Although some states allocate large percentages of their Chapter 2 money based on a district's percentage of "high cost" children--for example, children from low-income families--other states base their formulas mostly on enrollment.

*States, however, may adjust their Chapter 2 formulas to mitigate the impact of redistribution based on enrollment.

The General Accounting Office (1984) reported that in the first year of the block grant (school year 1982-83) 37 states distributed at least 60% of their flow-through money on the basis of enrollment. Twenty-eight states' formulas apportioned between 70% and 90% on the basis of enrollment.

Changes in the way funds were apportioned among states could also mean redistribution among types of students served by Chapter 2 funds. Some researchers have maintained that states with high numbers of minority-group children and with districts receiving ESAA funds sustained the largest reductions under Chapter 2: the initial "winners" under the block grant tended to be the more sparsely settled states with few minority children and prosperous economies (Verstegen, 1983).

Decisions at the state level also could have redistributional effects. Fewer high-cost adjustments are employed in Chapter 2 than were used under ESEA Title IV-B--one of the largest antecedent programs (Fries, 1983). Apparently, there has been a net decrease in the number of states using sparsity (an indicator of student dispersion in rural districts, which also increases the cost of educating children) and counts of exceptional students, limited-English-speaking students, and students in state institutions in their formulas for allocating Chapter 2 funds. Probably because of the goal of some states to reimburse those districts that lost funding from ESAA cuts, there has been an increase in states using a minority isolation or desegregation criterion for high-cost adjustments.

Early research also hinted at another type of redistribution: in some districts the block grant could mean more funds for services to private school children and therefore fewer funds for students in public schools. Although many antecedent programs permitted services to private school students, these students' participation in most of the programs that were folded into Chapter 2 was minimal. (Title IV-B was the major exception to this pattern.) Because Chapter 2 combines programs with broad and minimal participation of private school students and requires "equitable participation" for these students, some early research suggested that the

public schools provided more Chapter 2 resources to students in private schools than they provided under the antecedent programs.

Use of Chapter 2 Funds

Initially, little was known--except through anecdotal data--about local spending patterns. Researchers directed some attention to whether districts purchased materials and equipment or pay staff salaries with Chapter 2 resources. The general finding was that most districts purchased materials and equipment (American Association of School Administrators, 1983). One estimate suggested that 88% of the districts spent at least half of their grants on materials or equipment (Henderson, 1983). Early data indicated that the purchase of computers was a popular use of the funds.

Preliminary findings are somewhat contradictory regarding whether these equipment purchases were isolated acquisitions or integrated into broader district goals of using educational technology. In many cases, computer purchases seemed related to already identified district priorities (Kyle, 1983). Other observers maintained that both teachers and students were unprepared to use the computers that were purchased. and that few training programs were planned or in place to fill this gap (Henderson, 1983).

Studies also investigated the degree to which districts had begun new programs as opposed to continuing activities funded under antecedent programs. The GAO (1984) reported that at least 80% of local districts surveyed indicated that they either maintained or increased their level of support for existing programs. Other findings suggested that Chapter 2 money was being used more often to maintain or expand existing programs rather than to start new ones (Hood, 1982; Kyle, 1983). This could mean continuing to support programs begun under Title IV-C, the antecedent program aimed at developing innovative practices, rather than developing new programs (Henderson, 1983).

Influences on Spending

In addition to describing initial spending patterns, some early studies of the block grant's fiscal effects discussed possible influences on local spending. Some research tried to explain districts' tendencies to fund purchases and programs that were supported by antecedent programs (e.g. Fries, 1983). Two possible explanations were suggested for these "holding patterns." First, the consolidation of programs under Chapter 2 coincided with cuts in other federal and state programs in many districts. As a result, districts tended to maintain what was in place (sometimes at a reduced level) rather than begin new endeavors. Second, districts were uncertain that funding for Chapter 2 would continue at initial levels. This uncertainty may have led some districts to purchase library books, equipment, and materials rather than hire new staff--in other words, to continue the expenditure pattern that prevailed under ESEA Title IV-B. As "one time costs," buying equipment and materials is less risky: recurrent costs and staff livelihoods are not at stake. Moreover, if funds are cut, the district still has the books, computers, or film projectors for use in subsequent years, whereas staff salaries would have to be funded by other sources or staff would have to be laid off.

Another explanation suggested by these studies for purchasing equipment and materials rather than paying salaries was the small amount of money Chapter 2 provides to most districts. The Chapter 2 allocation for many small and medium-size districts is not enough to pay even one teacher's salary and fringe benefits (Verstegen, 1983). In addition, even when a district receives enough Chapter 2 funding to pay for a few staff positions, district administrators face the difficult decision of which programs or schools will benefit. If they do not fund salaries, the decision is less painful. The district can easily distribute Chapter 2 funds equitably by providing each school with an allotment based on enrollment or some other criterion.

While reporting holding patterns in many districts, case study research suggested that few generalizations about local responses to Chapter 2 are possible because of differences in local contexts regarding, for example, other

cuts in federal programs, state and local fiscal conditions, and court orders to maintain desegregated education (Kyle, 1983).

Federal requirements were another influence on local spending. Many districts that had experience with other federal programs were concerned about federal audits of Chapter 2, despite assurances that the money came with "no strings attached" (Kyle, 1983). In this regard, the federal supplement-not-supplant provision raised particular concern under the block grant (Darling-Hammond and Marks, 1983). Like other federal programs such as ECIA Chapter 1, Chapter 2 funds are supposed to add to state and local expenditures, not replace them. This provision can limit the local flexibility that Chapter 2 seeks to maximize. For example, if a state requires that all students take courses in computer literacy, districts in that state might avoid purchasing computers with Chapter 2 funds because that could be interpreted as supplanting.

Although many early studies of Chapter 2 found that districts tended to continue purchasing equipment and materials and to continue existing programs, some identified factors that might lead districts to purchase different services with Chapter 2 funds, such as a change in economic conditions or a change in state or local priorities. For example, some state education agencies (SEAs) reportedly recommended to their districts that they use Chapter 2 funds for new programs or services in light of service cutbacks resulting from state and local revenue shortages, so that LEAs could protect themselves from charges of supplanting (Darling-Hammond and Marks, 1983).

Research Questions

Early studies of the block grant's fiscal effects have produced some provocative data, but have left many questions unanswered. As a result, the following research questions were formulated to guide our inquiry, so that we would be able to substantiate or modify early findings and answer some remaining questions.

Distribution of Chapter 2 Funds

(1) How are Chapter 2 funds distributed across districts of different sizes?

(2) Are there differences in the relative size of Chapter 2 grants to districts of different sizes?

(3) For districts of different sizes, what amounts and percentages of Chapter 2 funds are allocated for services to private school students?

(4) Which kinds of districts have gained and lost funds as a result of Chapter 2, and how much have they gained and lost?

Use of Chapter 2 Funds

(5) What do Chapter 2 funds purchase for students in public schools?

(6) What do Chapter 2 funds buy for private school students, and how do these purchases compare with purchases for public school students?

(7) How do purchases under Chapter 2 compare with purchases under antecedent programs?

(8) To what extent have purchases changed over the first 3 years of Chapter 2?

Influences on Local Spending of Chapter 2 Funds

(9) To what extent does the size of the Chapter 2 grant influence how funds are used?

(10) Do spending patterns differ for districts that gained and lost funds under Chapter 2?

(11) To what extent do local perceptions of Chapter 2 influence how the funds are used?

(12) To what extent do local, state, and national priorities influence Chapter 2 spending patterns?

Sources of Data

The data we use in this report come from the overall data collection for the National Study of Local Operations Under Chapter 2:

- A mail questionnaire sent to a nationally representative sample of 1,600 school districts in the middle of the 1984-85 school year, the third year of Chapter 2's local implementation. Districts were selected randomly within a stratification grid defined by three variables: district size, region of the country, and level of antecedent funding per pupil. Questionnaires were filled out by Chapter 2 coordinators (who often held other positions as well, such as federal programs coordinator or superintendent). The overall response rate was 78.2%, and about the same rate was obtained from all strata of the sample.

- Visits to 48 school districts in 20 states. These districts were two samples of 24 districts each. One sample, visited in the fall of 1984, was chosen to reflect the principal variations in district size, region, and antecedent funding represented in the sampling grid for the mail survey. The second sample, visited in the spring of 1985, consisted of an average of three districts of varying size and metropolitan status in each of eight states. These districts were selected to include variation on state and local factors likely to influence the implementation and impact of Chapter 2 (e.g., the degree of state versus local control, local fiscal conditions, size of the private school population, degree of funding gain or loss under the block grant, and interest group activity). In this report, we use data gathered at the district level (e.g., from the Chapter 2 coordinator, superintendent, and school board member) in each sample.

Further information on the study's research methods appears in an appendix to the main descriptive report of the National Study (Knapp and Blakely, 1986).

II DISTRIBUTION OF CHAPTER 2 FUNDS

This section describes the distribution of Chapter 2 funds in the most recent school year (1984-85) and in preceding years. First, we discuss the total funds available to local school districts under antecedent programs and under Chapter 2. Next we report Chapter 2 funds distribution for 1984-85, both from formula and state discretionary sources. Then, we discuss the allocation of funds for services to students attending private schools. The final part of this section reports changes in funds distribution patterns from the year before the enactment of Chapter 2 (school year 1981-82) to the present.

Summary

The following are the major findings reported in this section:

(1) Because enrollment is an important factor in all state formulas, the distribution of Chapter 2 funds to local school districts closely matches district enrollment.

(2) On average, Chapter 2 funds make up less than 1% of a district's operating budget and provide between $7.00 and $9.00 per pupil. (This represents a larger proportion of the funds over which local decisionmakers have discretion.)

(3) Most local funds from Chapter 2 are distributed by formula.

- Very few districts receive additional funding from state discretionary programs.
- State discretionary grants to LEAs tend to be small and usually provide one-time funding.

(4) An estimated 37% of the nation's districts use Chapter 2 funds to provide direct services to students in private schools.

- The average funding for Chapter 2 services to students attending private schools ranges from $42,851 in large urban districts to $1,614 in districts with enrollments between 600 and 2,500 students.

- The proportion of district Chapter 2 funding used to provide services to private school students averages 10% of the district's total Chapter 2 grant.

(5) Approximately three-quarters of all districts gained funding as a result of Chapter 2, but some types of districts were more likely to lose than others.

- Fifty-three percent of the largest urban districts (enrollment 25,000 or more) lost funding.

- Overall, approximately one-fifth of districts with poverty rates of 29% or higher lost funds as a result of Chapter 2.

- Three-fifths of the poorest large urban districts lost funding.

- Districts formerly receiving ESAA funds fared worst: more than 80% lost funding as a result of Chapter 2.

Total Amount of Funds Available to Serve Public and Private School Students

To put the subsequent discussion in context, we summarize in Table II-1 the total amounts of funds available to districts under antecedent programs (in the 1981-82 school year) and under Chapter 2 (in the 1984-85 school year) for both public and private school students. The table demonstrates several points about the block grant mechanism in contrast with what preceded it:

- Under either funding mechanism, the great majority of the funds, slightly more than 80%, is available for direct use by districts, once the inapplicable portions of the Chapter 2 appropriation are removed (e.g., the Secretary's Discretionary Fund).

- Overall, the total amount of funds available to districts has dropped by approximately 16%. (This drop occurred in the first year of the block grant; in the subsequent two years, it was funded at approximately the same level.)

Table II-1

FUNDS AVAILABLE TO LOCAL EDUCATION AGENCIES UNDER ANTECEDENT PROGRAMS AND CHAPTER 2 (THROUGH FORMULA ALLOCATIONS)

	Antecedent programs FY 81	Chapter 2 FY 84
Total federal appropriations	$536,378,000	$479,420,000
Funds not available for direct use by LEAs:		
Secretary's fund	(25,446,000)	(28,765,000)
Trust territories (est.)	(3,940,000)	(4,800,000)
Puerto Rico (est.)	(9,126,000)	(8,000,000)
State administrative set-asides, grants to IHEs, other contracting agencies (est.)	(81,800,000)*	(87,560,000)**
Remaining funds available from formula allocations for direct use by LEAs (for public & private school students)	416,066,000	350,295,000
SRI estimate of district grants		
Based on mail questionnaire sample	403,154,800	344,992,000
Services for public school students	_____ +	323,307,462
Services for private school students	_____ +	21,684,538
Extent to which SRI estimate deviates from aggregate figures	-3.1%	-1.5%

*Based on estimates in Henderson, 1985.

**A proportion of this amount is reallocated to districts in the form of state discretionary grants. See discussion in text.

+Unavailable.

- Both the amount and proportion (of total federal funds under the block grant and antecedent programs) available to state governments--that is the state set-aside--have increased slightly under the block grant.

The table also notes the precision of SRI's estimates of the formula funds available to districts; although slightly underestimating the amounts available in either year, the results of our mail survey paint an accurate picture for the purposes of this study.

Although the analyses that follow concentrate on the funds directly available to districts, this approach slightly understates the total of services districts may have received under either funding mechanism, especially antecedent programs, where a sizable portion of the funds for state agencies (or agencies contracting with it) supported technical assistance, training services, curriculum consultation, and other forms of service that contributed to districts' instructional programs. There is some evidence that these kinds of services have diminished under Chapter 2, but our study does not have comprehensive information on what states did with their share of block grant funds.

Some of the state set-aside under the block grant may reach districts in the form of direct grants--either through grant competitions or as subsidies to compensate districts for losses from the antecedent programs (as in the case of desegregating districts in some states, which received extra funds in the first and second years after the block grant to help maintain programs formerly funded by ESAA). This means that the figures in Table II-1 need to be slightly adjusted to represent the true amount of funding available to districts:

Total funds available to districts from formula allocations in 1984-85 (SRI estimate)	$344,992,000
Total state discretionary grants in 1984-85 (SRI estimate)	$ 5,770,968
	$350,762,968

The total amount allocated to districts by states through discretionary grants has declined somewhat over the three years of the block grant, reflecting primarily the fact that some grants were meant as short-term support while districts adjusted their desegregation programs in the first few years of Chapter 2 implementation (carry over from antecedent programs may have also influenced the funds states were able to share with districts).

Total state discretionary grants reported by districts for the three years of the block grant

1982-83	$7,500,450
1983-84	$7,614,7[illegible]
1984-85	$5,770,968

Size of Local Chapter 2 Formula Grants

Allocation of formula funds is based on state-determined formulas, which factor in enrollment and adjust for high costs associated with educating certain groups of children. Discretionary funds are distributed by states to selected districts through a separate process, often as competitive grants. The total Chapter 2 funding for a district is the sum of these two allocations.

Size of Formula Grants to Districts

ECIA requires that all states use enrollment as one criterion in their formulas for distributing funds to districts. States also include "high-cost" criteria in their formulas to compensate districts that, for example, serve high proportions of students from low-income families or students with limited English proficiency.

Table II-2 summarizes the criteria states use in their Chapter 2 formulas. Although all states use district enrollment as one criterion for distributing Chapter 2 funds, the proportion allocated on this basis varies from 21% to 100%. Forty two states use the number of students from low-income families as a criterion for distribution, but this proportion

Table II-2

PERCENTAGES OF FUNDS DISTRIBUTED
ACCORDING TO FORMULA CRITERIA

Formula Criterion	Number of states using criterion in their distribution formula	Median percentage of of funds distributed according to each criterion*	Range	
			Minimum	Maximum
Enrollment	50	72	21	100
Low income	42	15	1	60
Sparsity	24	5	**	30
Tax effort	5	10	2	18
Limited English proficient	7	5	**	6
Gifted and talented	6	8	1	8
Low/high Achievement	5	18	13	36
Desegregation	7	18	7	43
Handicapped	16	7	2	43
Other	2	1	1	1

*Median calculated for districts that use each criterion.

**Less than 1%.

Source: U.S. Department of Education.

varies from 1% to 60% in Chapter 2 formulas. Overall, 68% of Chapter 2 formula funds are distributed according to district enrollment; the remainder are apportioned according to other criteria, which usually compensate districts that serve high proportions of high-cost children.

Table II-3 shows the vast range in formula or "flow-through" funds. Since local enrollment is a major factor in all state formulas, it is not surprising that allocations of formula funds closely follow district size. Morever, since districts vary greatly in the number of children served, there is vast range in Chapter 2 formula or "flow-through" funds districts receive.

The number and percentage of districts receiving various amounts of funding (Table II-4) provides another perspective on Chapter 2 funds distribution. While local Chapter 2 funding ranges from over $1,000,000 to less than $100, it is clear from Table II-4 that the great majority of the nation's school districts receive less than $50,000 from Chapter 2 and that over 40% receive less than $5,000.

Chapter 2 allocations represent a relatively small proportion of local district revenues. Overall, Chapter 2 makes up roughly 0.3% of district funding, in districts of all sizes. This percentage is not as small as it may seem. The great majority of local district operating budgets are not subject to district decisionmaker's discretion. Chapter 2 funds make up a proportion of district discretionary money considerably larger than this 0.3%, though still small by comparison with other state and federal programs.

Table II-5 shows that Chapter 2 is also a modest source of funding when compared with the overall per pupil expenditure for districts in our sample, which averages about $3,000 per pupil. In addition, we see some evidence that larger urban and very small districts receive more money per pupil than do districts of other sizes. This pattern reflects the extra compensation that most state formulas provide for high-cost children, who tend to be concentrated in larger urban areas, and state adjustments for sparse population, which benefit very small districts.

Table II-3

AVERAGE (MEDIAN) FORMULA, DISCRETIONARY, AND TOTAL CHAPTER 2 FUNDING BY DISTRICT SIZE (1984-85)

District Size (Enrollment)	Median formula funds	Median state discretionary funds*	Median total funds
Very large (25,000 or more)	$397,587	$39,000	$399,709
Urban	451,385	40,000	451,385**
Suburban	310,301	34,000	341,704
Large (10,000-24,999)	104,000	18,928	107,212
Medium (2,500 to 9,999)	29,602	9,648	29,823
Small (600 to 2,499)	9,00.	10,000	9,000**
Very small (under 600)	2,036	-0-	2,036**
All districts	6,422	10,000	6,422

*Medians are for districts that received discretionary funds.

**Because of the nature of medians and the fact that state discretionary funding went to few districts, the "total" figure may be the same as the "formula" figure.

Table II-4

NUMBER AND PERCENTAGE OF DISTRICTS RECEIVING
VARIOUS AMOUNTS OF FUNDING IN 1984-85

Total Chapter 2 allocation	Number of districts	Percentage of districts
More than $1,000,000	20	0.1
$500,000 to $1,000,000	44	0.3
$100,000 to $499,999	396	2.7
$50,000 to $99,999	791	5.3
$25,000 to $49,999	1,522	10.3
$10,000 to $24,999	3,254	21.9
$5,000 to $9,999	2,578	17.4
$2,500 to $4,999	2,572	17.3
$1,000 to $2,500	2,459	16.6
Less than $1,000	1,209	8.1
Total	14,845*	100.0

*This number is slightly less than the total number of districts (15,533) due to missing data.

Table II-5

AVERAGE (MEDIAN) AMOUNT OF DISTRICT CHAPTER 2 FUNDS
PER PUPIL, BY DISTRICT SIZE

District Size (Enrollment)	Median amount of 1984-85 district funds per pupil	Percentage of students nationwide	Percentage of national Chapter 2 funding
Very large (25,000 or more)	$8.19	26	32
Urban	9.19	16	22
Suburban	7.63	10	10
Large (10,000-24,999)	7.16	17	16
Medium (2,500 to 9,999)	6.85	35	30
Small (600 to 2,499)	7.42	18	17
Very small (under 600)	8.96	4	6
Total	$7.89	100	100

Table II-5 also compares the percentage of students nationwide with the percentage of Chapter 2 funds for each district size category. Very large urban districts and very small districts receive more of Chapter 2 funds relative to the number of students they serve while very large suburban districts, large districts, small districts, and especially medium-size districts receive relatively smaller amounts. Again, these patterns reflect state formulas, which compensate very large urban districts for serving high concentrations of high-cost students and compensate very small districts because of sparse population.

Distribution of State Discretionary Funds

As the aggregate figures presented earlier make clear, state discretionary funds going to LEAs represent a very small part of Chapter 2 funding, even for the nation's largest districts. The great majority of districts in all size categories do not receive these funds.* While only an estimated 1.6% of all districts received discretionary Chapter 2 funding in school year 1984-85,** larger districts appear to be more likely to be recipients (Table II-6), partly because some states use their portion of Chapter 2 funds as a mechanism to compensate districts that lost funds under Chapter 2 and partly because larger districts often have more experience in obtaining competitively distributed funding.

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* One reason for this finding is that only eight states in 1984-85 had programs providing part of the state set-aside portion of Chapter 2 directly to districts: California, Connecticut, Florida, Michigan, Minnesota, North Carolina, Pennsylvania, Virginia.

** This finding is supported by the GAO (1984) report, which found that in 11 of the 13 states in their study, the SEA retained the full 20% of discretionary funds.

Table II-6

DISTRIBUTION OF STATE CHAPTER 2 DISCRETIONARY FUNDS, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts receiving grants from 1984-85 state discretionary funds
Very large (25,000 or more)	20.3
Urban	18.6
Suburban	22.4
Large (10,000 to 24,999)	7.3
Medium (2,500 to 9,999)	2.9
Small (600 to 2,499)	1.8
Very small (under 600)	0.0
All districts	1.6

State discretionary grants are typically modest ($10,000 was the median award in 1984-85). States tend to "share the wealth" when they do distribute discretionary funds to LEAs. That is, they tend to award discretionary grants to different districts each year. Sixty-six percent of the districts receiving discretionary funds were awarded funds for only one of three years (school years 1982-83, 1983-84, or 1984-85). Nineteen percent of the benefiting districts received state discretionary funding in two of the three years since Chapter 2 was inaugurated. Sixteen percent received this funding in all three years.

This pattern of discretionary funds distribution to LEAs tends to support findings from other studies. For example, during the first two years of Chapter 2, 12 states that gained funding under Chapter 2 funded competitive grant programs for local districts out of their 20% share, but in 1984-85, five of these states discontinued their programs; four of the five had a heavy desegregation emphasis (Henderson, 1985). In general, SEAs that used some of their 20% share to set up broad, competitive programs tended to keep them, while SEAs that used the programs to hold ESAA districts "harmless" tended to discontinue them once the transition period passed. For example, one state we visited used some of its discretionary money to offset ESAA losses by guaranteeing districts that had received funds under this program 65% of their antecedent funding in the first year of Chapter 2, 35% in the second year, and none thereafter.

Local Allocation of Chapter 2 Funds to Serve Students in Private Schools*

Districts are required to allocate a portion of their Chapter 2 funds to serve students who attend eligible private schools within district

*For further detail on this topic, see another special report from this study (Cooperstein, 1986).

boundaries. Chapter 2 specifies that public school districts provide equitable Chapter 2 services to students enrolled in eligible private schools that choose to participate in the program. In practice, "equitable services" is often interpreted as allocating Chapter 2 funds on an equal per pupil basis.

Overall, an estimated 37% of the nation's school districts provide Chapter 2 services to students in private schools.* However, as the third column in Table II-7 shows, the proportion of districts providing services to private school students varies greatly across districts of different sizes. This is not surprising since a majority of private school students attend schools in very large urban districts. We see that the median allocation for private school students--reported in the second column of Table II-7--is much larger in very large urban districts than in very large suburban districts and large districts. This pattern also reflects the concentration of private school students in large urban areas.

As expected, the median percentage of total Chapter 2 allocations used to provide services to private school students is higher for very large urban districts than for other districts (Table II-7). The average percentage of total Chapter 2 resources provided to private school students in small districts may seem surprisingly high, but one must keep in mind that only a few districts of this size provide Chapter 2 services to private school students because the proportion of these districts with eligible private schools is small. In those small districts that do serve private school students, these students tend to make up a larger proportion of all students. Our estimates indicate that private school enrollment in small districts with eligible private schools averages 20% of total enrollment. (The average in very large urban districts is 10%). Thus, larger

*Seventy-five percent of the nation's school districts reported that there were eligible private schools within their boundaries and that there were no intermediate units or bypass provisions for Chapter 2 services to students in these schools.

Table II-7

DISTRICT ALLOCATIONS FOR SERVICES TO PUBLIC AND PRIVATE SCHOOL STUDENTS FOR SCHOOL YEAR 1984-85, BY DISTRICT SIZE

District Size (Enrollment)	Total public allocations (median)	Private allocations* (median)	Percentage of LEAs providing Chapter 2 funds to private school students	Median percentage of district's total Chapter 2 allocation (1984-85) used for services for private school students
Very large (25,000 or more)	$373,216	$30,881	87	8
Urban	394,417	42,851	90	9
Suburban	306,000	20,000	85	6
Large (10,000-24,999)	101,112	7,817	75	7
Medium (2,500 to 9,999)	28,258	2,393	47	8
Small (600 to 2,499)	8,736	1,614	26	15
Very small (under 600)	--**	--**	--**	--**
All districts	14,493	2,505	37	10

* Medians are based on those districts that reported Chapter 2 resources for private school students greater than $0.00.

** The number of responding districts is too small for reliable estimates.

proportions of the Chapter 2 grants in these small districts are required to provide equitable services to private school children.

Table II-7 may lead to the wrong conclusion about the amount of Chapter 2 resources very large urban districts provide for services to private school students. Although our national estimate is 10% of the Chapter 2 grant, data from site visits indicate that this percentage can vary significantly from one site to another. For example, one large southern district we visited, which had few students attending eligible private schools, allocated just 4% of its Chapter 2 grant for serving these students, as compared with 12% in a northeastern district of similar size. One of the nation's largest school districts allocates 15% of its grant to provide Chapter 2 services to private school students.

Changes in Funds Distribution Over Time

So far we have examined Chapter 2 funds distribution patterns for school year 1984-85. However, the block grant has operated in school districts for the last three school years. Prior to that, districts had various combinations of the 32 antecedent programs that were consolidated into the block grant. In the analyses that follow, we compare current funds distribution to patterns under these antecedent programs, for all districts and for those with high concentrations of poor children.

Overall Change in Funding Since Antecedent Programs

Some of the initial controversy revolving around Chapter 2 resulted from actual and perceived gains and losses when funding from the antecedent programs was consolidated into the block grant. As Table II-8 shows, the median antecedent funding for school year 1981-82 was less, on average, than Chapter 2 funding for the first year of the program, in all size categories except the largest urban districts. Some districts lost money from

Table II-8

MEDIAN ANTECEDENT FUNDING AND TOTAL CHAPTER 2 FUNDING FOR 1982-83, BY DISTRICT SIZE

District Size (Enrollment)	Antecedent funds (1981-82)	Total Chapter 2 funds (1982-83)	Percent change
Very large (25,000 or more)	$352,481	$382,716	9
Urban	543,923	433,100	-20
Suburban	250,281	329,171	32
Large (10,000-24,999)	70,737	94,233	33
Medium (2,500 to 9,999)	17,617	28,410	61
Small (n = 5,369) (600 to 2,499)	4,946	8,841	79
Very small (under 600)	1,399	1,972	41
All districts	4,706	6,532	39

antecedent funding even before the block grant was enacted, as we pointed out in Section I. Some districts gained funds under Chapter 2 because they did not participate in antecedent programs but now receive Chapter 2 funds. These tended to be smaller districts that did not have the expertise or interest to seek competitive grants, or else were districts not undergoing desegregation and thus ineligible for ESAA.

Most districts gained funding when we compared the last year of antecedent funding with Chapter 2 funding in 1984-85 (Figure II-1). However, as the figure shows, a very different picture appears when we examine the pattern of losses and gains for the approximately 600 districts that received ESAA funding. Nearly all of these districts lost funding as a result of Chapter 2; many ESAA districts lost large percentages of their antecedent funding.

Table II-9 shows that roughly 75% of all districts gained some money under Chapter 2. However, closer inspection of this table indicates that gains and losses were not evenly distributed across different-sized districts. For example, approximately 53% of all very large urban districts lost funds as a result of Chapter 2, while 73% of all very small districts gained funds. Approximately 2,800 very small districts received increases of 75% or more over funding from antecedent programs.

At the same time, losing funds under Chapter 2 was not restricted to large and very large districts. An estimated 110 small districts and 520 very small districts lost 75% or more of their antecedent funding. One of the small districts visited in our study lost 52% of its funding. The district had been very successful in obtaining grant money and did not benefit from a distribution formula based on enrollment.

Although many large urban districts lost funds as a result of Chapter 2, 20 such districts gained 75% or more over antecedent funds as a result of Chapter 2. One very large urban district in our site visit sample received over 3 times the funds it had received under antecedent

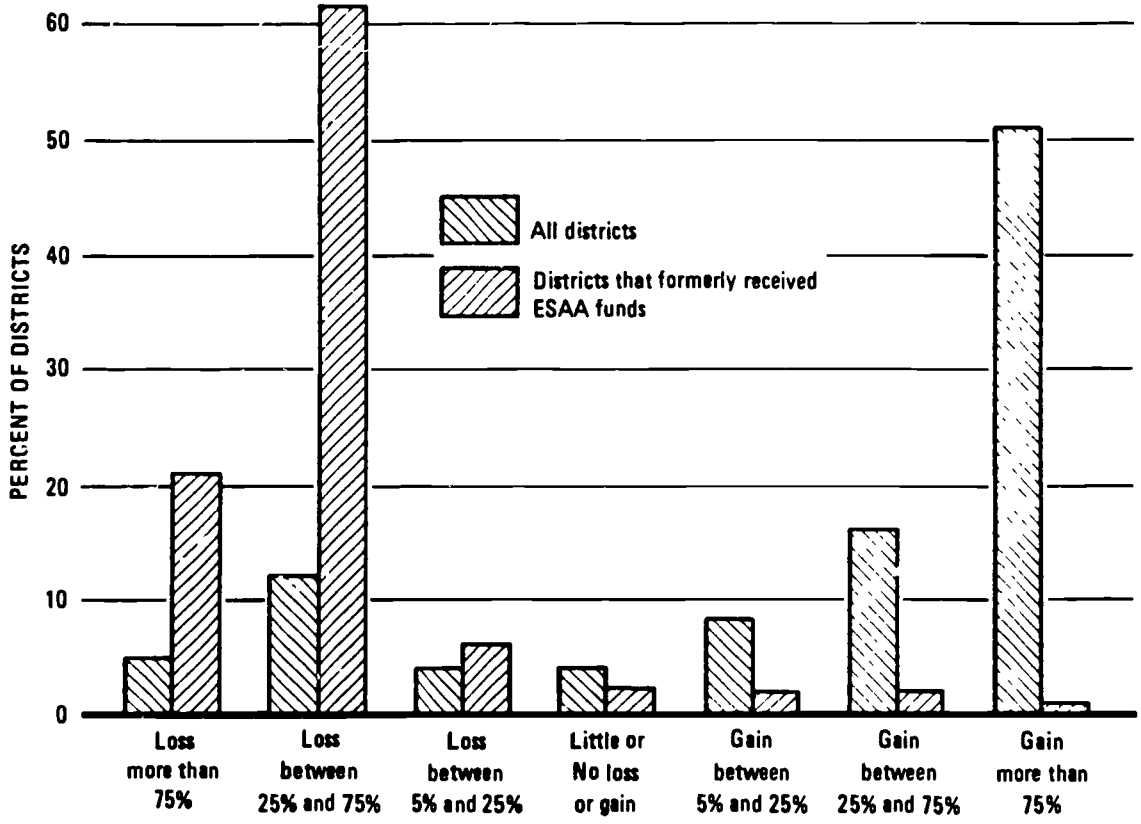

FIGURE II-1 PERCENTAGE OF ALL DISTRICTS AND THOSE FORMERLY RECEIVING ESAA FUNDS LOSING OR GAINING FUNDS UNDER CHAPTER 2, BY DEGREE OF LOSS OR GAIN

Table II-9

DISTRICTS THAT LOST AND GAINED FUNDING UNDER CHAPTER 2, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts that had ...						
	Greater than 75% gain	26-75% gain	5-25% gain	Little loss or gain	5-25% loss	26-75% loss	Greater than 75% loss
Very large (25,000 or more)	32*	12	8	5	15	23	6
Urban	26	11	8	3	13	29	11
Suburban	40	12	8	7	17	15	0
Large (10,000-24,999)	47	15	8	3	6	18	3
Medium (2,500 to 9,999)	50	19	5	4	5	14	4
Small (600 to 2,499)	51	20	8	3	4	13	2
Very small (under 600)	52	11	10	6	3	10	8
All districts	51	16	9	4	4	12	5

*Rows may not sum to 100% because of rounding error.

programs. Unlike its neighboring large districts, this LEA was not an ESAA recipient and had participated only in Title IV-B. As a result of high-cost factors in the state Chapter 2 formula, which tended to benefit urban areas (e.g., number of student's from low income families), the district became a large "winner" under Chapter 2.

In addition to describing the percentage of districts that gained and lost funding as a result of Chapter 2, it is instructive to indicate how much districts lost or gained. Table II-10 reports median lost funds and the average percentage lost for those districts that received less funding under the block grant, and the median and percentage gains for those districts that gained. This table reminds us of the difference in scale among districts of vastly different size. A 50% loss in funds from antecedent programs in a large urban district might mean $300,000, while a medium-sized district might have lost $30,000. Similarly, a 50% increase might mean an additional $150,000 for a very large suburb, but only $5,000 for a small rural district. The point is that a gain or loss may be the same in terms of percentage, but orders of magnitude different in dollar terms.

Loss or Gain in Districts With High Concentrations of Poor Children

An important concern when considering which districts lost or gained as a result of Chapter 2 is how districts with high concentrations of poor children fared. As we noted in Section I, some early studies of the effects of Chapter 2 (for example, Verstegen, 1983) found that districts with large numbers of children in poverty were worse off under Chapter 2 than under the antecedent programs. We have also noted that state formulas often compensate districts that serve high concentrations of poor students.

We found no clear relationship between rates of poverty and losing or gaining funds as a result of the block grant, independent of the district size factor. When all LEAs are considered, poverty concentration is not a factor in gains or losses: three out of every four districts gained,

Table II-10

AVERAGE (MEDIAN) LOSS OR GAIN FROM ANTECEDENT FUNDING
IN 1981-82, BY DISTRICT SIZE (1984-85)

District Size (Enrollment)	Districts that lost		Districts that gained	
	Median loss	Percentage loss	Median gain	Percentage gain
Very large (25,000 or more)	$296,653	-41	$151,775	+107
Urban	384,745	-46	150,942	+ 79
Suburban	165,392	-21	158,338	+109
Large (10,000-24,999)	75,144	-40	52,892	+118
Medium (2,500 to 9,999)	29,912	-49	14,265	+110
Small (600 to 2,499)	4,381	-39	4,934	+125
Very small (under 600)	3,086	-59	1,288	+161
All districts	$6,818	-48	$3,266	+127

irrespective of poverty concentration (Table II-11). The pattern is different in large urban districts with higher concentrations of poor children. In part because many of these districts received ESAA grants as part of their antecedent funding, six out of ten large urban districts with the highest concentrations of poverty lost funding as a result of Chapter 2.

Table II-11

DISTRICTS THAT LOST AND GAINED FUNDING UNDER CHAPTER 2, BY ORSHANSKY POVERTY LEVEL

Orshansky poverty level	Lost	Gained
For all districts	23%*	77%
Less than 10%	26	74
Between 10% and 19%	26	74
Between 20% and 29%	12	88
Greater than 29%	20	80
For very large urban districts	54	46
Less than 10%	40	60
Between 10% and 19%	61	39
Between 20% and 29%	45	55
Greater than 29%	60	40

*Rows sum to 100%.

III LOCAL EXPENDITURES

In this section we analyze the ways districts spend the funds they receive under the block grant. We first examine expenditures for public school activities, both in programmatic terms and by types of purchase. We then turn to state discretionary funds received by districts and describe how these funds are used. Following that, we briefly review the pattern of expenditure for services to private school students. Finally, we examine the changes in expenditure patterns over time, both across the 3 years of the block grant and in contrast to antecedent programs.

Summary

Below are the major findings reported in this section. With regard to expenditures for public school activities, we found that:

(1) Nearly sixty percent of local Chapter 2 funds are used to purchase equipment, materials, and supplies.

(2) One-quarter of all local Chapter 2 funding goes for computer hardware purchases; another 5% was used for software.

(3) Districts with 10,000 or more students are more likely to use some of their Chapter 2 grants to pay for curriculum development, student support services, instructional services, and staff development.

(4) Larger districts tend to spread their Chapter 2 resources over several types of purchases, smaller districts usually concentrate their purchases in one or two areas--usually computer hardware and software or other equipment and materials.

With regard to the use of funds for services to private school students, we found that:

(5) Chapter 2 services provided to students in private schools differed from services provided to public school students.

- Ninety-two percent of the districts providing Chapter 2 services to private school students purchase instructional materials or equipment for these students' use.
- Approximately two-thirds of these districts provide computers as part of the Chapter 2 services offered to private school students, a large proportion (88%) of these districts provide computers for students in their own districts.
- Only 6% provide instructional services to students in private schools, although 24% use Chapter 2 funds to provide instruction for public school students.

Our findings about changes in expenditure patterns over time can be summarized as follows:

(6) Spending patterns changed between the last year of the antecedent programs and the first 3 years of Chapter 2.

- Only 19% of the nation's schools used antecedent funding for computer related purchases; 72% used Chapter 2 for such purchases in 1984-85.
- Fewer districts (68% vs. 89%) used the funds under the block grant for equipment and materials other than computers.
- More districts (27% vs. 12%) used Chapter 2 for staff development and teacher training.

Public School District Spending Patterns

Local expenditures under the block grant can be analyzed either programmatically--that is, by the categories of activity supported by the funds--or by type of purchase--that is, in terms of the line-item expenditure categories (e.g., salaries, materials, consultants) that are conventionally used in project budgets, applications for funding, and other forms of fiscal reporting. We examine below the patterns of programmatic expenditure and types of purchase for public school students.

Programmatic Expenditures

To assess how districts use Chapter 2 funds, we asked Chapter 2 coordinators who responded to the mail questionnaire how the block grant funds were divided among a set of activity categories. The categories provided in the mail questionnaire were:

- Computer applications (involving computer hardware and software purchased with Chapter 2 funds).
- Support for libraries, media centers, and other school departments (involving instructional materials and equipment other than computers--for example, books, films, and science equipment).
- Curriculum and new-program development.
- Student support services--for example, salaries for guidance counselors.
- Instructional services--including salaries for teachers and aides.
- Staff development and training.
- Other activity areas--for example, administrators' salaries and consultants' fees.

Several patterns are clear in Table III-1, which reports the percentages of districts that spend some part of their Chapter 2 resources in one or more of these categories. First, large and very large districts are more likely than smaller districts to use Chapter 2 funds for curriculum development, student support services, instructional services, and staff development. (Later in the report, we shall explore possible reasons for these differences besides just the size of the district.) Spending patterns are more consistent across districts for purchases of computer hardware and software and other instructional resources. A clear majority of all districts in each size category used at least some of their 1984-85 Chapter 2 funding to buy hardware, software, and instructional resources.

In general, we see lower expenditure percentages for medium, small, and very small districts, even in computer applications or library/media center support. Because smaller districts receive less Chapter 2 money, they tend

Table III-1

CHAPTER 2 EXPENDITURES IN DIFFERENT ACTIVITY AREAS

Percentage of districts in each size category indicating that 1984-85 Chapter 2 funds are spent in each area:

District Size (Enrollment)	Computer applications	Support for library/ media centers, other school departments*	Curriculum and new program development	Student support services	Instructional services	Staff development
Very large (25,000 or more)	85	86	56	52	54	79
Urban	85	86	50	54	62	83
Suburban	87	85	62	49	44	73
Large (10,000-24,999)	82	82	49	42	36	68
Medium (2,500 to 9,999)	78	71	33	22	25	40
Small (600 to 2,499)	80	64	25	17	12	27
Very small (less than 600)	62	68	18	7	13	16
All districts	72	68	25	15	16	27

*Including instructional materials and equipment other than computer hardware or software.

to concentrate Chapter 2 resources in one activity area. Thus, whereas a large district would receive enough Chapter 2 money to purchase significant amounts of computer hardware, software, and media materials, the Chapter 2 allocation for a small or very small district might be so small that decisionmakers must choose to buy either computers or audio-visual equipment.

Table III-2 verifies the tendency for large districts to distribute Chapter 2 funds among several budget areas and for smaller districts to concentrate funding on one or two areas. Whereas more than three-quarters of the nation's largest urban districts spent Chapter 2 money in three or more areas, fewer than a quarter of the smallest districts did so. One very large district visited during this study used Chapter 2 resources to fund 13 diverse projects (e.g., tutoring and counseling, artists in residence, equipment for a computer program, materials for the gifted and talented program).

Because smaller districts concentrate their Chapter 2 funds more, they often allocate a larger proportion of their annual Chapter 2 budget to certain activities, as shown in Table III-3. For example, although fewer small districts put Chapter 2 money into computers (as we just saw in Table III-1), those that do so use a greater share of their Chapter 2 resources for this purpose than do larger districts. The same pattern can be seen for instructional resources, which include books and other materials. Fewer small districts purchase instructional resources; again because of the tendency of small districts to concentrate Chapter 2 funds, those smaller districts that do purchase them allocate more of their Chapter 2 money to this purpose than do larger districts.

The opposite pattern is evident in expenditures for instructional or student support services (and to some extent, staff development), which involve salaries. As Table III-3 shows, large districts are more likely to allocate some Chapter 2 funds for these services, and those large districts that do so tend to spend proportionately more of their Chapter 2 resources for this purpose than do smaller districts. One explanation for this

Table III-2

NUMBER OF ACTIVITY AREAS IN WHICH DISTRICTS SPEND CHAPTER 2 RESOURCES, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts spending resources in each number of activity categories*: One	Two	Three or more
Very large (25,000 or more)	0	10	90
Urban	0	8	92
Suburban	0	13	87
Large (10,000-24,999)	6	13	81
Medium (2,500 to 9,999)	15	32	54
Small (600 to 2,499)	27	37	37
Very small (under 600)	43	36	21
All districts	30	34	35

* Out of seven possible categories. See explanation in text.

Table III-3

AVERAGE PROPORTION OF CHAPTER 2 FUNDS ALLOCATED TO EACH ACTIVITY AREA, BY DISTRICT SIZE

District Size (Enrollment)	Mean percentage of 1984-85 total Chapter 2 funds allocated to...*					
	Computer applications	Support for library/ media centers, other school departments**	Curriculum development	Student support services	Instructional services	Staff development
Very large (25,000 or more)	21	24	13	13	15	12
Urban	15	22	11	16	19	12
Suburban	28	26	15	9	11	12
Large (10,000-24,999)	27	34	8	7	8	15
Medium (2,500 to 9,999)	40	34	7	5	6	7
Small (600 to 2,499)	50	34	5	3	2	6
Very small (less than 600)	40	50	6	1	1	3
All districts	43	41	6	3	3	5

*Rows should sum to approximately 100%. Mean percents include districts in which 0% was allocated to a given activity.

**Including instructional materials and equipment other than computer hardware or software.

pattern is that the size of the grants in larger LEAs allows for allocations to staff. In addition, many larger LEAs have chosen to continue antecedent programs that often included staff.

Table III-3 confirms the pattern that larger districts tend to spread their allocations among several activity areas while smaller districts tend to concentrate their attention on one or two. For example, large urban districts spend, on average, 37% of their Chapter 2 budgets on computer applications and instructional resources for libraries or media centers and about 47% of their funds on categories that involve salaries (e.g., student support, instructional services, and staff development). At the same time, very small districts concentrate nearly 90% of their Chapter 2 resources on computers and instructional resources. One reason why so few small districts pay staff salaries with Chapter 2 funds and instead purchase equipment and materials is the size of the grants they receive. In our site visits, we also found other factors influencing decisions to put money into computer applications. For example, one small site used all of its Chapter 2 funds to purchase computers because initiating a computer program was a local priority. The timing of the Chapter 2 grant provided the district with a convenient, flexible funding source to begin the program. The administration was able to convince the school board to use Chapter 2 funds to help establish the program because they viewed these funds as seed money--money for experimentation without the fear that, if the program failed, the public trust would be violated (which would be a concern if local funds were used).

If we consider Tables III-1 and III-2 together, we begin to see "portfolios" of Chapter 2 expenditures in districts of different sizes. Large and very large districts have sufficient resources to diversify their Chapter 2 investments. They support new or expanded computer programs, in addition to contributing to library support; many large districts also have the resources to fund staff development, provide guidance counselors, or pay some teachers' or aides' salaries as part of instructional services. Smaller districts are like small investors. In most cases, these districts

concentrate their Chapter 2 resources for maximum impact. Moreover, the preponderance of these districts have concentrated their Chapter 2 funds on computer education or some form of support for libraries, media centers, or other school departments in need of materials and equipment.

Types of Purchases

Although they overlap somewhat with the patterns of expenditure across activity types, the types of purchases districts make with Chapter 2 funds reveal more directly the kinds of resources the block grant allows districts to acquire. We present in Table III-4 the ove all distribution of Chapter 2 funds among "line-item" purchase categories.

Several patterns in this table characterize local Chapter 2 spending at the aggregate level:

- Districts putting Chapter 2 funds into salaries are, for the most part, investing in staff that provide direct services to children. Approximately two-thirds of total Chapter 2 personnel expenditures are for these kinds of staff.
- Computer hardware and software purchases are the most common type of resource bought with Chapter 2 funds; together, they account for 30% of all local Chapter 2 money in 1984-85 and half of all Chapter 2 expenditures for equipment, materials, and supplies.
- Chapter 2 funds are used for equipment and material purchases more than for other kinds of resources. Three-fifths of all local Chapter 2 money in 1984-85 goes to this type of expenditure.
- Most spending outside of district personnel, equipment, materials, and supplies goes for staff development costs (consultants are typically hired for this purpose).

Table III-4

TOTAL CHAPTER 2 FUNDS ALLOCATED
TO EACH TYPE OF PURCHASE

Expenditure Category	Total spent by districts on this category in 1984-85*	Proportion of total LEA spending	
Personnel			
Teachers (specialist, classroom)	$ 44,751,902	14%	
Administrators	13,063,252	4	
Other certificated personnel (e.g., counselors)	14,688,579	5	
Noncertificated personnel (e.g., aides)	13,361,440	4	
Other salaries	6,692,200	2	
Subtotal			29%
Equipment, materials, and supplies			
Computer hardware	79,124,142	25	
Computer software	16,071,893	5	
Other equipment (e.g., audiovisual)	33,703,282	10	
Books and other materials	62,436,703	19	
Subtotal			59
Other			
Consultants	6,971,678	2	
Training/staff development costs**	16,805,185	5	
Indirect administrative costs	4,835,054	2	
Other+	11,213,291	4	
Subtotal			12
Total	$323,307,467		100%

*Districts reported this spending in the middle of the school year as a total of funds spent and projected to be spent. Their projections underestimate slightly the total district allocations.

**Not including consultants. Some other staff-development-related costs (e.g., the salary of a staff development coordinator) could be included in other line items.

+Examples of other expenditures are travel, fiscal audits, testing, and minigrants to schools.

- Administrative costs--here defined as the sum of administrators' salaries and indirect administrative costs--represent a relatively small proportion of Chapter 2 money, approximately 5.5% of total 1984-85 Chapter 2 funds available to districts.*

Table III-5 provides more detail on how districts have chosen to spend their Chapter 2 funds by presenting the median amounts for each line-item category by district size. (The first column of the table indicates median public school portions of districts' 1984-85 total Chapter 2 allocation. The remaining columns represent the median amounts of Chapter 2 funds invested by category of expenditure, among those districts with expenditures greater than zero.) Districts in all size categories are making purchases in all categories of expenditure. Again, we find that larger districts tend to make more varied expenditures, while smaller districts tend to invest in basic materials and supplies (books, audiovisual equipment). When smaller districts do make purchases in areas such as teacher salaries, their expenditure reflects a large proportion of the district Chapter 2 allocation.

Analyses of these expenditures describe only the resources that districts acquire with Chapter 2 funds. They tell little about the programmatic function of these resources, which has already been described in earlier sections of this report and in other reports from this study (see Knapp and Blakely, 1986). Computers are a case in point. Seen from the perspective of a budget sheet, these may seem to represent an effort by districts to fatten their stock of equipment at federal expense. From the local perspective, educators usually see these purchases as part of a venture into a new dimension of their instructional programs.

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*This measure of administrative costs is only an approximation. In all likelihood, some of the "noncertificated salaries" covered secretarial time, which could mean that the administrative costs figure could be an underestimate; but this is probably offset by the fact that some "administrative salary" costs cover the time of staff providing direct services to students.

Table III-5

AVERAGE (MEDIAN) CHAPTER 2 AMOUNTS ALLOCATED TO EACH LINE-ITEM EXPENDITURE CATEGORY

District Size (Enrollment)	Median total public allocation	Median amount per district put into the following expenditures:*				
		Teachers' salaries	Administrators' salaries	Other certificated salaries	Noncertificated salaries	Other salaries
Very large (25,000 or more)	$373,216	$110,161	$ 44,826	$ 75,510	$ 38,807	$ 22,800
Urban	394,417	141,429	52,736	93,200	55,414	21,034
Suburban	306,000	87,261	41,448	40,670	26,143	25,849
Large (10,000 to 24,999)	101,112	29,200	11,814	28,300	8,558	5,572
Medium (2,500 to 9,999)	28,258	13,452	8,189	13,974	6,867	3,375
Small (600 to 2,499)	8,736	4,000	7,000	7,154	3,000	90
Very small (under 600)	2,106	531	100	1,300	886	1,750
All districts	6,349	7,938	4,009	15,926	4,126	2,781

*Excluding cases where $0.00 were spent on each category.

Table III-5 (Concluded)

District Size (Enrollment)	Median amounts per district put into the following expenditures:*							
	Computer hardware	Other equipment	Computer software	Materials	Consultants	Training	Indirect costs, administration	Other** costs
Very large (25,000 or more)	$ 50,000	$ 32,682	$ 10,000	$ 53,492	$ 14,220	$ 14,527	$ 13,720	$ 20,128
Urban	40,278	30,613	10,000	64,209	14,970	19,430	13,966	28,792
Suburban	59,500	34,989	9,397	40,500	9,100	9,000	11,929	12,000
Large (10,000 to 24,999)	28,101	14,500	5,400	27,237	4,344	10,000	2,122	4,000
Medium (2,500 to 9,999)	12,900	7,032	2,500	7,103	2,000	3,050	1,017	1,624
Small (600 to 2,499)	5,834	2,970	1,000	3,458	2,000	2,113	501	570
Very small (less than 600)	1,825	1,000	600	1,000	1,873	1,125	270	1,028
All districts	5,236	2,553	1,000	2,403	2,000	2,610	718	1,600

*Excluding cases where $0.00 were spent on each category.

**Other costs include travel expenses, fiscal audits, testing, and minigrants to schools.

District Use of State Discretionary Funds

From our analysis of site visit data on how LEAs used the discretionary funds they received, we found patterns that parallel the findings of the studies noted in Section I. Several of the large districts used their discretionary funding to help maintain ESAA programs that would have been severely reduced as a result of funding losses under Chapter 2. This may be one explanation of why mail questionnaire data indicated that larger districts appear to be more likely to receive discretionary funding.

Some discretionary money was used by districts in areas targeted by the SEA (e.g., education reform measures). Finally, some districts were participating in, or planning to participate in, larger state education programs that SEAs used--or are planning to use--part of their discretionary funds to supplement (e.g., a master teacher program in one state we visited).

Expenditures for Private School Students

There are clear differences in how Chapter 2 money is spent to serve students in public and private schools (Table III-6). Almost all private schools appear to request that instructional resources such as books, maps, and science equipment be purchased for their students with block grant funds. Public schools also use Chapter 2 funds for instructional resources, but more often purchase computer hardware and software. In addition, public schools are more likely to spend Chapter 2 money on curriculum development, student support services (for example, counselors), instructional services, and staff development. Private school students rarely receive Chapter-2-funded instructional services or support services, which often involve professional or noncertified staff. (These differences do not necessarily imply inequities in services provided to private school students.) A more extended discussion on this subject appears in another report from this study (Cooperstein, 1986).

Table III-6

COMPARISON OF SERVICES TO PUBLIC AND PRIVATE SCHOOL STUDENTS

Type of Activity	Percentage of districts* in which each activity is supported by Chapter 2 funds for...	
	Public school students	Private school students
Computer applications	88	68
Instructional resource support	80	92
Curriculum or new program development	37	22
Student support services	24	9
Instructional services	24	6
Staff development	39	11

*Among districts with enrollment of at least 600, with participating private schools, and in which the private school component is administered at the district level.

Changes in Spending Patterns Over Time

We turn now to the way Chapter 2 spending patterns have changed from antecedent programs to the present, and across the 3 years of the block grant. The current patterns of spending just described do not match the way antecedent program funds were used. Some of the shifts in expenditure during the first year of the block grant have become more evident in succeeding years, while others have not changed further.

Change or Continuity in Antecedent Spending Patterns

To understand changes in expenditures by comparison with antecedent programs, one must keep in mind the absolute amounts involved, especially when considering whether districts gained or lost funds. Gains or losses at either end of the district size continuum meant entirely different things. For example, an increase of $150,000 could buy additional computers or library books, but it could also pay for several additional teachers to begin or expand a pilot program. On the other hand, a $5,000 increase can be used for books or computers; but, even if it represents a 50% increase, it is not sufficient to pay the salary of even one teacher. (In the next section of this report we will examine more closely the effects of gaining or losing money under Chapter 2.)

The most striking change from expenditure patterns under antecedent programs is the increase in the number of districts reporting purchases of computer hardware and software (Table III-7). In 1981-82, only 19% of the nation's school districts reported computer-related purchases with antecedent funds.* For the first year of Chapter 2, 49% reported using at least some Chapter 2 funding for computers. Although percentages differ, the pattern holds for districts of all sizes.

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*It should be noted that the purchase of computers was not permitted under some antecedent programs.

Table III-7

SPENDING PATTERNS FOR ANTECEDENT PROGRAMS IN 1981-82 AND FOR CHAPTER 2 IN 1982-83, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts putting funding into...					
	Computer applications		Support for libraries/media centers, other school departments*		Curriculum and new program development	
	Antecedent 1981-82	Chapter 2 1982-83	Antecedent 1981-82	Chapter 2 1982-83	Antecedent 1981-82	Chapter 2 1982-83
Very large (25,000 or more)	37	66	98	85	50	58
Urban	29	67	96	91	56	60
Suburban	47	64	100	78	43	56
Large (10,000-24,999)	26	54	93	86	33	37
Medium (2,500 to 9,999)	23	59	93	76	26	24
Small (600 to 2,499)	23	58	85	72	17	15
Very small (under 600)	13	34	89	69	10	16
All districts	19	49	89	72	17	19

*Support for instructional resources (books, materials, etc.) other than computer hardware or software.

Table III-7 (Concluded)

District Size (Enrollment)	Percentage of districts putting funding into...					
	Student support services		Instructional services		Staff development	
	Antecedent 1981-82	Chapter 2 1982-83	Antecedent 1981-82	Chapter 2 1982-83	Antecedent 1981-82	Chapter 2 1982-83
Very large (25,000 or more)	57	39	44	58	42	59
Urban	50	46	55	66	48	66
Suburban	64	30	31	47	35	49
Large (10,000-24,999)	31	27	20	28	29	49
Medium (2,500 to 9,999)	23	15	15	17	22	30
Small (600 to 2,499)	15	12	8	7	10	18
Very small (under 600)	6	4	4	3	7	7
All districts	14	11	9	9	12	18

One possible explanation for this pattern has to do with the timing of the block grant. Chapter 2 came along when interest in using computers in education was high. For example, in a very large suburban district we found Chapter 2 funds supporting hardware purchases as part of a larger five-year computer education plan designed before the block grant. Interest in computer education was the result of several converging factors: community interest in computers, newly hired administrators who supported increased use of computers in the classroom, and anticipation of future state requirements in computer literacy. Chapter 2 provided a convenient funding source to expand the program.

A second change between antecedent and Chapter 2 purchases is the decrease in purchases of instructional resources such as library books and materials (Table III-7). Under antecedent funding, nearly all districts used some resources for these purchases (primarily because most districts received Title IV-B funds). Significantly fewer districts reported using Chapter 2 funds for such items in 1982-83. Again the pattern can be seen across districts of all sizes.

Site visit data provide several possible explanations for this pattern. In a number of sites, the flexibility of the block grant permitted LEAs to use their Chapter 2 funding to address more pressing priorities (e.g., staff development to provide emergency credentials to teachers to help ease a teacher shortage, instructional programs to meet state competency test requirements, or instructional services to serve a growing limited English proficient population and support a Chapter 1 program that faced declining funding). Increased funding under Chapter 2, coupled with increased state support for libraries, allowed one district to pay for salaries to establish a student support program at the elementary level. Finally, some districts viewed Chapter 2 money as a safer source of funds than local money to experiment with (purchases such as more exotic equipment like computers).

Other patterns are less clear cut. For example, large and very large districts reported spending more Chapter 2 funds for curriculum development and new programs, instructional services, and staff development. Fewer of

these districts, however, purchased student support services under the block grant. The lack of a clear pattern may be due to the variety of local circumstances influencing Chapter 2 decisions. In three of the larger districts we visited, for example, local forces influenced administrators to increase expenditures for instructional programs and staff development. One of the districts was planning to increase investments in staff and curriculum development to support its computer hardware purchases. Another district, no longer under court order to desegregate and facing decreasing Chapter 2 funds and other local priorities, moved away from student support programs initiated with ESAA funds. The third district, which had gained funds under Chapter 2, used them to support instructional programs that had declining financial support from other sources.

Changes in Spending Over the 3 Years of the Block Grant

Two changes between the last year of antecedent funding and the first year of Chapter 2 have continued across the 3 years of the block grant (1982-83, 1983-84, and 1984-85): first, the increase in the number of districts reporting purchases of computer hardware and software; second, the decrease in districts purchasing library books, supplementary materials, and other instructional resources (Table III-8).

Other patterns are more complex and seem to vary across district size categories. For example, all but the largest districts show a growing tendency to invest in instructional services. Site visit data indicate that local priorities and use of Chapter 2 as seed money are two explanations for some increase in support for staff salaries. In one small district, public pressure to improve reading skills caused the administration to divert Chapter 2 funds from inservice training to the development of a new reading curriculum.

Table III-8

CHAPTER 2 SPENDING PATTERNS ACROSS THE 3 YEARS OF THE BLOCK GRANT, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts using funds for...								
	Computer applications			Support for libraries/media centers, other school departments*			Curriculum and new-program development		
	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85
Very large (25,000 or more)	66	74	85	85	84	86	58	61	56
Urban	67	74	85	91	89	86	60	61	50
Suburban	64	75	87	78	78	85	56	59	62
Large (10,000-24,999)	54	72	82	86	83	82	37	43	49
Medium (2,500 to 9,999)	59	74	78	76	67	71	24	28	33
Small (600 to 2,499)	58	72	80	72	62	64	15	20	25
Very small (under 600)	34	41	62	69	71	68	16	11	18
All districts	49	60	72	72	67	68	19	19	25

*Support for instructional resources (books, materials, etc.) other than computer hardware or software.

Table III-8 (Concluded)

CHAPTER 2 SPENDING PATTERNS ACROSS THE 3 YEARS OF THE BLOCK GRANT, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts using funds for...								
	Student support services			Instructional services			Staff development		
	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85
Very large (25,00 or more)	39	38	52	58	59	54	59	60	79
Urban	46	44	54	66	66	62	66	66	83
Suburban	30	30	49	47	50	44	49	52	73
Large (10,000-24,999)	27	31	42	28	27	36	49	48	68
Medium (2,500 to 9,999)	15	15	22	17	18	25	30	30	40
Small (600 to 2,499)	12	12	17	7	6	12	18	18	27
Very small (less than 600)	4	12	7	3	1	13	7	6	16
All districts	11%	14%	15%	9%	8%	16%	18%	17%	27%

Several other districts we visited viewed Chapter 2 funds as seed money for new programs:*

- One small district used its Chapter 2 allocation for one year to launch a gifted and talented program, which was subsequently picked up by local funds (the state requires services to the gifted and talented population, which the LEA had not been providing).
- A medium-sized suburban district has used its Chapter 2 funds as seed money (in conjunction with local funds) for new programs. One of these programs--a summer preschool for children with low test scores--is expected to be picked up with local funds next year.
- Some districts are using part of their Chapter 2 allocations to fund minigrants to experiment with innovative programs. Successful ones may then be funded by other funding sources.
- The superintendent in a very large district said that the purpose of the Chapter 2 minigrants in his district was to "give teachers an incentive...to provide assistance for creative, exceptional teachers over a broad range of activities."

The slight drop in large districts' use of Chapter 2 funds for instruction may reflect a few such programs originally funded out of antecedent sources that were continued with carry-over funds for 1 or 2 years of Chapter 2, but that finally succumbed to declining funding levels under Chapter 2. One very large urban site we visited illustrated this process. In this instance, Chapter 2 funds had to be juggled each year because of declining Chapter 2 allocations (during the first 2 years, the SEA had compensated former ESAA districts by funding competitive grants related to desegregation efforts).

*Another report from the National Study (Knapp, 1986) explores this topic in greater depth.

IV INFLUENCES ON LOCAL CHAPTER 2 SPENDING

This section of the report discusses influences on districts' use of Chapter 2 resources, drawing on both mail questionnaire data and data collected during site visits. Our analyses concentrated on the effect on district expenditures of (1) the amount of funds received (both in absolute terms and relative to antecedent programs), (2) the desire to continue antecedent programs, (3) uncertainty about auditors' requirements and the stability of block grant funding, and (4) the relative impact of local, state, and federal priorities.

Summary

The analyses described in this section lead to the following findings regarding key influences on districts' decisions about the expenditure of Chapter 2 funds.

The amount of funding districts receive under the block grant plays an important role in decisions in two ways:

(1) The absolute size of yearly Chapter 2 allocations appears to predispose districts towards certain types of expenditures. Those districts receiving less than $50,000 a year, for example, are reluctant on average to invest in staff, preferring to use funds to support materials and equipment for instructional programs or libraries.

(2) The amount of funding relative to what had been received under the programs consolidated into the block grant--in particular, the degree of loss (or gain)--has played an important role in expenditure decisions in districts where losses were substantial, especially in the largest districts, which lost the most under the block grant. Two-thirds of the largest urban districts indicated

that the loss of funds was an important influence on their decisions; 69% of those that indicated this reported losing staff as a result of the cuts.

A third finding underscores the importance of what was in place prior to the shift to the block grant.

(3) Prior commitments to staff or to the programmatic purposes of antecedent programs remained a strong influence on spending decisions across all size categories, especially in large urban districts (two-thirds of which reported this as a very important factor in their considerations). Obligations to existing staff and the requirements of desegregation orders were the most salient forces driving decisions about continuation of these services with block grant funds.

Two more findings show the influence of uncertainty in local expenditure decisions:

(4) Uncertainty about Chapter 2 audit requirements appears to have led some districts to purchase materials or equipment rather than hire staff. However, on the whole, concern about audits under the block grant is low.

(5) Uncertainty about the stability of funding under the block grant has not been a major influence on spending decisions in very many districts, although a small proportion of districts report this as a concern.

A sixth finding relates to the impact of district, state and national priorities on districts' decisions about the use of Chapter 2 funds:

(6) District priorities understandably exert a great deal of influence on decisionmaking at the local level. Only a small fraction (approximately a tenth of the districts nationwide) indicate that state mandates and priorities or national reform recommendations are major factors in their decisions about the use of Chapter 2 funds. However, many districts are using block grant funding to support activities relevant to federal or state priorities--in particular, the use of educational technology and the development of programs based on effective schools research.

Size of the Chapter 2 Grant

In previous sections of this report we noted that one reason for different expenditure patterns is simply the amount of money available to districts. Here we examine in more detail the influence that size of grant has on Chapter 2 purchases.

Table IV-1 presents a clear pattern: as size of grant increases, the likelihood that a district uses Chapter 2 for instruction also increases. Over 60% of the districts receiving $500,000 or more report using at least some of those Chapter 2 funds for instructional services, which in most cases involve teachers' or aides' salaries. At the same time, 12% of districts receiving $5,000 or less used Chapter 2 for instructional services.

In part, this pattern can be explained by the fact that many of these districts had hired staff under antecedent programs and chose to maintain their positions with Chapter 2 funds. At the same time, it is evident that a threshold of funding is probably necessary before very many districts consider that hiring staff is feasible. It would appear that the threshold for a large percentage of districts to be willing to use part of their Chapter 2 budget for instruction is something over $50,000. The threshold appears to be about the same for student support services, which also involves salaries, and lower for staff development, for which 32% of even the districts with grants of $5,000 to $50,000 have allocated some Chapter 2 funds.

Larger Chapter 2 grants also mean that districts can choose more diversified "portfolios" of purchases and services (Table IV-2). A larger grant permits substantial purchases of equipment and material while still allowing sufficient resources for instructional services or staff development. Districts with smaller grants tend to concentrate resources in one or two areas. Even districts receiving as much as $50,000 tend to concentrate funds on computer purchases and instructional resources. In such districts, Chapter 2 is not seen as sufficient to pay for enough staff salaries to make such expenditures educationally useful.

Table IV-1

PERCENTAGES OF DISTRICTS ALLOCATING CHAPTER 2 FUNDS TO ACTIVITY CATEGORIES, BY SIZE OF CHAPTER 2 GRANT

Grant Size	Percentage of districts nationwide that allocated 1984-85 Chapter 2 funds to...						
	Computer applications	Support for libraries/ media centers, other school departments*	Curriculum development	Student support services	Instructional services	Staff development	Other
$1,000,000 or more	94	88	66	58	69	94	88
$500,000 to $999,999	74	75	50	53	63	91	85
$100,000 to $499,999	83	83	54	44	44	72	51
$50,000 to $99,999	80	86	38	30	36	55	37
$5,000 to $49,999	80	64	30	19	14	32	15
Less than $5,000	60	68	13	4	12	12	4
Overall	71	67	24	14	16	26	12

*Including instructional materials and equipment other than computer hardware or software.

Table IV-2

AVERAGE PROPORTION OF DISTRICT'S CHAPTER 2 FUNDS ALLOCATED TO EACH ACTIVITY AREA, BY SIZE OF CHAPTER 2 GRANT

Chapter 2 grant size	Mean percentage of district's 1984-85 Chapter 2 funds allocated to...*						
	Computer applications	Support for libraries/ media centers, other school departments*	Curriculum development	Student support services	Instructional services	Staff development	Other
$1,000,000 or more	16	23	18	19	15	6	12
$500,000 to $999,999	18	15	12	12	16	18	15
$100,000 to $499,999	26	32	10	9	11	14	8
$50,000 to $99,999	30	33	9	7	9	11	9
$5,000 to $49,999	48	33	6	4	3	6	3
Less than $5,000	40	52	4	1	1	2	2
Overall	43	41	6	3	3	5	3

*Rows should sum to approximately 100%. Mean percents include district in which 0% was allocated to a given activity.

**Including instructional materials and equipment other than computer hardware or software.

Loss of Chapter 2 Funds

As the reviews of earlier Chapter 2 studies in Section I suggested, the loss of funding as a result of Chapter 2 could be an important influence on district spending decisions. We found that where losses were substantial, this factor was clearly important.

The effect of funds loss is obscured when one looks at data for all districts that lost funds, regardless of size. Only an estimated 13% of districts nationwide report that losing funds affected their use of Chapter 2 resources (Table IV-3). (This figure compares with 21% of the districts that--by our calculations--lost at least some money because of Chapter 2.) Although most districts do not report that reduction in their funds due to Chapter 2 was a major factor in expenditure decisions, the larger the district (and greater the funds loss), the more likely it is for districts to indicate otherwise. Sixty-three percent of the very large urban districts that lost funds as a result of Chapter 2 indicated that funds loss influenced Chapter 2 spending patterns.

Loss of funds appears to be most clearly related to spending for staff and direct services to students. Table IV-4 presents the percentages of districts in each size category reporting that lost funding influenced spending patterns and that they lost staff or student services because of Chapter 2.*

The data in Table IV-4 dramatize the difference between urban and suburban districts with enrollments of 25,000 or more. A large percentage of very large urban districts reported both being affected by funds loss and suffering loss of staff or student services, whereas no very large suburban

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*One must be careful in interpreting this table because it combines data from two separate questions. We cannot claim with certainty that funds loss led to loss of staff or student services (although we found this to be the case in the larger ESAA districts we visited).

Table IV-3

LOSS OF CHAPTER 2 FUNDS AS AN INFLUENCE ON CHAPTER 2 SPENDING, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of losing districts* reporting that funds loss influenced use of Chapter 2 funds
Very large (25,000 or more)	50
Urban	63
Suburban	25
Large (10,000-24,999)	32
Medium (2,500 to 9,999)	21
Small (600 to 2,499)	15
Very small (under 600)	4
All districts	13

*Losing district = 1984-85 Chapter 2 allocation was less than total funds received under antecedent programs in 1981-82.

Table IV-4

INFLUENCE OF FUNDS LOSS ON SPENDING FOR STAFF OR STUDENT SERVICES, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts reporting the loss influenced use of Chapter 2 funds and indicating that the block grant caused...	
	Net reductions in staff	Reductions in services to particular groups of students
Very large (25,000 or more)	56	66
Urban	69	83
Suburban	0*	0*
Large (10,000-24,999)	25	37
Medium (2,500 to 9,999)	16	30
Small (600 to 2,499)	6	11
Very small (under 600)	0	0
All districts	13	21

* This percentage reflects a relatively small number of suburban districts--see Appendix A, Table A-IV-4.

districts with funds reductions indicated staff losses, perhaps because the median percentage loss was less for these LEAs--21% vs. 46% for very large urban districts. We would not expect many medium-sized or smaller districts to report losing staff or services because of Chapter 2, since we have seen that few of these districts supported staff or provided services with antecedent funds. Table IV-4 bears out this expectation. There is much more potential for losses of staff or student services in larger districts because those districts were more likely to support those expenditures with antecedent funds.

Data from our site visits indicate that losses did not always create a feeling of being worse off. For example, a large southern district lost funds, but district staff viewed Chapter 2 as a means to meet needs as they arose. Moreover, since cuts were made in programs that were less visible than others, their view of the block grant was fairly positive.*

Districts that lost substantial funding under Chapter 2 often felt hard pressed just to continue antecedent programs, which left few resources for new programs or innovations. The Chapter 2 coordinator in one large urban district that had lost nearly 80% of its funds as a result of Chapter 2 stated: "Chapter 2 stimulated nothing. No, it was a funeral pall...just survival planning."

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* Site visit data also show that staff in some districts that experienced a "windfall" because of Chapter 2 may not really perceive themselves as "winners." For example, one district we visited had experienced an increase of nearly 50% when antecedent programs were consolidated into Chapter 2. However, administrative staff did not view themselves as being better off under Chapter 2 because they had lost substantial Chapter 1 funds during the same period and were using Chapter 2 funds to replace these lost Chapter 1 funds.

The Desire to Continue Antecedent Programs

We have seen that spending patterns changed in many districts when Chapter 2 replaced antecedent programs in the school year 1982-83. At the same time, district decisionmakers faced pressure to continue purchases and services initiated with antecedent funds.

In particular, the success of some antecedent programs and the commitment to staff programs hired with antecedent funds contributed to a strong desire to maintain what was already in place when the block grant came.* Some respondents described continuation of successful antecedent programs as maintaining the intent or "spirit" of Chapter 2. We found in our site visits that many districts depended on Title IV-B to improve the holdings of their school libraries; this activity remained a priority under Chapter 2. Another reason for continuing antecedent projects was obligations--such as staff hired under antecedent programs--that had to be continued. In districts undergoing desegregation, administrators felt a different obligation: to maintain projects begun with ESAA funding, especially where these programs helped the district respond to external desegregation requirements. For example, an administrator in a very large urban district explained one of the dilemmas faced by districts under court orders: "We couldn't just tell the court we didn't have the money to carry out the court order [to desegregate] any longer." Thus, one would expect that the desire (and possibly legal requirements) to continue antecedent activities would be a significant influence on how funds are spent under Chapter 2.

The obvious pattern in Table III-5--which shows the percentage of districts reporting that continuing antecedent programs influenced Chapter 2

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* See other reports from this study (Knapp, 1986; Turnbull and Marks, 1986) for additional analyses of the effects of antecedent programs on subsequent decisions.

spending patterns--is the relationship between size and desire to continue prior expenditures. Two of the reasons just outlined for continuing antecedent programs probably account for this pattern. Larger districts are more likely to have hired staff with antecedent funds and thus face the obligation to continue their support. Larger districts are also more likely to have obligations to continue ESAA programs, which were started prior to ECIA.

Uncertainty About Chapter 2 Funding

As noted in Section I, uncertainty about the stability of Chapter 2 funding could be a major influence on the way districts spent their funds. We hypothesized that districts concerned about the continuation of Chapter 2 funding would be more likely to purchase computers and instructional resources. These districts would be less likely to pay for salaries because, if Chapter 2 funds were cut or the block grant was discontinued, the district would have the obligation to pay these salaries with other sources of funds.

We found no consistent effect of funding uncertainty on expenditure decisions. The data in Table IV-6, indicate that districts that are and are not concerned about the certainty of future funding under the block grant are equally likely to put funds into equipment purchases, services, or other types of expenditures. For example, 89% of the very large urban districts that reported concern about Chapter 2 funding purchased computer hardware or software compared with 80% of those that reported no concern over funds stability. With regard to expenditures for instructional services, the same percentage of very large urban districts reported concern and lack of concern about funds stability. (We must remember that districts concerned about funding stability may not have invested in staff if they had a choice, but many of these districts--especially very large ones--probably had staff positions funded by antecedent funds that they were obligated to continue with Chapter 2 resources.)

Table IV-5

ANTECEDENT PROGRAMS AS AN
INFLUENCE ON CHAPTER 2 SPENDING,
BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts reporting antecedent programs as an important influence on decisions about use of funds
Very large (25,000 or more)	59
Urban	67
Suburban	47
Large (10,000-24,999)	58
Medium (2,500 to 9,999)	44
Small (600 to 2,499)	34
Very small (under 600)	34
All districts	37

Table IV-6

UNCERTAINTY ABOUT CHAPTER 2 FUNDING AS AN INFLUENCE ON SPENDING, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts using Chapter 2 funds for...							
	Computer applications		Support for libraries/ media centers, other school departments*		Student support services and...		Instructional services and...	
	Uncertain about Chapter 2 funding	Not uncertain about funding	Uncertain about Chapter 2 funding	Not uncertain about funding	Uncertain about Chapter 2 funding	Not uncertain about funding	Uncertain about Chapter 2 funding	Not uncertain about funding
Very large (25,000 or more)	89	84	94	84	41	44	61	60
Urban	89	80	100	78	56	41	73	61
Suburban	87	91	86	91	21	47	36	58
Large (10,000-24,999)	89	83	90	80	56	33	36	38
Medium (2,500 to 9,999)	75	80	67	73	28	18	30	20
Small (600 to 2,499)	69	77	66	65	22	10	15	9
Very small (under 600)	72	57	72	69	15	8	10	16
All districts	72	70	70	69	23	12	19	15

*Including instructional materials and equipment other than computer hardware or software.

Although there is no clear national pattern between uncertainty about Chapter 2 funding and Chapter 2 spending patterns, during our site visits we did find examples of the influence of uncertainty in the use of Chapter 2 resources. For example, the Chapter 2 coordinator in a large urban district stated that concerns about the continuation of Chapter 2 funds made him unwilling to support salaries:

> "There was one overriding factor... When you tie block grant funding into recurring expenses then if there's a budget cut, you have a problem. So we had a basic philosophy--put it into nonrecurring expenses because of the uncertainty. We've seen the problem in other block grants, for example, in the city. Policemen and firemen were left on the payroll and couldn't be supported. The people were screaming."

Uncertainty About Chapter 2 Audit Requirements

Uncertainty about what Chapter 2 auditors would require influenced some districts to spend their Chapter 2 funds on what they perceived as "safe" purchases, although the general level of anxiety about audits was low. Many of the Chapter 2 coordinators we interviewed worried that federal auditors eventually would require what had always been required of federal programs. As a result, some of these local officials were "playing it safe" and keeping careful records of all Chapter 2 purchases and decisions.

One approach to playing it safe is to purchase equipment and materials. Many local administrators believe that it is easier to demonstrate compliance with federal regulations by purchasing computers or books rather than funding staff positions. According to one Chapter 2 coordinator, equipment purchases provide tangible evidence of expenditures and thus a clean audit trail. But with the funding of personnel it is sometimes difficult to demonstrate that the LEA is "adding" to state and local expenditures rather than replacing them when a staff member is hired with Chapter 2 funds. For example, one large district that had continued funding for ESAA guidance counselors wanted to extend it to schools not

participating in busing, did not do so because they believed they were constrained by supplement-not-supplant considerations to use local funds to add these counselors in schools that did not receive ESAA funds.

The data in Table IV-7 provide some evidence that "audit anxiety" may influence Chapter 2 spending patterns--especially in larger districts. However, the reader should be cautioned that concern about audits was generally low: only an estimated 16% of the very large urban districts reported such concerns.* Very large urban districts that are concerned about audits, for example, are more likely to purchase computers and instructional materials and less likely to fund student support services and instructional services. Roughly the same pattern can be seen for very large suburbs and large districts. These patterns are not apparent in smaller districts, perhaps because very few of these districts reported that uncertainties about audits influenced their Chapter 2 purchases. Moreover the size of Chapter 2 grants for smaller districts usually precludes purchasing anything but materials or equipment.

Local, State, and National Priorities

We also examined whether Chapter 2 funds are used to address local, state, or national education priorities. Not surprisingly, local priorities are perceived to be far more influential in determining how Chapter 2 funds are allocated, as Table IV-8 suggests. Site visit data support this finding. We also found several indications in site visits that state priorities did have some influence on decisionmaking:

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*See another report in this study (Turnbull and Marks, 1986) for a more extended analysis of audit anxiety.

Table IV-7

UNCERTAINTY ABOUT AUDITS AS AN INFLUENCE ON SPENDING, BY DISTRICT SIZE

District Size (Enrollment)	Percentage of districts using Chapter 2 funds for...							
	Computer applications and...		Support for libraries/ media centers, other school departments* and...		Student support services and...		Instructional services and...	
	Uncertain about audits	Not uncertain about audits	Uncertain about audits	Not uncertain about audits	Uncertain about audits	Not uncertain about audits	Uncertain about audits	Not uncertain about audits
Very large (25,000 or more)	95	84	95	86	28	47	39	66
Urban	100	81	100	84	27	49	28	73
Suburban	91	88	92	88	28	43	47	54
Large (10,000-24,999)	100	82	96	81	26	40	52	36
Medium (2,500 to 9,999)	73	80	79	70	37	18	32	21
Small (600 to 2,499)	88	74	40	67	4	13	5	11
Very small (under 600)	33	62	92	68	25	8	0	16
All districts	66	71	73	69	23	13	14	16

*Including instructional materials and equipment other than computer hardware or software.

- In one district, staff attributed their decision to "beef up" elementary science with Chapter 2 funds to the state's decision to include this area in the state minimum competency test in the near future. Administrators in the district also said that they expected computer literacy to be added to the state test, and this was one reason they concentrated Chapter 2 purchases in computer hardware and software.

- In another state, the emphasis on passing the minimum competency test was cited as a major reason for one district's decision to use Chapter 2 funds for additional reading teachers in schools where students who failed the test on their first attempt would otherwise get no help.

Table IV-8

INFLUENCE OF LOCAL, STATE, AND NATIONAL PRIORITIES ON USE OF CHAPTER 2 FUNDS

Source of Influence	Percentage of districts reporting priorities influencing decisionmaking
District priorities	82
State mandates or priorities	9
Recommendations of national reform reports	9

As noted above, state and national priorities may have more influence than indicated by Table IV-8. A majority of districts use Chapter 2 funds to address one or another specific reform concern, as indicated in Table IV-9. The most frequent of these uses for block grant funds include improving test scores, school-level programs based on effective schools research, and more instruction in computer literacy, math, or science. Other priorities that have received national attention are rarely addressed with Chapter 2 funds--in particular, career ladders or merit pay for teachers, longer school day or school year, and partnerships with local businesses.

Table IV-9

USE OF CHAPTER 2 FUNDS TO SUPPORT REFORM PRIORITIES

Educational improvement goal	Estimated number of districts with goal as top priority	Estimated percentage of these districts in which Chapter 2 was used to address the goal
Improve computer literacy, math, or science	10,065	85
Implement effective schools research	3,944	64
Improve test scores	5,712	60
Dropout prevention	1,360	33
Improve time on task	3,944	29
Raise graduation requirements	3,808	22
Create partnerships with business	1,088	13
Career ladders or merit pay for teachers	952	8
Lengthen school day or year	1,360	5

Apparently, the modest resources available through Chapter 2 are more likely to have significant impact on some priorities than on others. For example, instruction in computer literacy, math, or science can be significantly influenced with purchases of computers or laboratory equipment. Test scores can be improved by hiring one teacher for each high school in the district to tutor low-scoring students. However, merit pa for teachers or lengthening the school day or year involves district-wide efforts and considerable resources. Even the largest Chapter 2 grant would make only minor contributions to achieving such goals Accordingly, district officials appear to be using funds selectively to address priorities. For the most part, they appear to use Chapter 2 resources where they expect to get "more bang for the buck."

V SUMMARY AND CONCLUSIONS

This report describes the fiscal effects of ECIA Chapter 2 at the local school district level. We have examined three aspects of the block grant's fiscal impact:

- Distribution of Chapter 2 funds to local school districts
- Local patterns of spending Chapter 2 funds
- Influences on local spending.

In this section, we summarize and interpret the major patterns described with respect to each aspect.

Distribution of Chapter 2 Funds

Since local enrollment is a major factor in all state formulas for distributing Chapter 2 funds to districts, it is not surprising that allocations of formula funds closely follow district size. For example, the nation's largest urban districts, on average, received $451,385 in 1984-85; by comparison, districts with fewer than 600 students received an average of $2,036 for the same school year.

In terms of dollars, Chapter 2 is a modest program. Although some of the nation's largest school districts receive over $1,000,000 from the block grant, 91% of all districts receive $50,000 or less. About 40% receive less than $5,000. On average, Chapter 2 makes up less than 1% of a district's operating budget and provides between $7.00 and $9.00 per pupil. (Since most of the district budget goes to salaries and related costs determined by personnel contracts, Chapter 2 funds may represent a more significant percentage of the funding subject to the discretion of district decisionmakers.)

Block grant funds allocated by formula within each state make up the largest proportion of Chapter 2 funds that districts receive. Funds from states' discretionary share of Chapter 2 (e.g., in the form of competitive grants or reimbursements for adverse conditions) represent a very small part of local Chapter 2 resources. Only 2% of all districts received this kind of funding from their state education agencies in the school year 1984-85. Even when a district does receive additional money from the state discretionary portion of Chapter 2, the grant tends to be small and temporary. The median grant in 1984-85 was $10,000; two-thirds of those districts receiving discretionary grants received awards for only 1 of the 3 years in which Chapter 2 has operated.

Local Allocations of Funds to Serve Private School Children

ECIA requires districts to provide services from their Chapter 2 funds for students attending eligible private schools. An estimated 37% of the nation's school districts provide Chapter 2 services to these students.* The median allocation for these services ranges from $42,851 in large urban districts to $1,614 in districts with fewer than 2,500 students. The portion of a district's Chapter 2 funds that are used for services to private school students is 10%, on average. However, even in school districts of similar size, this percentage can range from as much as 56% to less than 1% of the district's total Chapter 2 allocation, depending on private school enrollment.

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*See two other reports from this study (Cooperstein, 1986; Knapp and Blakely, 1986) for a more extended discussion of funds allocation for services to private school students.

Changes in Funds Distribution with the Shift to the Block Grant

Chapter 2 represents a consolidation of 32 antecedent programs into a single block grant. Some of the initial controversy involving Chapter 2 resulted from districts gaining or losing funds when these antecedent programs were consolidated. Those districts that lost money tended to have been the major beneficiaries of antecedent programs such as ESAA and ESEA Title IV-C. Districts that gained funds from Chapter 2 tended to have benefitted little or not at all from the programmatic predecessors of Chapter 2.

In general, we found that a large majority of districts (75%) gained at least some money as a result of Chapter 2. However, gains and losses were not evenly distributed among districts of different sizes. For example, fewer than 2% of districts with 600 to 2,499 students lost 75% or more of their funds as a result of Chapter 2. By comparison, 11% of the largest urban school districts lost at least 75% of their antecedent funding.

An initial criticism of Chapter 2 was that districts with high concentrations of poor children tended to lose the most as a result of the block grant. Our data do not show a clear relationship between poverty rate and the fact of losing or gaining funds under Chapter 2. Overall, approximately the same proportion (around 20%) of districts with high concentrations of poor children lost funds as did districts with relatively few poor students. The contrasts are sharper for particular size categories. Forty percent of the largest urban districts with relatively low poverty rates lost funding, compared with 60% of those with high poverty rates.

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*See other reports from this study (Knapp, 1986; Knapp and Blakely, 1986) for a more extended discussion of the instructional meaning of therse purchasee.

Local Chapter 2 Spending Patterns

Our data confirm the general impression that districts tend to use Chapter 2 funds to purchase materials and equipment.* Nearly 60% of local Chapter 2 funds were used for equipment, materials, and supplies in school year 1984-85. The most frequent purchase in this category was computer hardware; nearly one-quarter of all Chapter 2 funds was used for this purpose. Another 5% went for computer software. At the same time, approximately 29% of Chapter 2 funds were used for salaries. Teachers' salaries made up the largest expenditure in this category (14% of all Chapter 2 funds). The remaining 12% of Chapter 2 money was used for other expenditures, such as consultants, staff development costs, and indirect administrative costs.

We found important differences in spending patterns among districts of different sizes. Whereas a clear majority of districts of all sizes use at least some of their Chapter 2 funding to purchase computer hardware, software, and other instructional equipment and materials, large and very large districts (i.e., districts with at least 10,000 students) are more likely than smaller districts to use Chapter 2 funds for curriculum development, student support services, instructional services, and staff development. One reason is that, because smaller districts receive less Chapter 2 money, officials in these districts find that purchasing a few computers is more effective than paying for half of a teacher's salary.

We also found that large districts tend to spread their Chapter 2 resources over several types of purchases while smaller districts usually concentrate their purchases in one or two areas. For example, large urban

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*See another report from the national study (Knapp and Blakely, 1986) for a more extended discussion of the educational meaning of equipment and material purchases.

districts, on average, spend 37% of their Chapter 2 budgets on computers; those very small districts that purchase computers spend nearly 90% of their Chapter 2 resources on this item.

In general, we found different "portfolios" of Chapter 2 purchases and services in districts of different sizes. Larger districts have sufficient resources to diversify their Chapter 2 purchases. They tend to purchase computer hardware and software, books, and audiovisual equipment, and still have sufficient resources to fund staff development, provide some guidance counselors, or pay some teachers' salaries. Smaller districts do not have sufficient resources to diversify. Instead, they tend to concentrate their Chapter 2 purchases in one or two areas for maximum impact. In particular, these districts tend to concentrate their Chapter 2 funds on computers, library books, or other equipment purchases.

Comparing Spending for Public and Private School Students

We also found different patterns when comparing Chapter 2 purchases for public and private school students.* More than 90% of the districts providing services to private school students use Chapter 2 funds for instructional resources such as books, maps, and science equipment. Nearly as many (80%) provide the same kind of instructional resources for public school students. More districts (88%) provide computer hardware or software for public school use than for use by students attending private schools (68%). In addition, districts are more likely to provide public school students with instruction and student support services. For example, among districts serving private school students, nearly a quarter (24%) provide instructional services to students in public schools, but only 6% make these kinds of services available to private school students.

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*Two other reports from this study (Cooperstein, 1986; Knapp and Blakely, 1986) have more extended discussion of spending for private school students.

Changes in Spending Patterns with the Shift to the Block Grant

We found important changes in spending patterns between the last year of the antecedent programs and the first 3 years of the block grant. The most striking change is the increase in the number of districts purchasing computer hardware and software. Only 19% of the nation's schools used antecedent funding for computer-related purchases. By 1984-85--the third year of Chapter 2--72% of the nation's districts reported using at least some of the block grant for computer purchases.

A second change came in the purchase of instructional materials and equipment other than computers. Eighty-nine percent of all districts used at least some of their antecedent funding for this type of purchase. By 1984-85, this figure had dropped to 68%.

We also found significant changes in the number of districts using Chapter 2 to provide staff development. This percentage rose from 12% of all districts in 1981-82 to 27% in 1984-85.

Influences on Chapter 2 Spending Patterns

We found several important influences on local decisions regarding the use of Chapter 2 funding. The absolute amount of funding received under the block grant appears to predispose districts toward certain types of expenditures. As we have already noted, districts with larger grants tend to diversify their Chapter 2 purchases and services. However, even districts receiving as much as $50,000 tend to concentrate Chapter 2 funds on computer purchases or other instructional resources. In these districts, block grant funding is seen as insufficient to pay for enough staff salaries to make such expenditures educationally practical.

Loss of funds under the block grant was an important factor in expenditure decisions, but only in proportion to the size of the loss. Overall, although a quarter of the nation's school districts lost funds, only 5% reported that losing funds influenced their use of Chapter 2 resources. But in the larger districts, which lost the most under the block grant, this percentage was much higher: sixty-three percent of the largest urban districts indicated that funds loss affected their Chapter 2 expenditures. For the majority of these districts, losing funds apparently led to reductions in staff (69% of these very large urban districts) or resulted in reductions in services to students (83% of these districts).

Another influence on Chapter 2 spending was the desire to continue antecedent programs. Nationwide, 37% of all districts indicated that continuing such programs was an important influence on their use of Chapter 2 money, Sixty-seven percent of all large urban districts cited this as an important influence. Two reasons for the high percentage among large urban districts are (1) that these districts were more likely to have hired staff under antecedent programs and thus faced the obligation to continue their support with Chapter 2 resources and (2) that larger districts are more likely to have obligations to continue desegregation-related activities that were begun under ESAA.

We found some evidence that uncertainty about Chapter 2 audit requirements may have led some districts to purchase materials and equipment rather than hire staff. For example, the largest urban districts that reported concern about audits were more likely to have purchased computers and instructional material and less likely to fund student support services or instruction. (It is important to note, however, that concern about audits was generally low; only 16% of very large urban districts, for example, expressed concern about audit requirements.)

Finally, districts reported that local priorities (but rarely state or national priorities) influenced the use of Chapter 2 funds. More than four-fifths of all districts reported that district priorities influenced decisions on Chapter 2 spending, compared with 9% reporting state mandates or priorities, and the same percentage indicated that national reform reports affected Chapter 2 decisions. However, particular reform concerns--such as improving test scores, applying effective schools research, and upgrading mathematics, science, and computer instruction--are often addressed with Chapter 2 funds.*

*Another report from this study (Turnbull and Marks, 1986) explores this topic in greater detail.

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Appendix A

TECHNICAL NOTES AND STANDARD ERROR VALUES FOR TABLES

This appendix contains row and column n's and standard error values for all the tables, followed by technical notes. Tables also include ranges as well as medians for dollar values.

Technical Notes

We report median dollars instead of means because medians of these data are better representations of reality than means. The figure below illustrates part of the problem with reporting means of Chapter 2 budget data. This graph show the total 1983-1984 Chapter 2 budgets for very large urban districts. The weighted mean total budget for these districts is $845,747. However, the figure shows clearly that four of these districts have extremely large budgets, even compared to other large urban districts. If we remove the four districts with budgets greater than $3,000,000, the mean drops to $524,058. Obviously, because their allocations are so atypical, these four districts have an unwarranted influence on the calculation of the mean. The weighted median budget for all large urban districts is $451,385. If the four extreme figures are removed, the median is $396,379. Thus, by reporting weighted median dollar figures, we have a more accurate picture of the "central tendency"--the average--of the distribution.

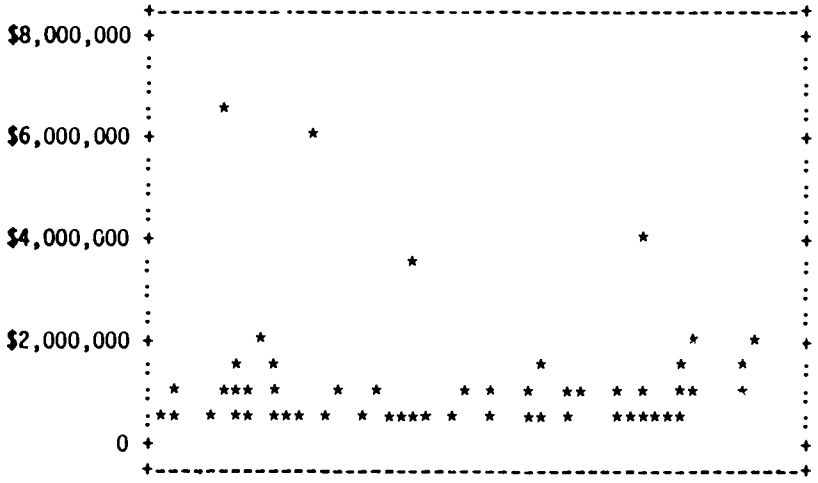

Figure A-1 DISTRIBUTION OF CHAPTER 2 ALLOCATIONS FOR VERY LARGE URBAN DISTRICTS (1983-84)

For distributions that represent rare events--such as very small districts using Chapter 2 funds to pay teachers' salaries--the median value across all cases is likely to be $0.00. In such instances, we will note that the median is $0.00, then report the median dollar figure for those districts for which the amount is greater than zero; the number of districts from which the median was calculated is provided in the standard error tables.

Standard Error Values for Tables

This appendix replicates tables from the text of this report and includes relevant population n's, standard error values and (where applicable) 10th and 90th percentile ranges. Confidence intervals around estimated population means (or proportions) can be calculated by:

$$[p < .05] \pm 1.96\ (Se_x)$$

This significance of differences on nonoverlapping samples can be determined from the normally distributed statistic:

$$(M_1' - M_2') / (Se_1^{\ 2} + Se_2^{\ 2})^{1/2}$$

where

M_i' = Estimate population mean based on sample i

Se_i = Corresponding standard errors

For the most part, this report describes funds distribution and spending patterns by presenting national estimates of local Chapter 2 allocations (in dollars) or numbers and percentages of districts spending Chapter 2 dollars in particular ways. Unless otherwise noted, dollar allocations will be reported as weighted mediums, numbers of districts will be reported as weighted counts, and percentages will be weighted means.* In addition, ranges between the 10th and 90th percentiles will be reported with medians (see Standard Error Tables in this appendix).

Although less often reported than means, medians are easily interpreted. The median represents the midpoint of a group of numbers. For example, the median total Chapter 2 budget for very large urban districts is $451,385. This means that half the very large urban districts in the nation received more than $451,385, and half received less.

Note: Tables A-II-1, A-II-2, and A-II-4 have been omitted.

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* The mail survey sample represents roughly 10% of the nation's districts. Survey responses were weighted by the proportion of districts selected from each cell in the sampling stratification scheme.

Table A-II-3

AVERAGE (MEDIAN) FORMULA, DISCRETIONARY, AND TOTAL CHAPTER 2 FUNDING, BY DISTRICT SIZE (1984-85)

District Size (Enrollment)	Median formula funds			Median discretionary funds*			Median total funds		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$222,276	$397,587 (N=159)	$1,074,483	$8,500	$39,000 (N=32)	$418,398	$222,276	$399,709 (N=159)	$1,078,775
Urban	234,901	451,385 (N=90)	1,691,437	4,000	40,000 (N=17)	418,398	234,901	451,385** (N=90)	1,691,437
Suburban	187,763	310,301 (N=69)	864,177	8,500	34,000 (N=15)	98,875	187,763	341,704 (N=69)	867,704
Large (10,000-24,999)	65,552	104,000 (N=461)	183,194	2,500	18,928 (N=33)	60,951	65,577	107,212 (N=461)	189,000
Medium (2,500 to 9,999)	15,230	29,602 (N=2,888)	63,398	1,162	9,648 (N=83)	38,000	15,230	29,823 (N=2,888)	46,465
Small (600 to 2,499)	4,610	9,000 (N=5,043)	18,212	500	10,000 (N=93)	30,000	4,610	9,000** (N=5,043)	18,476
Very small (under 600)	595	2,036 (N=6,293)	5,209	-0-	-0- (0)	-0-	2,036	2,036** (N=6,293)	5,209
All districts	1,200	6,422 (N=14,844)	42,476	500	10,000 (N=243)	41,632	1,200	6,422 (N=14,844)	43,000

*Medians are for districts that received discretionary funds.

**Because of the nature of medians and the fact that state discretionary funding went to few districts, the "total" figure may be the same as the "formula" figure.

Table A-II-5

AVERAGE MEDIAN AMOUNT OF DISTRICT CHAPTER 2 FUNDS PER PUPIL, BY DISTRICT SIZE

District Size (Enrollment)	Median amount of 1984-85 district funds per pupil: 10th percentile	Median	90th percentile	Percentage of students nationwide	Percentage of national Chapter 2 funding
Very large (25,000 or more) (N=148)	$6.40	$8.19	$14.65	26	32
Urban (N=84)	6.78	9.19	15.88	16	22
Suburban (N=64)	5.55	7.63	9.82	10	10
Large (10,000-24,999) (N=443)	5.23	7.16	10.39	17	16
Medium (2,500 to 9,999) (N=2,892)	4.08	6.85	10.99	35	30
Small (600 to 2,499) (N=5,038)	4.57	7.42	12.71	18	17
Very small (under 600) (N=6,376)	6.00	8.96	15.80	4	6
All districts (N=14,897)	4.98	7.89	15.80	100	100

Table A-II-6

DISTRIBUTION OF STATE CHAPTER 2 DISCRETIONARY FUNDS, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts receiving grants from 1984-85 state discretionary fund	
Very large (25,000 or more) (N=159)	20.3	(2)*
Urban (N=90)	18.6	(2)
Suburban (N=69)	22.4	(3)
Large (10,000 to 24,999) (N=461)	7.3	(1)
Medium (2,500 to 9,999) (N=2,888)	2.9	(1)
Small (600 to 2,499) (N=5,043)	1.8	(1)
Very small (under 600) (N=6,293)	0.0	(**)
Total (N=14,844)	1.6	(**)

* Standard error values.

** Less than .5%.

Table A-II-7

DISTRICT ALLOCATIONS FOR SERVICES TO PUBLIC AND PRIVATE SCHOOL STUDENTS FOR SCHOOL YEAR 1984-85, BY DISTRICT SIZE

District Size (Enrollment)	Total public allocations			Private allocations*			Percentage of LEAs providing Chapter 2 funds to private school students		Median percentage of district's total allocation (1984-85) used for services for private school students		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile			10th percentile	Median	90th percentile
Very large (25,000 or more)	$206,610	$373,216 (N=159)	$1,000,000	$ 7,098	$ 30,881 (N=143)	$160,000	83 (N=135)	(3)+	2	8 (N=143)	18
Urban	223,849	394,417 (N=90)	1,496,679	10,000	42,851 (N=81)	229,132	90 (N=70)	(4)	3	9 (N=81)	19
Suburban	179,820	306,000 (N=69)	807,173	3,823	20,000 (N=62)	143,126	85 (N=65)	(4)	1	6 (N=62)	12
Large (10,000-24,999)	60,677	101,112 (N=461)	170,488	1,776	7,817 (N=340)	23,762	75 (N=349)	(4)	7	7 (N=340)	3
Medium (2,500 to 9,999)	14,794	28,258 (N=2,933)	60,815	616	2,393 (N=1,410)	8,988	47 (N=344)	(3)	2	8 (N=1,405)	23
Small (600 to 2,499)	4,032	8,736 (N=5,051)	17,393	412	1,614 (N=1,154)	4,709	26 (N=1,230)	(4)	6	15 (N=1,154)	42
Very small (under 600)	--	--** (N=6,384)	--	--	--** (N=603)	--	--** (N=489)			--** (N=594)	
All districts	5,013	14,493 (N=14,989)	64,303	633	2,505 (N=3,650)	11,344	37 (N=3,537)	(2)	3	10 (N=3,637)	28

*Medians are for districts that received private allocations.

**Because of the small number of very small districts serving private school students (and consequently few respondents to the survey), reliable estimates for this size category were not possible. The corresponding public allocation figures were left out because no comparison could be made.

+ Standard error values.

Table A-II-8

MEDIAN ANTECEDENT FUNDING AND TOTAL CHAPTER 2 FUNDING
FOR 1982-83, BY DISTRICT SIZE

District Size (Enrollment)	Antecedent funds (1981-82) 10th percentile	Median	90th percentile	Total Chapter 2 (1982-83) 10th percentile	Median	90th percentile	Percent change
Very large (25,000 or more)	$ 97,547	$352,481 (N=162)	$3,008,188	$192,556	$382,716 (N=154)	$1,239,000	9
Urban	112,367	543,923 (N=92)	3,716,013	193,921	433,100 (N=87)	1,515,968	-20
Suburban	89,092	250,281 (N=70)	1,034,592	180,328	329,171 (N=67)	899,411	32
Large (10,000-24,999)	26,100	70,737 (N=456)	250,040	47,834	94,233 (N=446)	191,556	33
Medium (2,500 to 9,999)	7,284	17,617 (N=2,934)	80,990	14,593	28,410 (N=2,670)	62,624	61
Small (600 to 2,499)	2,349	4,946 (N=5,066)	18,000	5,000	8,841 (N=4,605)	18,963	79
Very small (under 600)	239	1,399 (N=5,388)	8,707	507	1,972 (N=5,496)	4,556	41
All districts	540	4,706 (N 14,005)	41,936	1,204	6,532 (N=13,371)	41,059	39

Table A-II-9

DISTRICTS THAT LOST AND GAINED FUNDING UNDER CHAPTER 2, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Greater than 75% gain		26-75% gain		5-25% gain		Little loss or gain		5-25% loss		26-75% loss		Greater than 75% loss		Total*
Very large (25,000 or more) (N=158)	32%	(2)	12%	(1)	8%	(1)	5%	(1)	15%	(1)	23%	(1)	6%	(1)	100%
Urban (N=90)	26	(2)	11	(2)	8	(2)	3	(1)	13	(2)	29	(2)	11	(2)	100
Suburban (N=68)	40	(2)	12	(2)	8	(2)	7	(2)	17	(3)	15	(2)	0	(-)	100
Large (10,000-24,999) (N=466)	47	(3)	15	(3)	8	(2)	3	(1)	6	(1)	18	(2)	3	(1)	100
Medium (2,500 to 9,999) (N=2,809)	50	(2)	19	(2)	5	(1)	4	(1)	5	(1)	14	(4)	4	(1)	100
Small (600 to 2,499) (N=4,773)	51	(4)	20	(3)	8	(2)	3	(1)	4	(1)	13	(2)	2	(1)	100
Very small (under 600) (N=5,327)	52	(6)	11	(3)	10	(3)	6	(1)	3	(3)	10	(4)	8	(4)	100
All districts (N=13,533)	51%	(3)	16%	(2)	9%	(1)	4%	(1)	4%	(1)	12%	(2)	5%	(2)	100%

*May not sum to 100% because of rounding error.

Table A-II-10

AVERAGE MEDIAN LOSS OR GAIN FROM ANTECEDENT FUNDING IN 1981-82
BY DISTRICT SIZE (1984-85)

District Size (Enrollment)	Districts that lost						Districts that gained					
	Amount lost			Percentage lost			Amount gained			Percentage gained		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$2,697,770	$296,653 (N=73)*	$58,404	81	41	10	$66,141	$151,775 (N=86)	$403,762	10	107	385
Urban	3,088,580	384,745 (N=45)	97,806	81	46	17	71,888	150,942 (N=39)	530,920	10	79	632
Suburban	662,133	165,392 (N=23)	26,699	66	21	8	43,672	158,338 (N=40)	304,349	10	109	385
Large (10,000-24,999)	380,085	75,144 (N=129)	11,384	68	40	8	20,456	52,892 (N=332)	116,492	23	118	288
Medium (2,500-9,999)	131,292	29,912 (N=679)	2,235	81	49	8	4,909	14,265 (N=2,694)	36,970	29	110	323
Small (600-2,499)	53,700	4,381 (N=939)	347	76	39	5	1,600	4,934 (N=3,988)	11,127	23	125	287
Very small (less than 600)	59,416	3,086 (N=1,327)	80	96	59	5	247	1,288 (N=4,538)	3,015	21	161	343
Total	$ 94,292	$ 6,818 (N=3,146)	185	90	48	5	$ 522	$ 3,266 (N=11,138)	$ 23,120	23	127	329

* Weighted subsample count.

Table A-II-11

DISTRICTS THAT LOST AND GAINED FUNDING UNDER CHAPTER 2, BY ORSHANSKY POVERTY LEVEL

(Standard error values are in parentheses)

Orshansky poverty level	Lost		Gained		Total
a. For all districts (N=13,440)	23%		77%		100%
Less than 10% (N=7,339)	26	(4)	74	(4)	100
Between 10% and 19% (N=2,997)	26	(5)	74	(5)	100
Between 20% and 29% (N=1,753)	12	(2)	88	(2)	100
Greater than 29% (N=1,352)	20	(4)	80	(4)	100
b. For very large urban districts (N=90)	54		46		100
Less than 10% (N=14)	40	(6)	60	(6)	100
Between 10% and 19% (N=50)	61	(2)	39	(2)	100
Between 19% and 29% (N=20)	45	(6)	55	(6)	100
Greater than 29% (N=6)	60	(15)	40	(15)	100

Table A-III-1

CHAPTER 2 EXPENDITURES IN DIFFERENT ACTIVITY AREAS

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts in each size category indicating that 1984-85 Chapter 2 funds are spent in each area: Computer applications		Support for library/ media centers, other school departments*		Curriculum and new program development		Student support services		Instructional services		Staff development	
Very large (25,000 or more) (N=162)	85	(2)	86	(2)	56	(2)	52	(2)	54	(2)	79	(2)
Urban (N=92)	85	(2)	86	(2)	50	(2)	54	(3)	62	(2)	83	(2)
Suburban (N=70)	87	(2)	85	(2)	62	(3)	49	(3)	44	(3)	73	(2)
Large (10,000-24,999) (N=471)	82	(3)	82	(3)	49	(4)	42	(3)	36	(4)	68	(3)
Medium (2,500 to 9,999) (N=3,009)	78	(2)	71	(2)	33	(2)	22	(2)	25	(2)	40	(2)
Small (600 to 2,499) (N=5,298)	80	(3)	64	(3)	25	(3)	17	(3)	12	(2)	27	(3)
Very small (under 600) (N=6,517)	62	(5)	68	(5)	18	(4)	7	(3)	13	(4)	16	(4)
All districts (N=15,457)	72	(2)	68	(3)	25	(2)	15	(1)	16	(2)	27	(2)

* Including instructional materials and equipment other than computer hardware or software.

Table A-III-2

NUMBER OF ACTIVITY AREAS IN WHICH DISTRICTS SPEND CHAPTER 2 RESOURCES, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	In each number of activity categories*: One		Two		Three or more	
Very large (25,000 or more) (N=162)	0%	(0)	10%	(1)	90%	(1)
Urban (N=92)	0	(0)	8	(2)	92	(2)
Suburban (N=70)	0	(0)	13	(2)	87	(2)
Large (10,000-24,999) (N=471)	6	(2)	13	(3)	81	(3)
Medium (2,500 to 9,999) (N=3,009)	15	(1)	32	(2)	54	(2)
Small (600 to 2,499) (N=5,298)	27	(3)	37	(3)	37	(3)
Very small (under 600) (N=6,517)	43	(5)	36	(5)	21	(4)
All districts (N=15,457)	30	(3)	34	(3)	35	(2)

* Out of seven possible categories. See explanation in text.

Table A-III-3

AVERAGE (MEAN) PROPORTION OF CHAPTER 2 FUNDS ALLOCATED TO EACH ACTIVITY AREA, BY DISTRICT SIZE*

(Standard error values are in parentheses)

District Size (Enrollment Range)	Computers		Other instructional materials**		Curriculum development		Student support services		Instructional services		Staff development	
Very large (25,000 or more)) (N=139)	21	(1)	24	(1)	13	(1)	13	(1)	15	(1)	12	(1)
Urban (N=76)	15	(1)	22	(1)	11	(1)	16	(1)	19	(1)	12	(1)
Suburban (N=63)	28	(2)	26	(1)	15	(2)	9	(1)	11	(2)	12	(2)
Large (10,000-24,999) (N=442)	27	(2)	34	(2)	8	(1)	7	(1)	8	(1)	15	(2)
Medium (2,500 to 9,999) (N=2,847)	40	(1)	34	(1)	7	(1)	5	(1)	6	(1)	7	(1)
Small (600 to 2,499) (N=5,145)	50	(3)	34	(2)	5	(1)	3	(1)	2	(1)	6	(1)
Very small (less than 600) (N=6,058)	40	(5)	50	(5)	6	(2)	1	(1)	1	(1)	3	(1)
All districts (N=14,631)	43	(2)	41	(2)	6	(1)	3	(***)	3	(***)	5	(1)

*Rows should sum to approximately 100%. Mean percents include districts in which 0% was allocated to a given activity.

**Including instructional materials and equipment other than computer hardware and software.

***Between 0% and 5%.

Table A-III-4

TOTAL CHAPTER 2 FUNDS ALLOCATED
TO EACH TYPE OF PURCHASE

Expenditure category	Total spent by districts on this category in 1984-85*	Proportion of total LEA spending	
Personnel			
Teachers (specialist, classroom)	$ 44,751,902	14%	
Administrators	13,063,252	4	
Other certificated personnel (e.g., counselors)	14,688,579	5	
Noncertificated personnel (e.g., aides)	13,361,440	4	
Other salaries	6,692,200	2	
Subtotal			29%
Equipment, materials, and supplies			
Computer hardware	79,124,142	25	
Computer software	16,071,893	5	
Other equipment (e.g., audiovisual)	33,703,282	10	
Books and other materials	62,436,703	19	
Subtotal			59
Other			
Consultants	6,971,678	2	
Training/staff development costs**	16,805,185	5	
Indirect administrative costs	4,835,054	2	
Other+	11,213,291	4	
Subtotal			12
Total	$323,307,467		100%

*Districts reported this spending in the middle of the school year as a total of funds spent and projected to be spent. Their projections underestimate slightly the total district allocations.

**Not including consultants. Some other staff-development-related costs (e.g., the salary of a staff development coordinator) could be included in other line items.

+Examples of other expenditures are travel, fiscal audits, testing, and minigrants to schools.

Table A-III-5

AVERAGE (MEDIAN) CHAPTER 2 AMOUNTS ALLOCATED TO EACH LINE-ITEM EXPENDITURE CATEGORY

District Size (Enrollment)	Median amount per district put into the following expenditures:*								
	Median total public allocation			Teachers' salaries			Administrators' salaries		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$206,610	$373,216 (N=159)	$1,000,000	$21,962	$110,161 (N=113)	$387 266	$10,047	$44,826 (N=79)	$186,250
Urban	223,849	394,417 (N=90)	1,496,679	37,345	$141,429 (N=68)	500,000	10,047	52,736 (N=49)	204,925
Suburban	179,820	306,000 (N=69)	807,173	19,850	87,261 (N=45)	379,418	4,629	41,448 (N=30)	171,976
Large (10.000 to 24,999)	60,678	101,112 (N=461)	170,488	7,650	29,200 (N=145)	75,694	1,019	11,814 (N=64)	46,604
Medium (2,500 to 9,999)	14,794	28,258 (N=2,933)	60,815	2,500	13,452 (N=544)	47,992	472	8,189 (N=135)	32,000
Small (600 to 2,499)	4,032	8,736 (N=5,051)	17,393	1,000	4,000 (N=399)	14,119	500	7,000 (N=186)	11,800
Very small (under 600)	694	2,106 (N=6,384)	5,209	200	531 (N=395)	7,938	100	100 (N=141)	100
All districts	1,192	6,349 (N=14,989)	40,834	314	7,938 (N=1,596)	49,182	100	4,009 (N=605)	43,716

*Excluding cases where $0.00 were spent on each category.

Table A-III-5 (Continued)

District Size (Enrollment)	Median amount per district put into the following expenditures:*								
	Other certificated salaries			Noncertificated salaries			Other salaries		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$11,900	$75,510 (N=48)	$283,821	$ 8, 334	$38,807 (N=90)	$164,851	$5,500	$22,800 (N=68)	$132,443
Urban	15,149	93,200 (N=31)	532,425	10,981	55,414 (N=56)	180,396	6.150	21,034 (N=43)	171,002
Suburban	9,786	40,670 (N=17)	180,309	6,346	26,143 (N=34)	100,449	5,500	25,849 (N=25)	103,126
Large (10,000 to 24,999)	2,870	28,300 (N=53)	81,010	1,868	8,558 (N=135)	46,486	500	5,572 (N=76)	32,192
Medium (2,500 to 9,999)	2,000	13,974 (N=225)	28,313	1,162	6,867 (N=327)	23,942	540	3,375 (N=142)	11,820
Small (600 to 2,499)	800	7,154 (N=100)	53,932	1,550	3,000 (N=100)	4,126	90	90 (N=7)	90
Very small (under 600)	1,300	1,300 (N=12)	1,300	886	886 (N=153)	3,578	1,750	1,750 (N=94)	1,750
All districts	1,300	15,926 (N=439)	61,020	886	4,126 (N=805)	31,179	600	2,781 (N=388)	30,328

*Excluding cases where $0.00 were spent on each category.

Table A-III-5 (Continued)

District Size (Enrollment)	Median amount per district put into the following expenditures:*											
	Computer hardware			Other equipment			Computer software			Materials		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$ 5,330	$50,000 (N=105)	$313,605	$4,704	$32,682 (N=95)	$113,400	$2,000	$10,000 (N=82)	$80,000	$4,850	$53,492 (N=144)	$140,943
Urban	5,000	40,278 (N=54)	220,859	4,704	30,613 (N=52)	150,000	1,000	10,000 (N=41)	80,000	5,800	64,209 (N=79)	150,000
Suburban	10,000	59,500 (N=51)	341,211	5,006	34,989 (N=43)	92,450	2,138	9,397 (N=41)	70,000	3,028	40,500 (N=65)	120,000
Large (10,000 to 24,999)	3,000	28,101 (N=304)	80,000	3,000	14,500 (N=280)	40,640	1,317	5,400 (N=273)	24,099	4,475	27,237 (N=370)	72,500
Medium (2,500 to 9,999)	3,000	12,900 (N=1,830)	31,056	1,200	7,032 (N=1,312)	22,000	500	2,500 (N=1,369)	9,281	1,000	7,103 (N=1,884)	23,856
Small (600 to 2,499)	1,844	5,834 (N=3,180)	11,500	900	2,970 (N=1,922)	7,230	172	1,000 (N=2,267)	3,915	534	3,458 (N=2,686)	9,000
Very small (under 600)	521	1,825 (N=2,402)	7,456	375	1,000 (N=1,829)	5,191	160	600 (N=2,039)	1,768	192	1,000 (N=4,092)	3,083
All districts	1,000	5,237 (N=7,820)	19,461	500	2,553 (N=5,438)	15,000	200	1,000 (N=6,030)	5,000	300	2,403 (N=9,176)	13,680

*Excluding cases where $0.00 were spent on each category.

Table A-III-5 (Concluded)

District Size (Enrollment)	Median amount per district put into the following expenditures:*											
	Consultants			Training			Indirect costs administration			Other costs**		
	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile	10th percentile	Median	90th percentile
Very large (25,000 or more)	$2,000	$14,220 (N=81)	$ 55,000	$3,000	$14,527 (N=95)	$100,000	$3,700	$13,720 (N=101)	$56,672	$1,532	$20,128 (N=92)	$165,410
Urban	2,084	14,970 (N=49)	166,000	4,210	19,430 (N=57)	100,000	5,036	13,966 (N=66)	57,680	2,650	28,792 (N=51)	131,895
Suburban	1,500	9,100 (N=32)	44,500	1,100	9,000 (N=38)	89,000	2,966	11,929 (N=35)	33,725	1,353	12,000 (N=41)	210,895
Large (10,000 to 24,999)	1,150	4,344 (N=170)	16,965	1,200	10,000 (N=248)	41,339	478	2,122 (N=235)	6,769	1,000	4,000 (N=161)	38,980
Medium (2,500 to 9,999)	400	2,000 (N=381)	6,793	1,000	3,050 (N=789)	11,860	200	1,017 (N=414)	3,814	200	1,624 (N=605)	9,500
Small (600 to 2,499)	500	2,000 (N=366)	21,000	453	2,113 (N=782)	8,170	200	501 (N=586)	1,851	75	570 (N=502)	7,000
Very small (under 600)	152	1,873 (N=226)	2,550	100	1,125 (N=541)	3,744	125	270 (N=116)	390	200	1,028 (N=302)	5,500
All districts	500	2,000 (N=1,225)	10,400	400	2,610 (N=2,456)	13,800	159	718 (N=1,451)	4,790	200	1,600 (N=1,662)	10,000

*Excluding cases where $0.00 were spent on each category.

**Other costs include travel expenses, fiscal audits, testing, and mini-grants to schools.

Table A-III-6

COMPARISON OF SERVICES TO PUBLIC AND PRIVATE SCHOOL STUDENTS
(Standard Errors Values are in Parenthesis)

Type of activity	Percentage of districts* in which each activity is supported by Chapter 2 funds for: Public school students		Private school students	
Computer applications	88%	(2)	68%	(5)
Instructional resource support	80	(5)	92	(2)
Curriculum or new program development	37	(5)	22	(5)
Student support services	24	(4)	9	(4)
Instructional services	24	(3)	6	(2)
Staff development	39	(3)	11	(2)
	(N=3,110)		(N=2,990)	

*Among districts with enrollment of at least 600, with participating private schools, and in which the private school component is administered at the district level.

Table A-III-7

SPENDING PATTERNS FOR ANTECEDENT PROGRAMS IN 1981-82 AND FOR CHAPTER 2 IN 1982-83, BY DISTRICT SIZE

Percentage of districts in each size category putting funding into each activity category:

District Size (Enrollment)	Computer applications				Support for libraries/ media centers, other school departments**				Curriculum and new-program development			
	Antecedent 1981-82		Chapter 2 1982-83		Antecedent 1981-82		Chapter 2 1982-83		Antecedent 1981-82		Chapter 2 1982-83	
Very large (25,000 or more) (N=151/147)*	37	(4)	66	(4)	98	(1)	85	(4)	50	(4)	58	(5)
Urban (N=82/82)	29	(4)	67	(5)	96	(2)	91	(4)	56	(5)	60	(6)
Suburban (N=69/65)	47	(6)	64	(6)	100	(0)	78	(5)	43	(6)	56	(6)
Large (10,000-24,999) (N=460/438)	26	(4)	54	(5)	93	(2)	86	(2)	33	(3)	37	(5)
Medium (2,500 to 9,999) (N=2,605/2,813)	23	(2)	59	(3)	93	(2)	76	(2)	26	(3)	24	(2)
Small (600 to 2,499) (N=4,351/4,929)	23	(4)	58	(4)	85	(3)	72	(4)	17	(3)	15	(3)
Very small (under 600) (N=4,802/4,736)	13	(5)	34	(8)	89	(6)	69	(9)	10	(5)	16	(4)
All districts (N=12,369/13,063)	20	(3)	49	(4)	89	(3)	72	(4)	17	(2)	19	(2)

* First N corresponds to 1981-82 data; second N corresponds to 1982-83 data.

** Including instructional materials and equipment other than computer hardware or software.

Table A-III-7 (Concluded)

District Size (Enrollment)	Percentage of districts in each size category putting funding into each activity category: Student Support Services: Antecedent 1981-82	Student Support Services: Chapter 2 1982-83	Instructional services: Antecedent 1981-82	Instructional services: Chapter 2 1982-83	Staff development: Antecedent 1981-82	Staff development: Chapter 2 1982-83
Very large (25,000 or more) (N=151/147)*	57 (4)	39 (4)	44 (3)	58 (3)	42 (3)	59 (5)
Urban (N=82/82)	50 (5)	46 (5)	55 (5)	66 (5)	48 (5)	66 (5)
Suburban (N=69/65)	64 (6)	30 (5)	31 (5)	47 (6)	35 (5)	49 (7)
Large (10,000-24,999) (N=460/438)	31 (4)	27 (4)	20 (2)	28 (5)	29 (4)	49 (5)
Medium (2,500 to 9,999) (N=2,605/2,813)	23 (2)	15 (2)	15 (2)	17 (2)	22 (2)	30 (3)
Small (600 to 2,499) (N=4,351/4,929)	15 (4)	12 (3)	8 (3)	7 (2)	10 (2)	18 (3)
Very small (under 600) (N=4,802/4,736)	6 (4)	4 (2)	4 (3)	3 (1)	7 (5)	7 (3)
All districts (N=12,369/13,063)	14% (2)	11% (1)	8% (2)	9% (1)	12% (2)	18% (2)

* First N corresponds to 1981-82 data; second N corresponds to 1982-83 data.

Table A-III-8

CHAPTER 2 SPENDING PATTERNS ACROSS THE 3 YEARS OF THE BLOCK GRANT, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts in each size category using funds for the following in each year:																	
	Computer applications						Support for libraries/media centers, other school departments**						Curriculum and new-program development					
	1982-83		1983-84		1984-85		1982-83		1983-84		1984-85		1982-83		1983-84		1984-85	
Very large (25,000 or more) (N=147/153/160)*	66%	(4)	74%	(3)	85%	(2)	85%	(4)	84%	(3)	86%	(2)	58%	(5)	61%	(4)	56%	(2)
Urban (N=82/87/91)	67	(5)	74	(4)	85	(2)	91	(4)	89	((3)	86	(2)	60	(6)	61	(5)	50	(2)
Suburban (N=65,66 69)	64	(6)	75	(6)	87	(2)	78	(5)	78	(4)	85	(2)	56	(6)	59	(6)	62	(3)
Large (10,000-24,999) (N=1,138/438/471)	54	(5)	72	(5)	82	(3)	86	(2)	83	(3)	82	(3)	37	(5)	43	(5)	49	(4)
Medium (2,500 to 9,999) (N=2,812/2,880/3,009)	59	(3)	74	(2)	78	(2)	76	(2)	67	(2)	71	(2)	24	(2)	28	(2)	33	(2)
Small (600 to 2,499) (N=4,929/5,202/5,298)	58	(4)	72	(4)	80	(3)	72	(4)	62	(4)	64	(3)	15	(3)	20	(4)	25	(3)
Very small (under 600) (N=4,736/5,341/6,517)	34	(8)	41	(8)	62	(5)	69	(9)	71	(8)	68	(5)	16	(4)	11	(4)	18	(4)
All districts (N=13,062/14,014/15,455)	49	(4)	60	(4)	72	(2)	72	(4)	67	(4)	68	(3)	19	(2)	19	(2)	25	(2)

*First N corresponds to 1982-83 data; second N corresponds to 1983-84 data; third N corresponds to 1984-85 data.

**Support for instructional resources (books, materials, etc.) other than computer hardware or software.

Table A-III-8 (Concluded)

District Size (Enrollment)	Percentage of districts in each size category using funds for the following in each year: Student support services 1982-83		Student support services 1983-84		Student support services 1984-85		Instructional services 1982-83		Instructional services 1983-84		Instructional services 1984-85		Staff development 1982-83		Staff development 1983-84		Staff development 1984-85	
Very large (25,00 or more) (N=147/153/160)*	39%	(4)	38%	(4)	52%	(2)	58%	(3)	59%	(4)	54%	(2)	59%	(5)	60%	(4)	79%	(2)
Urban (N=82/87/91)	46	(5)	44	(5)	54	(3)	66	(5)	66	(6)	62	(2)	66	(5)	66	(6)	83	(5)
Suburban (N=65,66,69)	30	(5)	30	(5)	49	(3)	47	(6)	50	(7)	44	(3)	49	(7)	52	(6)	73	(2)
Large (10,000-24,999) (N=1,138/438/471)	27	(4)	31	(4)	42	(3)	28	(5)	27	(4)	36	(4)	49	(5)	48	(5)	68	(3)
Medium (2,500 to 9,999) (N=2,812/2,880/3,009)	15	(2)	15	(2)	22	(2)	17	(2)	18	(2)	25	(2)	30	(3)	30	(2)	40	(2)
Small (600 to 2,499) (N=4,929/5,202/5,298)	12	(3)	12	(3)	17	(3)	7	(2)	6	(2)	12	(2)	18	(3)	18	(3)	27	(3)
Very small (less than 600) (N=4,736/5,341/6,517)	4	(2)	12	(4)	7	(3)	3	(1)	1	(1)	13	(4)	7	(3)	6	(3)	16	(4)
All districts (N=13,062/14,014/15,455)	11%	(1)	14%	(2)	15%	(1)	9%	(1)	8%	(1)	16%	(2)	18%	(2)	17%	(2)	27%	(2)

*First N corresponds to 1982-83 data; second N corresponds to 1983-84 data; third N corresponds to 1984-85 data.

Table A-IV-1

PERCENTAGES OF DISTRICTS ALLOCATING CHAPTER 2 FUNDS TO ACTIVITY CATEGORIES, BY SIZE OF CHAPTER 2 GRANT

(Standard error values are in parentheses)

Grant size	Percentage of districts nationwide that allocated 1984-85 Chapter 2 funds to:													
	Computer applications		Support for libraries/ media centers, other school departments*		Curriculum development		Student support services		Instructional services		Staff development		Other	
$1,000,000 or more (N=19)	94%	(0)	88%	(6)	66%	(8)	58%	(7)	69%	(9)	94%	(5)	88%	(6)
$500,000 to $999,999 (N=44)	74	(5)	75	(3)	50	(4)	53	(6)	63	(4)	91	(2)	85	(3)
$100,000 to $499,999 (N=394)	83	(3)	83	(3)	54	(4)	44	(4)	44	(4)	72	(4)	51	(3)
$50,000 to $99,999 (N=791)	80	(3)	86	(3)	38	(4)	30	(3)	36	(4)	55	(4)	37	(3)
$5,000 to $49,999 (N=7,310)	80	(3)	64	(3)	30	(3)	19	(2)	14	(2)	32	(3)	15	(2)
Less than $5,000 (N=6,240)	60	(5)	68	(5)	13	(3)	4	2)	12	(4)	12	(4)	4	(2)
Overall (N=14,797)	71%	(2)	67%	(3)	24%	(2)	14%	(1)	16%	(2)	26%	(2)	12%	(1)

* Including instructional materials and equipment other than computer hardware or software.

Table A-IV-2

PROPORTION OF DISTRICT'S CHAPTER 2 FUNDS ALLOCATED TO EACH ACTIVITY AREA, BY SIZE OF CHAPTER 2 GRANT

(Standard error values are in parentheses)

	Mean percentage of district's Chapter 2 allocations (1984-85) allocated to:											
Chapter 2 grant size	Computer applications		Support for libraries/media centers, other school departments**		Curriculum development		Student support		Instructional services		Staff development		Other	
$1,000,000 or more (N=16)	16	(2)	23	(7)	18	(2)	19	(7)	15	(6)	6	(1)	12	(1)
$500,000 to $999,999 (N=41)	18	(1)	15	(2)	12	(3)	12	(1)	16	(2)	18	(2)	15	(1)
$100,000 to $499,999 (N=356)	26	(3)	32	(2)	10	(1)	9	(1)	11	(1)	14	(3)	8	(1)
$50,000 to $99,999 (N=758)	30	(2)	33	(2)	9	(2)	7	(1)	9	(1)	11	(1)	9	(1)
$5,000 to $49,999 (N=7,079)	48	(2)	33	(2)	6	(2)	4	(1)	3	(***)	6	(1)	3	(1)
Less than $5,000 (N=5,747)	40	(5)	52	(5)	4	(2)	1	(1)	1	(1)	2	(1)	2	(1)
Overall (N=13,997)	43	(2)	41	(2)	6	(1)	3	(***)	3	(***)	5	(1)	3	(1)

* Rows should sum to approximately 100%. Mean percents include districts in which 0% was allocated to a given activity.

** Including instructional materials and equipment other than computer hardware or software.

*** Between 0% and .5%.

Table A-IV-3

LOSS OF CHAPTER 2 FUNDS AS AN INFLUENCE ON CHAPTER 2 SPENDING, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of losing districts* reporting that funds loss influenced use of Chapter 2 funds	
Very large (25,000 or more) (N=72)	50%	(3)
Urban (N=48)	63	(3)
Suburban (N=24)	25	(5)
Large (10,000-24,999) (N=129)	32	(6)
Medium (2,500 to 9,999) (N=666)	21	(3)
Small (600 to 2,499) (N=922)	15	(6)
Very small (under 600) (N=1,281)	4	(3)
All districts (N=3,070)	13%	(2)

* Losing district = 1984-85 Chapter 2 allocation was less than total funds received under antecedent programs in 1981-82.

Table A-IV-4

INFLUENCE OF FUNDS LOSS ON SPENDING FOR STAFF OR STUDENT SERVICES, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts reporting the loss influenced use of Chapter 2 funds and indicating that the block grant caused...			
	Net reductions in staff		Reductions in services to particular groups of students	
Very large (25,000 or more) (N=43)	56%	(4)	66%	(4)
Urban (N=35)	69	(5)	83	(3)
Suburban (N=8)	0	(-)	0	(-)
Large (10,000-24,999) (N=48)	25	(7)	37	(7)
Medium (2,500 to 9,999) (N=215)	16	(5)	30	(6)
Small (600 to 2,499) (N=278)	6	(4)	11	(4)
Very small (under 600) (N=83)	0	(-)	0	(-)
All districts (N=667)	13%	(3)	21%	(3)

Table A-IV-5

ANTECEDENT PROGRAMS AS AN
INFLUENCE ON CHAPTER 2 SPENDING,
BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts Reporting antecedent programs as an important influence on decisions about use of funds	
Very large (25,000 or more) (N=162)	59%	(2)
Urban (N=92)	67	(2)
Suburban (N=70)	47	(3)
Large (10,000-24,999) (N=461)	58	(4)
Medium (2,500 to 9,999) (N=2,954)	44	(2)
Small (600 to 2,499) (N=5,204)	34	(3)
Very small (under 600) (N=5,989)	34	(6)
All districts (N=14,771)	37%	(3)

Table A-IV-6

UNCERTAINTY ABOUT CHAPTER 2 FUNDING AS AN INFLUENCE ON SPENDING, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts using Chapter 2 funds for: Computer applications — Uncertain about Chapter 2 funding		Computer applications — Not uncertain about funding		Support for libraries/media centers, other school departments* — Uncertain about Chapter 2 funding		Support for libraries/media centers, other school departments* — Not uncertain about funding		Student support services and... — Uncertain about Chapter 2 funding		Student support services and... — Not uncertain about funding		Instructional services and... — Uncertain about Chapter 2 funding		Instructional services and... — Not uncertain about funding	
Very large (25,000 or more) (N=38/65)**	89%	(5)	84%	(4)	94%	(3)	84%	(4)	41%	(7)	44%	(5)	61%	(5)	60%	(5)
Urban (N=23/36)	89	(5)	80	(4)	100	(0)	78	(6)	56	(10)	41	(6)	73	(0)	61	(6)
Suburban (N=15/29)	87	(10)	91	(3)	86	(13)	91	(3)	21	(13)	47	(6)	36	(14)	58	(9)
Large (10,000-24,999) (N=69/225)	89	(5)	83	(4)	90	(5)	80	(4)	56	(11)	33	(5)	36	(11)	38	(6)
Medium (2,500 to 9,999) (N=480/1,506)	75	(4)	80	(2)	67	(5)	73	(3)	28	(5)	18	(2)	30	(5)	20	(2)
Small (600 to 2,499) (N=861/2,807)	69	(9)	77	(4)	66	(9)	65	(5)	22	(8)	10	(3)	15	(7)	9	(3)
Very small (under 600) (N=611/3,169)	72	(8)	57	(8)	72	(19)	69	(8)	15	(14)	8	(4)	10	(10)	16	(7)
All districts (N=2,059/7,772)	72	(5)	70	(4)	70	(7)	69	(4)	23	(6)	12	(2)	19	(5)	15	(3)

*Including instructional materials and equipment other than computer hardware or software.

**1st figure corresponds to districts uncertain about Chapter 2 funding; 2nd figure corresponds to districts not uncertain about Chapter 2 funding.

Table A-IV-7

UNCERTAINTY ABOUT AUDITS AS AN INFLUENCE ON SPENDING, BY DISTRICT SIZE

(Standard error values are in parentheses)

District Size (Enrollment)	Percentage of districts using Chapter 2 funds for: Computer applications and... Uncertain about audits		Computer applications and... Not uncertain about audits		Support for libraries/ media centers, other school departments* and... Uncertain about audits		Support for libraries/ media centers, other school departments* and... Not uncertain about audits		Student support services and... Uncertain about audits		Student support services and... Not uncertain about audits		Instructional services and... Uncertain about audits		Instructional services and... Not uncertain about audits	
Very large (25,000 or more) (N=22/80)**	95%	(5)	84%	(3)	95%	(4)	86%	(3)	28%	(9)	47%	(5)	39%	(8)	66%	(4)
Urban (N=9/50)	100	(0)	81	(5)	100	(0)	84	(4)	27	(12)	49	(6)	28	(0)	73	(5)
Suburban (N=13/30)	91	(14)	88	(6)	92	(5)	88	(6)	28	(9)	43	(8)	47	(17)	54	(8)
Large (10,000-24,999) (N=30/264)	100	(0)	82	(4)	96	(6)	81	(4)	26	(9)	40	(5)	52	(21)	36	(4)
Medium (2,500 to 9,999) (N=263/1,716)	73	(7)	80	(2)	79	(7)	70	(3)	37	(7)	18	(2)	32	(6)	21	(2)
Small (600 to 2,499) (N=262/3,338)	88	(7)	74	(4)	40	(16)	67	(4)	4	(4)	13	(3)	5	(6)	11	(3)
Very small (under 600) (N=297/3,483)	33	(0)	62	(7)	92	(0)	68	(8)	25	(0)	8	(4)	0	(-)	16	(6)
All districts (N=875/8,880)	66	(3)	71	(3)	73	(5)	69	(4)	23	(2)	13	(2)	14	(3)	16	(3)

*Including instructional materials and equipment other than computer hardware or software.

**1st figure corresponds to districts uncertain about Chapter 2 funding; 2nd figure corresponds to districts not uncertain about Chapter 2 funding.

Table A-IV-8

INFLUENCE OF LOCAL, STATE, AND NATIONAL PRIORITIES ON USE OF CHAPTER 2 FUNDS

(Standard error values are in parentheses)

Source of influence (N-14,771)	Percentage of districts reporting priorities influencing decisionmaking	
District priorities	82%	(2)
State mandates or priorities	9	(1)
Recommendations of national reform reports	9	(2)

Table A-IV-9

USE OF CHAPTER 2 FUNDS TO SUPPORT REFORM PRIORITIES

(Standard error values are in parentheses)

Educational improvement goal	Estimated number of districts with goal as top priority		Estimated percentage of these districts in which Chapter 2 was used to address the goal	
Improve computer literacy, math, or science	10,065	15,097	85	(4)
Implement effective schools research	3,944	5,916	64	(7)
Improve test scores	5,712	8,568	60	(8)
Dropout prevention	1,360	2,040	33	(4)
Improve time on task	3,944	5,916	29	(6)
Raise graduation requirements	3,808	5,712	22	(17)
Create partnerships with business	1,088	1,632	13	(3)
Career ladders or merit pay for teachers	952	1,428	8	(10)
Lengthen school day or year	1,360	2,040	5	(1)

Appendix B

LIST OF ANTECELENT PROGRAMS
CONSOLIDATED INTO THE CHAPTER 2 BLOCK GRANT

Program Name	Authorization
1. Basic Skills Improvement (Basic Grant) - Parent Participation - Out of School Program	Title II, ESEA
2. Metric Education	Part B, Title III, ESEA
3. Arts in Education	Part C, Title III, ESEA
4. Preschool Partnership Programs	Part D, Title III, ESEA
5. Consumer Education	Part E, Title III, ESEA
6. Youth Employment	Part F, Title III, ESEA
7. Law-Related Education	Part G, Title III, ESEA
8. Environmental Education	Part H, Title III, ESEA
9. Health Education	Part I, Title III, ESEA
10. Correction Education	Part J, Title III, ESEA
11. Dissemination of Information	Part K, Title III, ESEA
12. Biomedical Sciences	Part L, Title III, ESEA
13. Population Education	Part M, Title III, ESEA
14. International Cultural Understanding	Part N, Title III, ESEA
15. School Library Resources	Part B, Title III, ESEA
16. Support & Innovation	Part C, Title IV, ESEA
17. Guidance & Counseling	Part D, Title IV, ESEA
18. Strengthening State Agencies	Part B, Title V, ESEA
19. Emergency School Aid	Title VI, ESEA, (formally ESAA)

Program Name	Authorization
1) Basic Grants to LEAs - New - Continuation	
2) Grants to Nonprofit Organizations - New - Continuation	
3) Magnet Schools - New - Continuation	
4) Special Projects - Planning Grants (new) - Preimplementation - Out-of-Cycle Grants - Special Discretionary Grants - SEA Grants - Arts	
20. Community Schools/Ed. - LEA - SEA - Institutions of Higher Education - Nonprofit Organizations	Title VIII, ESEA
21. Gifted & Talented - Statewide Planning - Professional Development - Model Demonstration Projects	Part A, Title IX, ESEA
22. Educational Proficiency	Part B, Title IX, ESEA
23. Safe Schools	Part D, Title IX, ESEA
24. Ethnic Heritage	Part E, Title IX, ESEA
25. Teacher Corp - 1978 Program - 1979 Program	Part A, Title V, HEA
26. Teacher Centers - New - Continuation	Part B, Title V, HEA
27. Follow Through - LEAs (Compensatory Ed.) - Sponsors - Resource Centers	Part B, Head Start & Follow Through Act (phase in to Chapter 2)

Program Name	Authorization
28. Precollege Science Teacher Training	Section 3(a)(1), National Science Foundation Act
29. Career Education	Career Education Incentive Act
30. Alcohol & Drug Abuse Education	Alcohol & Drug Abuse Act
31. Cities in Schools	Authorization uncertain
32. Push for Excellence	Authorization uncertain

Abbreviations

ESEA - Elementary and Secondary Education Act of 1965, as amended in 1978

ESEA - Elementary School Aid Act (part of ESEA)

HEA - Higher Education Act