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ABSTRACT

Since the 1960s, schools have relied on federal and state programs to provide the extra resources and services needed to help certain categories of disadvantaged students catch up with their classmates. While many credit these categorical programs with expanding educational opportunities, increasing numbers question the effectiveness of this ad hoc approach to equity. Facing increasing pressure to be more innovative and improve outcomes for all students, many schools blame regulations for their inability to perform. In response, state and national policymakers have begun to loosen regulatory controls and to examine reforms that focus on outcomes-based accountability. This publication discusses the historical context for regulatory flexibility, describes other education reforms that have acted as a vehicle for this movement, and provides some common examples of deregulation. Finally, it examines issues raised by regulatory flexibility and provides an overview of pending federal legislation. Where this experiment in deregulation, greater local autonomy, and higher standards will lead is unknown. It could result in greater creativity and more responsive, equitable schools, or it could leave some students behind with fewer supportive resources. The real test will be how well-deregulated schools benefit those student who have the most to lose, not just the fortunate few. Contains 14 references. (LMI)

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Deregulating Categorical Programs: Will It Work?

By Lisa Carlos and Jo Ann Izu

Since the 1960s, schools have relied on federal and state programs to provide the extra resources and services needed to help certain categories of disadvantaged students catch up with their classmates. While many credit these categorical programs with expanding educational opportunities, increasing numbers question the effectiveness of this ad hoc approach to equity.

Over time, say critics, adding layer upon layer of categorical programs has led to adverse consequences. To maintain the integrity of earmarked funds, many schools resorted to piecemeal services and segregation of students with diverse needs. The end result, according to some: curricular incongruity, disjointed instruction, lowered expectations and little impact on student achievement.

But categorical programs have been only part of the problem. State discretionary programs aimed at improving different aspects of curriculum and instruction add another set of constraints, as do

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district guidelines governing the day-to-day operations of schools. Facing increasing pressure to be more innovative and improve outcomes for all students, many schools blame regulations for their inability to reform.

In response, state policymakers have begun looking at various methods for dismantling or minimizing regulatory barriers, among them waivers and charter schools — all aimed at creating a clean slate for comprehensive school change. The goal is to eliminate fragmentation and allow schools the freedom to form a more coherent, enriched school-wide program that better addresses the needs of all students. Coinciding with this move to deregulate has been a shift from emphasis on compliance with process regulations to a focus on outcome-based accountability.

Recently, national policymakers have also begun to loosen regulatory controls. In fact, regulatory flexibility in exchange for improved outcomes is a key component of two Clinton Administration proposals before Congress — *Goals 2000: Educate America Act* and *Improving America's Schools Act*. Both provide to states and districts involved in systemic reform unprecedented opportunities to adopt federal programs according to their unique circumstances and student needs.

While the push for deregulation continues to grow, others watch its momentum warily. Of particular

concern is whether more lenient regulations will result in the abandonment or neglect of those students traditionally served by categorical programs. Although supporters claim deregulated schools will be held accountable for outcomes, opponents point out that newly developed assessment systems have yet to produce outcomes that accurately measure the academic progress of all students. Nor is there confidence that all students will be able to master a vigorous curriculum unless teachers have a repertoire of strategies that are tailored to a wide range of student needs.

This *Brief* will discuss the historical context for regulatory flexibility, describe other education reforms that have acted as a vehicle for this movement, and provide some common examples of deregulation. Finally, it will examine issues raised by regulatory flexibility and provide an overview of pending federal legislation.

Historical Context

Reliance on regulatory mechanisms for ensuring equity and improving school practice dates back to the Johnson-era War on Poverty. In 1965 Congress passed the Elementary and Secondary Education Act (ESEA), which marked the first time policymakers created programs to improve educational opportunities for certain categories of disadvantaged students. The largest of these categorical programs, the Chapter 1 Compensatory Education Program, continues to provide aid to economically disadvantaged students today.

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Congress soon authorized other categorical programs, such as the Chapter 1 Migrant Education Program for children of migratory farmworkers; the Title VII Bilingual Education Program for English language learners; and the federal Education of the Handicapped Act (P.L. 94-142) for students with disabilities. Taking their cue from Washington, states and districts developed their own parallel programs for disadvantaged student populations.

Initially, categorical programs were believed to have increased awareness of and advocacy for students otherwise ignored. Some credited the extra attention and resources with improving the academic performance of such students (Knapp, 1983). These successes were attributed not just to the programs but to the regulatory guidelines they carried. Fear of audit exceptions and legal entanglements exerted powerful leverage over schools, forcing them to be more accountable to disadvantaged students.

Others, however, argued that these very fears have contributed to fragmentation and frustration, especially for urban schools working under myriad funding sources and serving large numbers of students eligible for multiple programs. Some schools resorted to creating artificial boundaries between programs so dollars could be traced to targeted students. This encouraged service delivery models that pulled out or separated students from the regular classroom, often denying them vital learning time for the district- or state-mandated core curriculum (Hill and Kimbrough, 1981, 1983). It also made coordination of curriculum across categorical programs difficult. And categorical instructors were often excluded from regular staff development activities, making their instructional practices even less consistent with those of teachers in the regular program.

Provocative questions arose about the value of maintaining so many distinct programs. Allington's study (1989), for example, found that similar materials, tasks, and instructional routines were used in both Special Education and Chapter 1 programs. Other research has indicated that student participation in categorical programs is more a function of how services are structured and whether slots are available than of the nature or degree of student need (Kimbrough and Hill, 1981; Knapp, et. al, 1983).

School administrators complained about redundancy. Separate needs assessment, evaluation, parent involvement and reporting requirements have to be met for each categorical program. Critics argue that compliance with these extensive requirements not only diverts funds from direct student services, but creates an undue management burden. One recent example has caused much debate in Chapter 1 circles. Currently, students with limited English proficiency (LEP) can only be served by Chapter 1 money if a school can demonstrate that their educational needs do not stem solely from their language deficiency. Lacking the tools and expertise to make such diagnoses, some schools simply wait to assess LEP students for Chapter 1 eligibility until the students have reached a certain level of English proficiency. (Strang and Carlson, 1992).

Numerous discretionary programs aimed at school improvement have also compounded the negative effect of categorical constraints. For the most part, these grant programs, which multiplied during the late 1970s and 1980s, focused narrowly on specific aspects of educational reform such as professional development; upgrading science and math curriculum; or establishing site-based governance structures. Seldom did they provide schools an opportunity to implement unrestricted, comprehensive reform.

Meanwhile, state and local school boards developed their own policies prescribing everything from the number of hours in a school day and playground safety rules to types of textbooks, and levels of teacher certification, thus further frustrating schools' ability to introduce systemic change.

Not all schools were equally inhibited by layers of restrictions. With a little ingenuity and risk-taking, some attempted to minimize student segregation and improve coordination by employing such strategies as splitting staff funding, increasing lines of communication, planning jointly and implementing extended-day services. Such steps limit interruptions for the student during the regular school program and maximize the additional learning opportunities provided by categorical programs (Kimbrough and Hill, 1981; Millsap et.al., 1992).

Reforms Contributing to Deregulation

Whether or not schools were able to overcome bureaucratic obstacles, one perception continued to dominate in the 1980s: regulatory programs had gone too far and were too prescriptive, often to the detriment of schools and students. Premised on this belief, several reforms of the past decade have embraced the concept of regulatory flexibility as integral to effective schools.

Privatization of Choice. One such reform is the privatization of choice (see FWL Policy Update, *The Privatization of Choice*). Proponents of this movement argue that the public education system is constrained by a bureaucracy that holds back high-performing schools and protects poor-performing schools. They believe that only voucher-induced free market competition between public and private schools will result in truly successful schools. The threat posed by voucher proposals — the undermining of public schools — has led state policymakers to turn to deregulation.

- opportunity-to-learn standards ensuring that schools have the resources and tools to provide each child a chance to work towards performance standards.

Equal Access to a Challenging Curriculum. At the heart of systemic reform is the assumption that *all* students can learn challenging content matter and acquire complex problem-solving skills (Smith and O'Day, 1993). Some supporters of systemic reform believe regulations surrounding categorical programs create obstacles to developing a high quality, schoolwide curriculum available to all students. Schools must have maximum flexibility to harness categorical resources to upgrade the curriculum and design a more equitable educational setting.

Finding a Balance Between Standardization and Local Autonomy. Unlike other centralized reforms, this standards-driven movement not only encourages variability at the local level, but views it as vital to success. Systemic reform seeks a balance between standardization and local autonomy: standards must be specific enough to explain what constitutes a high quality education at all schools, but not so prescriptive that creativity, individuality and responsiveness are constrained. For example, a curriculum framework or set of content standards should not dictate day-to-day classroom content or teaching approaches. Instead, standards should describe key concepts students should know, and each school should find the right curriculum materials and instructional strategies to meet the diverse learning needs of its own students in obtaining those standards.

Outcome-based Accountability. In return for this autonomy, schools must produce outcomes demonstrating that high standards have been met. The shift from process-driven to outcome-driven accountability reflects policymakers' increasing dissatisfaction both with the ability of regulations

to yield uniformity among schools and with the reliability of monitoring as a mechanism for maintaining equity and excellence. Consequently, policymakers now place a greater emphasis on making sure student outcomes are met, rather than focusing only on the process for achieving them.

Key Issues Raised by Deregulation

Is Deregulation the Key to Innovation? A critical question in the debate is the extent to which regulations can be blamed for schools' lack of creativity and coherence. Conversely, one must ask to what extent deregulatory policies can contribute to integration and innovation.

While many schools complain that they are in a stranglehold, others argue that regulations are not a real barrier to school improvement. The real barriers, they say, are inadequate resources, unwillingness to part with past practice and a lack of knowledge about what works.

Similarly, research indicates that the effect of regulation — and of deregulation — is partly psychological. Fuhrman and Elmore's study of regulatory waivers (1992) found that schools participating in deregulatory programs were more innovative because they were expected to be and regulations could no longer be used as a convenient excuse. Moreover, the study found, schools that typically participate in deregulatory programs are doing well anyway. The question remains whether deregulation can jump start poor performing schools.

The impact of deregulation on categorical funding is also unclear. Research on Chapter 1 Schoolwide Projects found that while principals and teachers welcomed the fiscal freedom, changes in program design were modest and effects on student outcomes unclear (Herrington, 1992; Millsap, 1992). Advantages cited by

a survey of school principals included improved administrative convenience, reduced class size, eliminating pull-outs and coordinated staff development. However, direct impact on curriculum and instruction was found to be negligible (National Assessment of Chapter 1 Program, 1992).

Are Specialized or Schoolwide Programs More Equitable? Critics of the categorical approach contend that it has stigmatized and segregated children, ostracizing some to the classroom fringes or tracking them into a mediocre curriculum. A more equitable approach, they argue, is to upgrade the overall school program and use heterogeneous grouping to maximize all students' access to it. Many schools are striving to do just that.

But some advocates of categorical programs believe that current attempts to improve access to a high quality curriculum are not well-thought out. Simply shifting to heterogeneous grouping strategies, for example, is just one small part of making schoolwide equity work. Equally important is changing pedagogy and instructional materials to ensure that both are appropriate for students with diverse needs and backgrounds. Imperative are teaching and learning techniques such as complex instruction and cooperative learning, which allow students multiple opportunities for expression and the chance to learn from each other.

Many believe that intensive staff development is required to ensure teachers are able to handle a wide range of learning styles, cultural orientations and language abilities. Without taking this additional step, many fear, the chief risk of deregulation will be realized: students with unique needs will once again be relegated to the sidelines.

How will Outcomes Actually be Measured? To counter these

arguments, supporters of deregulation maintain that schools should be held accountable for outcomes. However, just how the accountability side of deregulation would actually work is still unclear.

Much of this uncertainty stems from unresolved issues relating to newly emerging assessment systems. New forms of assessment, such as performance-based tasks and portfolios, are increasingly popular among school-level reformers. Supporters argue that these assessments provide greater insight into a student's ability to grapple with complex subject matter and to demonstrate what he/she knows or is able to do.

However, these assessment instruments and practices are still under development and much work needs to be done before issues of validity are addressed. Moreover, some argue, the misuse of new assessments or misinterpretation of their results could create problems that parallel those associated with traditional standardized tests. To forestall this, linguistic and cultural factors must be considered in assessment development (see FWL Knowledge Brief, *Alternative Assessment: Issues in Language, Culture, and Equity*, 1993).

Beyond that, many of the new assessment formats do not lend themselves easily to producing comparable data that can be used by policymakers as evidence of positive or negative effects. From an accountability standpoint, without outcome data that can be aggregated across schools and districts, the impact of deregulation on learning is difficult to determine.

Another important question is, whether outcomes should be reported and tracked by school or by individual student? If progress for all students is to be monitored, outcomes should be tracked individually — a costly and time-

consuming endeavor. Some who favor this option also want outcomes to be tracked over time according to cohorts of students traditionally served by categorical programs to determine if they are indeed benefiting from deregulation.

Pending Federal Legislation

In recent months, deregulation issues have been a focus of policy reform at the national level. The Clinton Administration's two pending legislative proposals, *Goals 2000: Educate America Act* — a standards-driven systemic reform package — and *Improving America's Schools Act* — the ESEA reauthorization legislation — incorporate unprecedented deregulatory provisions.

Goals 2000, for example, allows the Secretary of Education to grant states involved in systemic reform statutory and regulatory waivers. According to a draft of the bill, these waivers are contingent upon the Secretary's determination that such exemptions are necessary for a state or local education agency to carry out its education reform plan. If such exemptions are granted, states must also agree to waive similar state laws and policies. Federal programs qualifying for these exemptions include, but are not limited to, Chapter 1 Compensatory Education Program, the Emergency Immigrant Education Act Program (Title IV of ESEA), the Drug-Free Schools and Communities Program (Title V of ESEA) and programs under the Carl D. Perkins Vocational and Applied Technology Education Act.

The *Improving America's Schools Act* goes even further. Title IX of this draft legislation offers a combination of deregulatory options. For example, a state or local education agency may choose to:

- consolidate administrative funds under one or more specified programs to eliminate the need

for keeping separate records by individual programs;

- submit a consolidated application for federal programs in order to improve teaching and learning by encouraging greater cross-program coordination, planning and service delivery and to enhance integration of programs;
- request a statutory or regulatory waiver from the Secretary of Education of any provisions in the Act.

In addition, this legislation expands the number of schools eligible for Chapter 1 Schoolwide Project status (referred to as Title 1 Schoolwide Programs) by lowering the percentage of poor children enrolled in an eligible school from 75 percent to 65 percent and eventually, to 50 percent. With the exception of programs covered by the Individuals with Disabilities Act, this proposal also allows schools to include other federal program dollars as part of their schoolwide funds. Finally, Title II of this bill establishes a pilot charter school program, which allows a blanket waiver of federal statutes and regulations.

Conclusion

Many praise these initiatives for giving schools genuine opportunities for fundamental change. Others believe they do not go far enough. Critics contend that if policymakers are serious about coherent systemic reform, government must be overhauled and larger infrastructure issues addressed. This would mean reorganizing legislative committees, consolidating agencies and streamlining special-interest programs. Such turf-related reforms, however, are generally viewed as too politically contentious to be practical.

But the tide may be turning. Piecemeal changes are now being rejected in favor of more integrated reforms that allow local decision-makers greater authority in the way they structure teaching and learning.

lation, e.g., charter schools, as a strategy to level the playing field in case public schools are ever forced to compete.

Site-Based Management.

Another reform — the push for school autonomy and decentralized decisionmaking — is also contributing to deregulation (see FWL Policy Brief, *Site-Based Management: An Experiment in Flexibility*). Realizing that top-down reforms do not accommodate schools' unique circumstances, policymakers are turning to bottom-up efforts, such as site-based management. This approach aims to tap the expertise of those closest to the teaching and learning process: educators, parents, and other members of the school community. Regulatory flexibility is critical because it empowers local educators to carry out their plans.

Restructuring. Restructuring initiatives that focus on the school as the primary unit of change also depend on some degree of regulatory freedom. Such flexibility ensures that schools can engage in comprehensive reforms, not incremental, episodic changes. To encourage coherence, state and federal policymakers have, under certain conditions, allowed schools to combine categorical funds to support schoolwide restructuring efforts.

Detracking Students. Proponents of detracking — minimizing the amount of time students spend in homogeneous ability groups — also argue for deregulation. Growing numbers of educators have begun to encourage heterogeneous grouping strategies within classrooms (Wheelock, A., 1992). Service delivery models that segregate students with special needs from their peers, i.e., pullouts, are now being replaced by models that maximize classroom interaction. Categorical program advocates are promoting more inclusive service delivery models, e.g., the mainstreaming of students with disabilities to allow for equal access to the educational and social

fabric of the school (Cobley, E. and Singer, G., 1991; Stainbeck, S. et al., 1989). Increasingly, educators view regulatory flexibility as a vehicle for experimenting with more equitable grouping strategies and enhancing educational experiences — not just for students with special needs but for all students, since learning to accept and appreciate diversity is an important part of schooling.

Common Examples of Deregulation

Waivers. Often part of restructuring initiatives, regulatory waivers free schools to carry out innovative and integrated reforms. Rule-by-rule waivers exempt schools from restrictions one at a time. Blanket waivers provide automatic exemptions from a whole set of restrictions. Waiver programs typically require schools to submit successful school improvement applications and/or provide written explanations about why certain regulations restrict their ability to implement reforms. Observers have found that blanket waivers are preferable, because rule-by-rule waiver requests involve heavy time and paperwork burdens. States including Washington, South Carolina and California have incorporated waivers into their educational reforms. Waivers are also being proposed as part of the reauthorization of ESEA.

Consolidation. Program consolidation is another common form of deregulation. Policymakers see this as a means of allowing greater flexibility, eliminating duplication of effort, improving efficiency, and reducing spending. Federal or state programs serving small constituencies are often candidates for consolidation. Perhaps the most notable consolidation occurred in 1984 when Congress merged several small educational programs into a larger state block grant effort known today as Chapter 2.

Schoolwide Projects. In 1978, Congress took the first step toward loosening the strings of Chapter 1 by

granting some schools the right to combine federal, state and local dollars to implement schoolwide reforms. The assumption behind Schoolwide Projects is that high poverty schools are more likely to achieve better outcomes for disadvantaged students if dollars are focused not on individual students but on improving the whole school (U.S Department of Education, 1993). To be eligible for Schoolwide Project status, at least 75 percent of a school's students must be poor.

Charter Schools. Perhaps the most radical example of deregulation is the Charter School. Such schools are usually granted a blanket waiver from all state codes (see FWL Policy Brief, *Charter Schools*). Charter schools are viewed as a way to test the hypothesis that maximizing decision-making autonomy and regulatory flexibility will result in improved education. To date, Wisconsin, Colorado, California, Massachusetts, and Georgia have passed charter school legislation, and the concept is also included in pending federal legislation on the reauthorization of ESEA.

Standards-Driven Systemic Reform

A Cohesive Policy Framework. The most recent — and most sweeping — effort incorporating deregulation is standards-driven systemic reform. The goal is to develop a coherent, comprehensive system of standards that states and schools can adapt to their unique situations. This approach typically has four interrelated parts:

- a "world class" curriculum framework or set of content standards;
- student performance standards that represent levels of proficiency within the curriculum;
- an assessment system designed to measure progress toward such standards; and

The predominance of deregulation, choice and site-based management policies in recent years indicates a new era in educational reform. The current push is to deregulate schools and allow local educators and school communities to implement those combinations of research-based reforms that are best tailored to the unique needs of their student populations.

Where this experiment in deregulation, greater local autonomy, and higher standards will lead is unknown. Some hope that it will encourage greater creativity and more responsive, equitable schools. Others see a bleaker picture: some students left behind with fewer resources to support them. The real test will be how well deregulated schools benefit those students who have the most to lose, not just the fortunate few.

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