



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

January 26, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

For your information and consideration, I am transmitting herewith two (2) copies of the report on the adequacy of federal funding for the No Child Left Behind Act required by Section 153 of Act 178, SLH 2005, the General Appropriations Act.

Pursuant to Act 231, SLH 2001, I am also informing you that the report may be viewed electronically at www.hawaii.gov/budget/LegReports.

Sincerely,

LINDA LINGLE

Enclosures

c: Honorable Rosalyn H. Baker
Honorable Norman Sakamoto



EXECUTIVE CHAMBERS

HONOLULU

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GOVERNOR

January 26, 2007

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
Twenty-Fourth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

For your information and consideration, I am transmitting herewith two (2) copies of the report on the adequacy of federal funding for the No Child Left Behind Act required by Section 153 of Act 178, SLH 2005, the General Appropriations Act.

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Enclosures

c: Honorable Marcus R. Oshiro
Honorable Roy Takumi

INTRODUCTION

The No Child Left Behind Act (NCLB) was passed by the United States Congress in 2001 and signed into law by President Bush in January 2002. The Act seeks to improve academic achievement for all students and imposes certain requirements on state education agencies that focus mostly on testing and accountability systems.

A major controversy of NCLB is whether school districts across the nation will have enough federal, state and local resources to implement it. Central to this debate is the adequacy of federal funding. Critics argue that while the law imposes a large financial burden on states and school districts, only a fraction of the costs is covered by current federal appropriations. The view from the U.S. Department of Education is that federal funds for education have greatly increased in recent years and are deemed sufficient to support the needed reforms.

In Hawaii, the Department of Education (DOE) has developed a systematic plan to implement the new federal mandate.

This is the second report prepared in response to a legislative proviso contained in Section 153 of Act 178, SLH 2005 (the General Appropriations Act of 2005). The proviso reads:

“SECTION 153. Provided that the department of budget and finance shall complete a comprehensive assessment each year analyzing the adequacy of federal funding for the department of education’s federal mandate of meeting and maintaining compliance with the No Child Left Behind Act of 2001; provided further that this assessment shall include, but not be limited to, identifying department of education needs, such as funding, positions (full time equivalents, temporary and others), facilities and equipment, and statutory or constitutional amendments necessary to maintain compliance with the No Child Left Behind Act; provided further that this assessment shall discuss the nexus between each identified department needs and the mandated requirement to justify current and additional resources; and provided further that this assessment shall be submitted to the legislature no later than twenty days prior to convening of the 2006 and 2007 regular sessions.”

The intent of this report is to update the information on Title I schools, DOE actions, federal funding and expenditures for FY 06. To obtain a more comprehensive picture of NCLB, the reader should reference the report to the 2006 Legislature, which contains general background information on NCLB and information on the impact of NCLB on Hawaii, including analysis of other studies on NCLB costs.

This report was a collaborative effort between the Department of Budget and Finance (B&F) and DOE. We wish to acknowledge Superintendent Hamamoto’s support for the project and the generous assistance of Dr. Robert Campbell of DOE.

Table 1 displays an update of the NCLB status of all Title I schools for School Year (SY) 2005-06. A total of 172 out of 202 Title I schools (85%) were subject to some form of sanctions. Of these, 53 schools were scheduled for restructuring, the most severe and costly

action. In addition, there were 30 non-Title I schools also in need of improvement. In total, 202 schools were in status (i.e., required some type of corrective action) for not making AYP for at least two years.

TABLE 1 - NUMBER OF TITLE I SCHOOLS WITH STATUS
School Year 2005-06

District	Number of Schools*	No of Title I Schools	School Improvement Year 1	School Improvement Year 2	Corrective Action	Planning for Restructuring	Restructuring	No of Title I Schools w/ Status
Honolulu	55	36	5	5	7	2	4	23
Central Oahu	42	21	8	3	7	1	5	24
Leeward Oahu	41	29	7	0	8	0	12	27
Windward Oahu	30	19	6	2	6	0	5	19
Hawaii	42	40	8	0	9	0	12	29
Maui	29	25	4	0	12	0	9	25
Kauai	16	12	4	0	5	0	2	11
Charter	27	20	3	6	4	0	1	14
TOTAL	285	202	45	16	58	3	50	172

Table 2A displays an update of the NCLB requirements and the status of DOE compliance actions. Anticipated changes to current law, if any, are also noted. As noted in the first report, DOE was requested to provide information on the complete costs associated with NCLB tasks, but was unable to do so.

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07	(1) NCLB Requirement	(2) Detailed Description	(3) DOE Action	(4) Timeframe	(5) Status as of 9/1/05
(6) Any Changes to Current Law?*					
A. Standards and Assessment					
1. Reading Standards	State has academic content standards in reading/language arts in grades 3-8 and high school.	HCPSII* (1998) in 2003 Consolidated Application and HCPSIII adopted by HBOE for SY06-07	Annual requirement. Initiated by May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	None But, HRS302A-201, Part II, requires the Performance Standard Review Commission (PSRC) to convene every 4 years to review standards.
2. Mathematics Standards	Academic content standards in mathematics in grades 3-8 and high school.	HCPSII* (1998) in 2003 Consolidated Application and HCPSIII adopted by HBOE for SY06-07	Annual requirement. Initiated by May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	None But, HRS302A-201, Part II, requires the Performance Standard Review Commission (PSRC) to convene every 4 years to review standards.
3. Science Standards	Academic content standards in science in one grade level 3-5, one grade level 6-9, and one grade level 10-12.	HCPSII* (1998) in 2003 Consolidated Application and HCPSIII adopted by HBOE for SY06-07	Annual requirement. Initiated by May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	None But, HRS302A-201, Part II, requires the Performance Standard Review Commission (PSRC) to convene every 4 years to review standards.

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)						
FY 2006-07	(1) NCLB Requirement	(2) Detailed Description	(3) DOE Action	(4) Timeframe	(5) Status as of 9/1/05	(6) Any Changes to Current Law?*
4. Annual Assessments in Reading	System of standards-based assessments in reading in grades 3-8 and high school	HCPSS State Assessment in Reading	Annual Requirement 11/02 HBOE establishes "cut scores" for 2002, established "cut scores" for HCPSS III 9/05	Approved May 2003	None.	But, HSA for HCPSS III used in SY04-05. Each change in HCPSS requires the development of new assessments
5. Annual Assessments in Mathematics	System of standards-based assessments in mathematics in grades 3-8 and high school	HCPSS State Assessment in Mathematics	Annual Requirement 11/02 HBOE establishes "cut scores" for 2002, established "cut scores" for HCPSS III 9/05	Approved May 2003	But, HSA for HCPSS III used in SY04-05. Each change in HCPSS requires the development of new assessments	
6. Assessments in Science	System of standards-based assessments in science in one grade level 3-5, one grade level 6-9, and one grade level 10-12.	Statewide assessment in science based on HCPSS I developed	Field testing in SY05-06	Testing in SY07-08 as required		
7. Assessment of English Language Proficiency	Annual assessment of English proficiency for all LEP students	All students assessed using previously approved methods	Annual requirement. Initiated by May 2003 and ongoing	Met this requirement		
8. Inclusion of LEP Students	Policy to ensure 100% of LEP students in required assessments	All students included	Annual requirement. Initiated by May 2003 and ongoing	Met this requirement		

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07					
NCLB Requirement	Detailed Description	DOE Action	Timeframe	Status as of 9/1/05	Any Changes to Current Law?*
9. Inclusion of Students with Disabilities	Policy to ensure 100% of SpEd students in required assessments	All students included but still finalizing development of alternative assessment and scoring for 1% allowable exclusion	Annual requirement. Initiated by May 2003 and ongoing	95% completed by 2006	
10. Inclusion of Migrant Students	Policy to ensure 100% of Migrant students in rq'd assessments	All students included	Annual requirement. Initiated by May 2003 and ongoing	Met this requirement	
11. Disaggregation of Results	Assessment results are disaggregated and reported at state, LEA and school level by subgroups	Public access at http://arch.k12.hi.us/ . Schools have ability to disaggregate as student level.	Annual requirement. Initiated by May 2003 and ongoing	Met this requirement	
B. Accountability					
1. Single Accountability System	Single accountability system applies to ALL schools. (Title I and non-Title I)	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	
2. All Schools Included	All public school students, regardless of place of education, are included in the accountability system.	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07					
(1)	(2)	Detailed Description	DOE Action	Timeframe	Status as of 9/1/05
3. Continuous Growth to 100% Proficiency	AYP definition based on continuous improvement to reach 100% of all students by 2013-2014	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	Approved May 2003 and amended 8/03, 7/04, 7/05
4. Annual determination of AYP	Makes annual determination of AYP for all public schools	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	Approved May 2003 and ongoing
5. Accountability for All Subgroups	Individual subgroups in annual accountability determinations	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	Approved May 2003 and ongoing
6. Primarily Based on Academics	AYP based primarily on academics	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	Approved May 2003 and ongoing
7. Includes Graduation Rate & Add'l Indicator	AYP determination includes graduation rates for high schools and an additional indicator for middle and elementary school	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05	Approved May 2003 and ongoing
8. Based on Separate Math & Reading Objectives	AYP determination is based on separate math and reading objectives (not just an aggregate score).	Developed the Accountability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05, 7/06	Approved May 2003 and ongoing

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07					
(1) NCLB Requirement	(2) Detailed Description	(3) DOE Action	(4) Timeframe	(5) Status as of 9/1/05	(6) Any Changes to Current Law?*
9. 95% of Students in All Subgroups Assessed	To make AYP at least 95% of all students in each subgroup must be assessed	Developed the Accountantability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05, 7/06	
C. School Improvement					
1. Targeted Technical Assistance	Technical assistance responsibilities to LEAs to provide for schools identified for improvements	Developed Framework for School Improvement.	Annually	Framework for School Improvement (updated and published yearly)	
2. Timely Identification	State identifies schools for school improvement, corrective action or restructuring before the start of the school year and ensures Local Education Agencies (LEAs) notify parents in a timely fashion	Annual presentation to BOE 10 days prior to the start of school	Annually	Approved May 2003 and amended 8/03, 7/04, 7/05, 7/06	
3. Public School Choice	State law allows students attending schools identified as "in need of improvement" to transfer to another public school in the district not identified for improvements	Guidelines developed and posted on web 7/02	Annually	Approved May 2003 and amended 8/03, 7/04, 7/05, 7/06	
4. Rewards and Sanctions	Implemented system of rewards and sanctions for all schools based on adequate yearly progress (AYP)	Developed the Accountantability Framework (11/03) in response to Act 238 and NCLB	By May 2003 and ongoing	Approved May 2003 and amended 8/03, 7/04, 7/05, 7/06	

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07	(1) NCLB Requirement	(2) Detailed Description	(3) DOE Action	(4) Timeframe	(5) Status as of 9/1/05
5. School Recognition	Recognition to schools that have significantly closed the achievement gap, exceeded AYP or have made the greatest gains in student performance.	School Awards Criteria include AYP Status	Annually	SY04-05.	Any Changes to Current Law?*
6. School Restructuring	State law authorizes at least one of four alternative governance options or other 'major restructuring' of school governance.	Developed Framework for School Improvement.	Annually	Framework for School Improvement (updated and published yearly)	
7. Corrective Action for LEAs	N/A as Hawaii is both SEA and LEA	N/A	N/A		
D. Safe Schools					
1. Criteria for Unsafe Schools	Criteria for identifying "persistently dangerous" schools by the beginning of 2003-04 school year.	Criteria consistent with NCLB	Jun-02	On-going	None needed
2. Transfer Policy for Students in Unsafe Schools	Established statewide policy for allowing students to transfer out of an unsafe school into another school within the district.	Instituted transfer policy	Jun-02	On-going	None needed
3. Transfer Policy for Victims of Violent Crime	Established statewide policy for students who are victims of a violent criminal offense to transfer to another public school within the district.	Instituted transfer policy	Jun-02	On-going	None needed
E. Supplemental Services					

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FY 2006-07	NCLB Requirement	Detailed Description	DOE Action	Timeframe	Status as of 9/1/05	Any Changes to Current Law?*
(1)	(2)	(3)	(4)	(5)	(6)	
1. Criteria for Supplemental Services	Criteria to identify effective supplemental service providers by the beginning of the 2002-03 school year	Guidelines developed and posted on web 7/02		From 2002 and ongoing based on school status	Ongoing	
2. List of Approved Supplemental Services	List of approved providers, supplied to districts by the beginning of the 2002-03 school year.	Approved provider list updated and posted annually		Annually	SY04-05 Providers listed on web and RFP to increase issued	
3. Monitoring Supplemental Services Providers	Standards for monitoring quality of supplemental service providers.	Guidelines developed and posted on web 7/02		Ongoing	Ongoing	
4. Implementation of Supplemental Services	LEAs arrange for provision of supplemental services by a provider selected by parents.	Guidelines developed and posted on web 7/02		From 2002 and ongoing based on school status	Ongoing	
F. Report Card	Annual state report card that includes all required information, by the beginning of 2002-03 school year	NCLB State Report Card published for SYT02-03 and Trend Report meeting applicable HRS for Sy03-04 posted at http://aich.k12.hi.us/school/trands/default.htm .		From Sy02-03 and ongoing	Ongoing	
G. Teacher Quality						

TABLE 2A - REPORT ON NO CHILD LEFT BEHIND (PURSUANT TO ACT 178/SLH 2005, SECTION 153)					
FY 2006-07	(1)	(2)	(3)	(4)	(5)
NCLB Requirement	Detailed Description	DOE Action	Timeframe	Status as of 9/1/05	Any Changes to Current Law?*
1. Highly Qualified Teachers Definition	Definition for "highly qualified teachers" that meet the requirements of No Child Left Behind by the beginning of the 2002-03 school year 12/15/06	DOE adopted the NCLB definition of "highly qualified" in May 2003. Revised State Plan submitted	ongoing	Definition meet	
2. Subject Matter Competence	State developed system in which elementary and middle and secondary teachers must demonstrate subject-matter competence.	Developed the HOUSSE assessment for teachers to demonstrate competencies SY03-04.	ongoing	Definition meet	
3. Test for New Elementary Teachers	Test for new elementary school teachers in order to demonstrate they meet highly qualified requirements.	PRAxis used to test new teachers prior to NCLB	ongoing	Definition meet	
4. Highly Qualified Teacher in Every Classroom	Annual measurable objective for LEAs to meet the goal for "high qualified teachers" in every classroom.	Set targets consistent with NCLB May 2003	ongoing	Definition meet	
5. High-Quality Professional Development	Annual measurable objective for increasing the percentage of teachers receiving high-quality professional development.	Set targets consistent with NCLB May 2003	ongoing	Definition meet	

* Discuss any anticipated/proposed changes in federal or Hawaii law (HRS & Constitution).

NCLB Grants

Table 5 displays the funding levels received by DOE in the past five fiscal years in association with the NCLB Act. The total amounts are as follows:

	FY 02	FY 03	FY 04	FY 05	FY 06
Total NCLB funds	\$32.9 M	\$67.3 M	\$75.9 M	\$83.6 M	\$86.2 M
\$ Increase	.....	\$34.4 M	\$8.6 M	\$7.8 M	\$2.5 M
% Increase	.....	104.4%	12.8%	10.2%	3.0%

Of these amounts, formula grants under Titles I and II are the major funding sources and account for about 80% of the total in recent years.

	FY 02	FY 03	FY 04	FY 05	FY 06
Title I funds	\$28.9 M	\$40.0 M	\$42.4 M	\$50.1 M	\$53.5 M
\$ Increase	.....	\$11.0 M	\$ 2.5 M	\$7.6 M	\$3.4 M
% Increase	.....	38.1%	6.2%	18.0%	6.9%
Title II funds	\$2.1 M	\$16.1 M	\$17.3 M	\$18.1 M	\$16.8 M
\$ Increase	.....	\$14.1 M	\$ 1.2 M	\$ 0.8 M	- \$ 1.3 M
% Increase	.....	686.7%	7.3%	4.8%	- 7.3%

TABLE 5 - FEDERAL FUNDING UNDER NO CHILD LEFT BEHIND ACT

NCLB Title	Part	Short Title	Type of Funding	FY02	FY03	FY04	FY05	FY06
Title I		Improving the Academic Achievement of the Disadvantaged		28,946,781	39,970,550	42,449,915	50,096,726	53,536,328
A	Improving Basic Programs	Formula	25,773,214	33,671,612	36,094,503	43,294,081	47,544,186	
B-1	Reading First	Formula	2,759,438	3,016,980	3,234,918	3,229,031		
B-3	Even Start	Formula	1,112,500	1,127,500	1,120,106	1,113,439	1,014,181	
	Even Start Initiative	Discretionary		70,000				
	Even Start Migrant Education	Discretionary		289,068	297,219	318,815	499,654	140,625
C-1	Migratory Children	Formula	825,031	758,924	745,036	763,481	741,114	
	Consortium Incentive Grant	Formula	88,461	59,606				
D-1	Prevention and Intervention for Neglected, At-Risk	Formula	104,814	224,974	135,895	224,974	167,971	
E-1	National Assessment of Title I, Evaluation and Demo	Formula						
F-1	Comprehensive School Reform	Formula	753,693	1,001,277	1,018,580	966,179	699,220	
Title II		Preparing, Training, Recruiting High Quality Teachers and Principals		2,051,050	16,135,218	17,316,403	18,144,953	16,822,268
A	Teacher and Principal Recruiting Fund	Formula	2,051,050	13,213,985	13,602,215	13,598,858	13,533,912	
B	Mathematics and Science Partnerships	Formula			499,218	741,850	888,336	
C-1	Troops to Teachers	Formula				499,937		
D-1&2	Enhancing Education Through Technology	Formula		2,921,233	3,214,970	3,304,308	2,400,020	
Title III		Language Instruction for Limited English Proficient (LEP) and Immigrant Students						
		Formula		1,598,416	1,848,233	2,186,577	1,645,216	
Title IV		21st Century Schools						
A	Safe and Drug-Free Schools & Communities	Formula		3,618,998	4,856,016	6,617,548	6,564,303	
	Community Service for Expelled/Suspended	Formula		1,846,292	1,834,044	1,722,103	1,708,024	
B	21st Century Community Learning Centers	Formula		250,000	248,375			
				1,522,706	2,773,597	4,395,445	4,856,279	
Title V		Promoting Informed Parental Choice and Innovative Programs						
A	Innovative Programs	Formula	1,911,525	1,985,575	4,899,200	2,322,463	3,385,056	
B-1	Public Charter Schools	Discretionary		1,909,075	1,899,100	1,472,363	985,056	
D-4	Smaller Learning Communities	Discretionary			100	100	0	2,400,000
Title VI		Flexibility and Accountability						
A-1	Improving Academic Assessment	Formula		3,962,165	4,086,335	4,054,958	3,933,285	
C	National Assessment of Education Progress	Discretionary		3,848,787	3,888,745	3,902,682	3,933,285	
				113,378	197,590	152,276		
Title VII		Indian, Native Hawaiian, Alaska Education						
B	Native Hawaiian Education	Discretionary						
					248,020			
Title VIII		Impact Aid (see note below)						
		Formula						
Title IX		General Provisions						

TABLE 5 - FEDERAL FUNDING UNDER NO CHILD LEFT BEHIND ACT

NCLB Title	Part	Short Title	Type of Funding	FY02	FY03	FY04	FY05	FY06
Title X								
	C	Repeals, Amendments						
		Education of Homeless	Formula		173,311	213,557	235,066	
		TOTAL	32,909,356	67,270,922	75,877,433	83,636,782	86,121,522	
Title VIII		Impact Aid						
		Note: The Impact Aid program provides financial support to school districts affected by federal activities, including the education of children of members of the uniformed services. Funds are considered as reimbursements for general operating expenses of schools and are not considered to be NCLB grants.	37.9	40.5	48.8	48.5	55.6	

Expenditures of NCLB Grants

Table 6 shows the amounts of federal NCLB grants expended in the past four fiscal years. The numbers indicate a pattern of spending that averages to about 52% of funds available each year. As a result, there is a sizeable carryover balance at the end of each year prior to lapses (\$42 million in FY 03, \$50 million in FY 04, \$60.6 million in FY 05, and \$53.8 million in FY 06). Two reasons were given by DOE for this condition:

1. Schools are often unsure of the amounts of federal funds available to them. Certification for Title I funds depends on the number of students from low-income families. Since this determination is not made until after the school year has begun, schools that experience fluctuation in their enrollment numbers must be conservative in their annual academic and financial plans. They tend to hold back on spending commitments (especially in hiring decisions) and save these federal funds for contingency purposes instead.
2. The federal fiscal year begins on October 1, three months after the start of the State fiscal year. This difference also contributes to the lag in spending federal funds.

While there are mitigating circumstances for DOE's pattern of lagging expenditures in NCLB grants, the unspent balances are large. With certain effort, these available funds may be put to use faster to bring improvements to schools more quickly.

TABLE 6 - EXPENDITURES OF NCLB GRANTS

Fund/Appn	Project	Grant Description	FY02-03			FY03-04			FY04-05			FY05-06			
			Funds Available*	Expenditures and Encumbrances	Rate of Expend.	Funds Available*	Expenditures and Encumbrances	Rate of Expend.	Funds Available*	Expenditures and Encumbrances	Rate of Expend.	Funds Available*	Expenditures and Encumbrances	Rate of Expend.	
S-210	020000	Title I LEA Basic/Concentration	42,140,722	26,829,143	63.7%	50,860,758	32,973,990	64.8%	59,745,533	39,108,146	65.5%	67,144,517	42,987,826	64.1%	
S-210	04-0000	Title I Neglected & Delinquent	197,492	46,905	23.8%	275,560	101,833	36.6%	385,343	218,804	56.6%	333,137	159,885	48.0%	
S-210	020040	Title I Accountability	775,721	616,285	79.4%	162,136	155,695	96.0%	1,755,329	146,522	8.3%	-	-	-	
S-210	020020	Title I School Improvement	811,285	38,301	4.7%	1,471,336	1,494,874	98.4%	1,553,324	990,520	63.9%	4,010,574	3,380,565	61.5%	
S-210	550200	Migrant Education	1,966,924	1,033,192	52.5%	1,691,284	915,619	54.2%	1,483,275	281,985	18.9%	1,303,654	801,224	61.5%	
S-210	650019	Comprehensive Sch Refm Deom Prog	1,406,657	1,114,627	79.2%	1,319,901	799,297	60.6%	1,483,275	1,483,275	100%	1,656,294	1,092,043	65.9%	
S-210	280000	Drug-Free Schools and Communities	2,612,368	2,612,368	100%	2,620,200	1,585,008	60.5%	2,757,619	1,550,186	56.2%	2,796,715	1,658,334	59.3%	
S-210	510000	Even Start Program	1,632,637	1,210,998	74.2%	1,553,599	1,174,857	75.6%	1,569,673	1,153,027	76.4%	1,374,496	956,166	69.6%	
S-254	650043	Title V Innovative Education	1,911,525	264,561	13.8%	3,564,748	1,470,747	41.3%	3,601,365	1,381,246	38.4%	2,515,928	1,558,334	61.9%	
S-256	650045	State Grants	13,213,985	1,320,528	10.0%	25,561,609	10,099,997	39.5%	29,245,208	12,166,255	41.6%	30,100,406	14,273,554	47.4%	
S-271	280002	SDFSC Community Service	250,000	513	0.2%	497,766	143,384	28.8%	357,588	265,564	74.3%	-	-	-	
S-253	650042	2-st CCLC-Aftersch Learning Centers	1,522,706	875,280	57.5%	3,545,694	1,581,079	44.6%	6,861,831	1,049,732	29.9%	8,254,377	4,782,890	57.9%	
S-258	650048	ESL Acquisition	1,598,416	789,929	49.4%	2,668,745	877,019	32.9%	3,963,744	744,553	10.8%	3,632,731	2,384,727	65.6%	
S-210	650047	State Assess & Related Act	3,848,787	70,746	1.8%	7,666,785	6,847,434	89.3%	4,722,409	1,510,639	24.3%	5,145,055	5,138,312	99.9%	
S-210	650051	Reading First	2,759,483	6,563	0.2%	5,860,959	2,300,603	39.3%	6,811,159	5,456,867	80.1%	4,486,143	3,375,911	75.3%	
S-212	650055	Math & Science Partnership	2,422,594	964,086	39.8%	499,218	120,322	24.1%	1,127,642	286,439	25.4%	1,729,539	916,057	53.0%	
S-210	650111-112	Ed Tech	-	-	-	3,214,970	94,587	2.9%	6,424,751	2,426,628	37.8%	5,443,816	3,605,795	56.0%	
Total			79,071,332	37,059,067	46.9%	113,058,807	62,778,809	55.5%	132,314,793	71,737,113	54.2%	141,897,382	87,071,189	61.8%	
		Ending Balance Prior to Lapses		42,012,255			50,339,998			60,577,680			53,826,193		

* "Funds Available" include carry-over balance and new grant amounts.

Source: Data on "funds available" and "expenditures & encumbrances" are from the DOE.

CONCLUSION AND RECOMMENDATION

This report includes DOE's responses to the conclusions and recommendations from the report to the 2006 Legislature.

1. Conclusion/Recommendation: Estimating the costs of NCLB implementation proves to be a complicated and complex matter. As developed by the consultants, the factors that influence costs (cost drivers) are premised on a set of assumptions about educational strategies and organizations. DOE needs to evaluate and validate the consultants' results before these cost estimates can be accepted and used as guidelines for developing DOE's budget.

DOE's response: Time and cost factors required to evaluate and/or validate the consultant reports on the cost of implementing NCLB are cost prohibitive. The Department is using the Board of Education Independent Evaluation of the Weighted Student Formula and Department research regarding educational costs for students with various identified educational characteristics as the basis for developing school related costs in the Department budget.

2. Conclusion/Recommendation: Federal funding from the NCLB Act currently stands at over \$85 million per year. Added to this amount is a prior year's balance of \$53 million to give DOE a substantial level of available funds to implement the more immediate needs from NCLB. DOE could adopt measures to spend the federal funds more quickly.

DOE's response: The Department has instituted a monthly report for the Board of Education on the status of all federal funds.

3. Conclusion/Recommendation: DOE could consider the option of shifting existing resources internally to allocate more funds and personnel toward activities required by the new law.

DOE's response: The Department continues to identify funds that may be appropriately shifted to allocate more funds toward activities required by NCLB. However, Department funds are appropriated with the intent that specific activities will occur.

4. Conclusion/Recommendation: DOE could undertake a critical review of its internal structure and programs to achieve greater operational efficiency. At a higher level of efficiency, a number of additional services required by the new NCLB law may be accommodated without an immediate influx of money.

DOE's response: The Department is in the process of reorganizing business, financial, and personnel operations to achieve greater operating efficiencies. The creation of the Systems Accountability Office combines NCLB monitoring and program evaluation

5. Conclusion/Recommendation: Some of the goals and expectations of NCLB have been criticized as being unrealistic and unworkable by educational professionals. In particular, the requirement that all students must improve to meet 100% of reading and math standards is seen as unattainable, especially for students with learning disabilities or limited language skills. As such, some changes in the federal law may be expected to give state and local school authorities greater flexibility in implementing NCLB.

DOE's response: The Department participates in a number of national forums regarding the Reauthorization of NCLB. Additionally, the Department is providing elected Hawaii Congressional representatives with recommended specific changes to NCLB that will increase flexibility in meeting the requirements of NCLB.