



# Competing for School Improvement Dollars

## State Grant-Making Strategies

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Melissa Lazarín March 2012

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# Contents

- 1 Introduction and summary**
- 4 The revamped SIG program**
- 10 Balancing a need for resources and commitment to change**
- 14 A look at the first cohort of SIG grants under the new rules**
- 18 Three state grant-management approaches**
- 32 Findings and policy implications**
- 36 Conclusion**
- 38 About the author and acknowledgments**
- 39 Endnotes**

# Introduction and summary

In 2009 the Obama administration announced a focused commitment to turn around 5,000 of the United States' chronically lowest-performing public schools as part of the American Recovery and Reinvestment Act, or ARRA. This commitment came with \$3 billion in funding for the School Improvement Grant program, or SIG, along with new guidelines to ensure that federal dollars are effectively invested at the district and school level.

While states have welcomed the increased funding, the revamped SIG program is sometimes criticized for being overly prescriptive. The administration narrowed the program's focus to 5 percent of the lowest-performing schools in each state, prioritized focus schools into three tiers, limited the menu of school improvement strategies that schools could implement with federal dollars, and urged states to distribute SIG dollars to schools and districts on a more competitive basis.

This shift to a competitive subgrant process likely represents an important policy change for states. Prior to the new rules, states could distribute SIG dollars to school districts based on either a formula or a competitive process. But with nearly 13,000 schools identified for improvement, the revamped SIG program requires states to competitively award grants only to schools and districts that demonstrate the greatest need for federal support and the strongest commitment to use the dollars effectively.<sup>1</sup> This should theoretically prevent limited federal dollars from being spread too thinly.

In practice, however, selectivity across state SIG competitions appears to vary widely. A Government Accountability Office, or GAO, report evaluating early implementation of the new SIG grants in six states found that one state funded only 20 percent of school applicants, two awarded grants to 60 percent to 75 percent, and three states funded all eligible schools.<sup>2</sup>

A U.S. Department of Education report examining the first round of SIG-ARRA grants across all states includes similar findings.<sup>3</sup> In addition, the Department

of Education report notes that Tier III applicants, the least prioritized schools among those eligible for SIG grants, obtained a grant in only a handful of states. Eleven states awarded grants to their Tier III schools while most other states reserved federal dollars for higher-priority schools. Among these 11 states several funded nearly all of their Tier III-eligible schools. SIG dollars were spread very thinly in those states as a result.

As this paper highlights, states have a great deal of discretion in how they target school improvement dollars even while the new federal regulations have defined and limited their use. States' evaluation of district and school grant applications, the type of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants all influence the robustness of states' subgrant competitions.

This paper takes a closer look at state grant-making strategies for federal school improvement dollars. Further, it reviews the way in which state funding practices for school improvement have changed as a result of the updated SIG requirements and how states have used their flexibility to implement a competitive grant process.

Specifically, this paper details the approach that three states—Illinois, Louisiana, and Vermont—have taken in administering their grant competitions. These states illuminate the spectrum of competitiveness in the state grant-making process that has emerged as a result of the new school improvement regulations.

There are five significant findings that emerged from examining these three states that call for further investigation across all states:

- First, it is evident that states continue to have a great degree of flexibility in implementing their grant-making strategy. They continue to possess discretion and flexibility in their process for evaluating applications, the type and degree of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants.
- Second, as other early research on SIG implementation indicates, access to SIG dollars may be more competitive in some states than in others. Despite the SIG program's narrowed emphasis on the bottom 5 percent of low-performing schools, states face a persistent challenge in striking the appropriate balance between supporting only high-quality school improvement initiatives, investing sufficient dollars to achieve impact, and addressing schools' dire needs for funds.

- Third, all three states needed to provide substantial technical assistance to strengthen the quality of the applications that they received. The new competitive nature of the SIG program did not, in itself, generate robust and bold school-intervention proposals, which suggests that states must be prepared to strengthen their capacity to support SIG-eligible districts and schools during the grant application process.
- Fourth, application rates varied substantially across the three states. A smaller proportion of SIG-eligible schools and their districts applied for federal dollars in both the first and second round in Illinois and Louisiana in comparison to Vermont's turnout in the first round. There are several potential reasons for this variance, including the rigor of the new SIG guidelines, the degree to which states provided technical support to applicants, and the perceived likelihood of winning a grant.
- Fifth and finally, the criteria that states use to monitor districts are clear but the process for grant renewal and termination could be more formal and transparent. The three states are generally clear about the criteria that they use to evaluate applications for funds. Illinois and Louisiana's scoring system, which includes clear-cut scores that applications must reach to be funded, further increases the transparency of their reviewing process. All three states also provide clear criteria on how districts and schools will be monitored and evaluated for grant renewal or termination. States, however, should consider how their grant-renewal process, not simply their criteria, can be more transparent in their district-level applications, statements of agreements with districts, and on their websites to support public accountability for school improvement.

This paper begins with an overview of how the SIG program has evolved into a more competitive process. It next takes a brief look at how all states changed their practices once the program was altered and then examines in detail how three states—Illinois, Louisiana, and Vermont—have approached the competitive grant-making process.

Lastly, the paper concludes with findings and policy implications and underscores the promise of the SIG program's commitment to turn around schools and address the systemic failures that allow our schools to flounder.

# The revamped SIG program

The School Improvement Grant, or SIG, program, a funding stream that is solely dedicated to school improvement activities, is authorized under Section 1003(g) in Title I of the Elementary and Secondary Education Act, or ESEA. It was first funded in fiscal year 2007 at a mere \$125 million but has since received significantly greater amounts of funding.

Prior to FY 2007, federal support for school improvement activities was limited. Districts and schools relied on their state's Title I set-aside of dollars for school improvement activities, also known as a state's Section 1003(a) funds. Section 1003(a) of ESEA law requires states to reserve a small proportion of their Title I allocations—4 percent since 2004—for school improvement activities.<sup>4</sup>

## **School improvement dollars under Sections 1003(a) and 1003(g): What is the difference?**

There are two primary streams of federal funding in ESEA to support school improvement efforts. One stream of funding is authorized under Section 1003(a) of ESEA and the other under Section 1003(g) of the same section of the statute.

### **Section 1003(a) school improvement dollars**

ESEA required states to set aside 2 percent of their Title I allocations in fiscal years 2002 and 2003 to support school improvement activities. The required set-aside proportion increased to 4 percent in FY 2004. States must allocate the bulk of these dollars—95 percent—to school districts that have been identified for school improvement, corrective action, and restructuring. States must prioritize districts with the

lowest-achieving schools that demonstrate the greatest need and the strongest commitment for such funds. But states have a great deal of flexibility in how “greatest need” and “strongest commitment” are defined, and they have the discretion to award these dollars based on a formula or through competitive grants.

### **Section 1003(g) school improvement dollars**

Section 1003(g) of ESEA establishes the SIG program. First funded in FY 2007, the program has benefited from large increases in recent years. In response to the unprecedented investments in the program due to ARRA, the Obama administration released regulations in 2009 to define how states should distribute and use dollars under this program. The target schools and use of funds are more defined under the SIG program in comparison to Section 1003(a) school improvement dollars as a result of the new regulations.

	1003(a)	1003(g)
<b>How the dollars are funded</b>	States reserve 4 percent of their Title I allocation. Ninety-five percent of that amount is then granted to school districts.	Funded as a distinct line item as part of the regular appropriations cycle.
<b>State reservation</b>	Up to 5 percent for administration, evaluation, and technical-assistance activities.	Up to 5 percent for administration, evaluation, and technical-assistance activities.
<b>Types of districts that are eligible for grants</b>	Any district serving schools that have been identified for school improvement, corrective action, or restructuring, as defined under ESEA.	Only districts serving the 5 percent of the lowest-performing schools in each state, as defined in the ARRA-SIG regulations.
<b>Types of districts that must be prioritized</b>	<p>Districts serving schools that demonstrate the greatest need for such funds and the strongest commitment to ensure schools meet school improvement goals.</p> <p>States have a great deal of flexibility in how they define “greatest need” and “strongest commitment.”</p>	<p>Districts serving schools that demonstrate the greatest need for such funds and the strongest commitment to ensure schools meet school improvement goals.</p> <p>States have flexibility in how they define “greatest need” and “strongest commitment,” but the ARRA-SIG regulations set some specific parameters.</p>
<b>Allowable grant size per school</b>	No amount specified in law.	Schools may receive a grant from \$500,000 to \$2 million each.
<b>Manner in which federal dollars may be distributed from states to districts</b>	States have flexibility over how they allocate grants among eligible districts.	States must allocate grants to eligible districts on a competitive basis.
<b>Allowable use of funds</b>	Districts and schools must use the funds to implement a school’s improvement plan and carry out the intervention requirements associated with the school’s improvement status, as determined by ESEA Section 1116. Examples of these requirements include providing school choice, tutoring to students, replacing school staff, or restructuring the school.	Districts and schools must use the funds to implement one of four intervention models established by the Department of Education. The least struggling schools, however, among those identified as lowest-achieving (Tier III), have more flexibility in how these funds are used.

Source: Author’s analysis of the Elementary and Secondary Education Act and the U.S. Department of Education’s regulations for the School Improvement Grant program.

This has proven to be an unstable source of funds for district and school improvement efforts. A 2008 GAO report found that 22 states failed to reserve the full proportion of set-aside funds for one or more years since 2002 due to a hold harmless provision that prevents states from reducing a district's Title I allocation from one year to the next.<sup>5</sup> Because state Title I allocations are based on census estimates of the number of low-income children in each district and fluctuate from year to year, some states have been compelled to reduce their 1003(a) reservation in certain years to ensure that district Title I allocations go unaffected.

The GAO report concluded “the hold-harmless provision prioritizes preserving the Title I funding for all eligible Title I districts over ensuring that the lowest-performing schools receive funds for school improvement.”<sup>6</sup> This echoed other similar research findings.<sup>7</sup> The instability in funding began to generate calls for a dedicated stream of funding for school improvement activities, particularly as the number of schools identified for improvement rose and the lack of district and school capacity to adequately respond to the crisis became increasingly apparent.<sup>8</sup>

In FY 2007 the Bush administration and Congress funded the SIG program for the first time since the 2002 reauthorization, and funding has continued to increase since. SIG funding increased to \$491 million the following year and received an appropriation of \$546 million in FY 2009. ARRA's passage supplemented this amount with an additional \$3 billion, with the maximum school grant award increasing from \$500,000 to \$2 million.<sup>9</sup> Funding levels were \$546 million and \$534 million in FY 2010 and FY 2011, respectively.

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## State targeting of federal school improvement funds

Funding for the SIG program has been a welcome source of support for states. But even at ARRA-funded levels, the amount of federal SIG dollars is insufficient to effectively support turnaround efforts at every struggling school. The manner in which these limited federal dollars are targeted and distributed is therefore significant.

SIG grants are awarded to states by a formula based on their Title I allocation. States have had considerable leeway in how to distribute these funds to districts and schools until recently. The 2002 ESEA statute set some initial parameters. For example, states must prioritize districts that serve the lowest-achieving schools, demonstrate the greatest need for school improvement dollars, and demonstrate the strongest commitment to use the funds to meet school improvement goals according to the statute.

The Bush administration's guidance tacitly suggested, but stopped short of requiring, that states consider a competitive subgrant process to award funds to districts and schools when the program was first funded in FY 2007. According to those guidelines:

A State Education Agency has flexibility to create its own subgrant process. However, it may be that implementing the priorities in section 1003(g)(6) [which prioritizes school districts with the lowest-achieving schools that demonstrate the greatest need for federal funds and the strongest commitment to use funds effectively] are best met through a competitive process. In particular, at the current funding level, a formula-based process in which School Improvement Funds are awarded to every Local Education Agency with schools in improvement, corrective action, and restructuring would likely spread those funds too thinly.<sup>10</sup>

The manner in which states ultimately disbursed Section 1003(g) SIG dollars to districts pre-ARRA is not well documented, and determining the extent to which states heeded the suggestion to disburse SIG dollars on a competitive basis or how these funds were targeted before ARRA is challenging as a result. But state approaches to disbursing Section 1003(a) funds have been examined and can perhaps reveal how states might have awarded SIG grants or their 1003(g) funds.

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### State use of 1003(a) funds may illustrate how states were using 1003(g) funds prior to ARRA

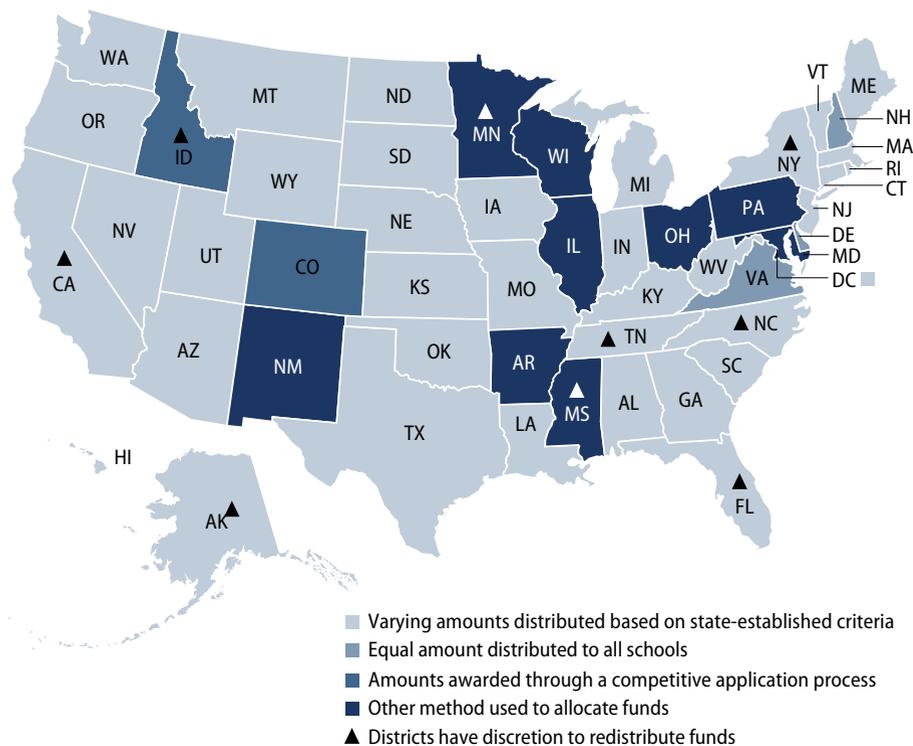
A 2008 GAO survey found that a number of states were abiding by ESEA's requirements and targeting their 1003(a) school improvement dollars to their lowest-performing schools.<sup>11</sup> States, for example, awarded schools in restructuring—the most severe stage of the school improvement process—significantly more funds than other struggling schools.

The survey found that states applied various methods to identify and prioritize their lowest-achieving schools. Twenty-seven states used state-established criteria that weighted the number of years a school failed to meet annual academic benchmarks. Twenty-one states considered the number of students in a school along with state-established criteria—perhaps as indication of a school's need for federal funds. And two states—Colorado and Idaho—used a competitive process to distribute school improvement dollars to districts.

A handful of states did not target Section 1003(a) dollars based on their need for federal support or commitment to effective reforms. Four states—Delaware, New Hampshire, Virginia, and the District of Columbia—required districts to provide each identified school an equal amount of funding. In nine states targeted districts that were identified as serving the lowest-performing schools had flexibility in choosing which schools received funds.<sup>12</sup> The criteria that these districts were using to select targeted schools, or whether the lowest-performing schools were indeed being prioritized, are unclear as a result.

And most strikingly, one state allocated federal dollars to districts that did not have any identified schools in improvement, and four states were unable to identify the schools in their state that received school improvement funds. Based on these findings the GAO urged the Department of Education to improve targeting of school improvement dollars.<sup>13</sup>

**FIGURE 1**  
**States' methods for allocating 1003(a) school improvement funds, fiscal year 2006**



Source: Government Accountability Office, "No Child Left Behind Act: Education Actions Could Improve the Targeting of School Improvement Funds to Schools Most in Need of Assistance," GAO-08-380, Report to the Chairman and Ranking Member, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, Committee on Appropriations, United States Senate, February 2008.

It is difficult to determine if states were allocating their SIG 1003(g) dollars in the same way that they were distributing 1003(a) school improvement dollars. But the increased investment in the SIG program due to ARRA presented an opportunity for the Department of Education to address some of GAO's concerns by revising the SIG program's guidelines and tightening the state-to-district distribution of federal improvement dollars.

The Obama administration narrowed its focus to the bottom 5 percent of the lowest-performing schools in each state to ensure that federal dollars reach the schools most in need of support and resources. States and districts must now target federal improvement dollars and specific rigorous reforms to these schools, although they have flexibility in how to support schools that are facing less severe academic challenges. Further, the new requirements require states to distribute SIG 1003(g) dollars to schools and districts on a more competitive basis.<sup>14</sup> "Targeting resources in this manner," according to the Department of Education, "may result in school improvement funds being concentrated in a small number of LEAs and schools. ... the Secretary believes such targeting is warranted by the significant needs of the students in the lowest-achieving schools."<sup>15</sup> This represents an important change for most states given that very few states were allocating their school improvement dollars competitively. The new requirements are outlined in greater detail in the following section.

# Balancing a need for resources and commitment to change

Current law requires states to prioritize school improvement awards to districts with the “lowest-achieving schools that demonstrate (a) the greatest need for such funds and (b) the strongest commitment to ensuring that such funds are used to provide adequate resources to enable the lowest-achieving schools to meet the goals” for school improvement.<sup>16</sup>

The updated SIG regulations institute a new, tiered process to help states identify schools with the greatest need for federal dollars. They also establish four school-intervention models that will enable states to assess a district and school’s commitment to use the dollars effectively.

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## Identifying schools with the greatest need for school improvement dollars

The Obama administration released regulations in 2009 defining schools and districts with the “greatest need” for funds and the “strongest commitment” to improving academic achievement when it announced its new investment in school improvement. According to the new regulations, states identify districts and schools with the greatest need by sorting them into three tiers. Specifically, districts with the greatest need serve one or more of the following schools:

- **Tier I schools:** Either Title I-receiving schools that are identified as among the persistently lowest-achieving 5 percent of schools in improvement, corrective action, or restructuring within a state, or are Title I-receiving high schools in improvement, corrective action, or restructuring that have a graduation rate of less than 60 percent.<sup>17</sup> The Department of Education describes Tier I schools as those “for which the data indicate that overall student achievement is extremely low and that little or no progress has occurred over a number of years.”<sup>18</sup> States have the option to include similarly low-performing Title I-eligible—but not necessarily receiving—elementary schools that have not made adequate yearly progress for two

consecutive years, or that make up the bottom 20 percent of schools in the state according to statewide reading and mathematics assessment results.<sup>19</sup>

- **Tier II schools:** Secondary schools that are eligible for but do not receive Title I dollars and are identified as among the persistently lowest-achieving 5 percent of schools or those with graduation rates lower than 60 percent.<sup>20</sup> These schools are as low achieving as Tier I schools, but they have traditionally been overlooked by school improvement efforts because federal policy has historically reserved SIG dollars only for Title I-receiving schools.<sup>21</sup> States have the option to include similarly low-performing Title I-eligible secondary schools that have not made adequate yearly progress for two consecutive years or that make up the bottom 20 percent of schools in the state according to statewide reading and math assessment results.<sup>22</sup>
- **Tier III schools:** Title I-receiving schools that are in improvement, corrective action, or restructuring, that do not qualify as Tier I or Tier II schools. States have the option of including Title I-eligible schools that do not qualify as Tier I or II schools and have failed to make adequate yearly progress for two consecutive years, or that make up the bottom 20 percent of schools in the state according to statewide reading and math assessments.<sup>23</sup>

In the Department of Education’s opinion, districts with the greatest need are those that have both Tier I and Tier II schools, followed by those that have only Tier I schools.<sup>24</sup> The regulations require that states prioritize districts with Tier I and Tier II schools for subgrants as a result.

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## Identifying schools with the strongest commitment to raising student achievement

The revised SIG regulations define how states should identify schools and districts that possess the “strongest commitment” to raising student achievement—the other prerequisite for schools desiring SIG dollars. In addition, the regulations specify how states should evaluate the strength of a district’s and school’s commitment.

Among schools with the greatest need—Tier I and Tier II schools in particular—districts that possess the strongest commitment to turning around schools are those that agree to implement one of four rigorous intervention models in each of the Tier I and Tier II schools that it commits to support. The goal of the four intervention

models is to incorporate “fundamental, disruptive changes that [districts] could make in order to finally break the long cycle of educational failure” in these chronically lowest-performing schools.<sup>25</sup> In short, the regulations suggest that the boldness and the challenge that comes with implementing any one of the four intervention models will deter all but the most committed districts and schools from applying.<sup>26</sup> Let’s look more closely at the four intervention approaches.

## The Four Turnaround Models

Tier I and Tier II schools receiving Section 1003(g) school improvement dollars must implement one of four turnaround options—transformation, turnaround, restart, or school closure.

**Transformation model.** Required reforms include replacing the principal if the principal has led the school for two or more years; implementing a robust evaluation system for teachers and leaders; rewarding effective teachers and leaders and dismissing chronically ineffective staff; increasing learning time; using data to improve instruction; and providing the school with increased flexibility in making staff and budget decisions.

**Turnaround model.** Required reforms include replacing the principal if the principal has led the school for two or more years, screening and rehiring no more than 50 percent of existing staff, increasing learning time, and providing the new principal with sufficient operational flexibility over staff and budget decisions.

**Restart model.** The school district must convert or close and reopen the school under a charter school operator, a charter management organization, or an education management organization. The school must enroll any former student who wishes to attend the new school.

**School closure.** The school district must close the school and enroll the former students into other higher-performing schools in the district.

The new regulations further guide states on how best to evaluate the “strength” of a district’s commitment. Specifically, states must consider whether a district applying for school improvement grant funds has accomplished the following:<sup>27</sup>

- Adequately analyzed their school’s needs and helped select the most appropriate intervention model for their school
- Designed and implemented interventions that are consistent with the SIG program’s requirements
- Taken steps to ensure the quality of any external providers that will be used by the district, which may include charter-management organizations or a provider of technical assistance or evaluation support

- Garnered other resources to support school-implementation efforts
- Modified district practices or policies to ensure that school improvement efforts are fully implemented and effective
- Moved to ensure the sustainability of the interventions once funding diminishes

In addition, states must also consider a district's capacity to determine the strength of its commitment to implement the interventions effectively.

In many respects the updated SIG regulations have created a more prescriptive grant-making process for states. The new regulations stipulate that states should competitively disburse SIG dollars to districts and schools, specify the types of schools and districts that states must target, and provide the criteria to evaluate a district and school's need for and commitment to use SIG dollars effectively.

Even with the new guidelines, states still have a great deal of discretion and flexibility in how they shape their grant-making strategy. States' evaluation of applications, the type of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants affect the robustness of states' subgrant competitions. This paper highlights the manner in which a few states have approached their SIG grant-making process as a way of demonstrating the flexibility that states continue to have under the revised school improvement program. Let's turn to those grant-making approaches now.

# A look at the first cohort of SIG grants under the new rules

With states now gearing up for their third round of SIG grants under the new rules, it is helpful to examine the first round of grants, which were awarded to districts and schools during the 2010-11 school year.

In that first round only a fraction of districts representing SIG-eligible schools applied for grants (see Table 1). It is likely that districts representing Tier III schools—which made up 86 percent of all SIG-eligible schools in the first round<sup>28</sup>—were discouraged from applying in some states because the new federal regulations require states to prioritize funding for Tier I and Tier II schools. Illinois, for example, only invited Tier I and Tier II schools to apply and indicated that Tier III schools would be invited to apply if funding became available in the future.<sup>29</sup> The low number of total schools represented among district applicants should, therefore, not in and of itself reflect a lack of a desire for SIG grants.

Only 11 states ultimately awarded grants to Tier III schools. Two of these states, Kentucky and Vermont, had among the highest application rate among SIG-eligible schools. Nearly 100 percent of eligible schools applied for grants in these two states.

The data also makes it clear that the transformation model was the popular choice among school grantees. Tier I and Tier II schools in one-third of the states selected the transformation model exclusively. Although generally perceived as the least disruptive because most teachers can remain in place and school closure or conversion is not required, the transformation model does require a variety of other reform measures as outlined earlier. Maryland was the only state that did not apply the transformation model, relying instead on the turnaround and restart models.

When it comes to Tier III schools, which are not required to implement one of the four models, states have a great deal of flexibility in the types of reforms that SIG grants can support in these schools. Louisiana, for example, requires its Tier III schools to implement one of the four models, while Vermont requires Tier III schools to implement at least one strategy from the transformation model.<sup>30</sup> In

Virginia Tier III schools are required to hire a school improvement coach that will assist the school in addressing the source of its low performance.

Although data for all 50 states and the District of Columbia are not available, the ratio of awardees to applicants varied widely across states in the first round of SIG grants. Access to SIG dollars was most competitive in Delaware, where only 20 percent of applicants were awarded grants, followed by Mississippi (22 percent), and Louisiana (27 percent). On the other hand, Alaska, Kentucky, Oregon, and Vermont awarded a grant to all those that applied. The degree to which states implemented a genuine competitive grant process, therefore, varies dramatically if judged by states' grant approval rate alone.

The following section reviews the manner in which three states—Illinois, Louisiana, and Vermont—approached their SIG grant-making process. This paper highlights these states to illuminate the spectrum of competitiveness that has emerged now that states are required to conduct a competitive subgrant process.

TABLE 1

## Round 1 School Improvement Grant-making across all states and the District of Columbia

State	Number of SIG-eligible schools	Number of schools represented in district applications	Number of schools awarded grants	Application approval rate	Intervention model used in Tier I and Tier II schools				Tier III interventions
					Transformation	Turnaround	Restart	Closure	
Alabama	263	36	12	33%	11			1	
Alaska	139	7	7	100%	6		1		
Arizona	305	44	19	43%	12	7			
Arkansas	279	15	7	47%	7				
California	2720	165	92	56%	56	29	5	2	
Colorado	280	--	19	--	9	6	1	3	
Connecticut	234	--	14	--	7	6	1		
Delaware	28	10	2	20%	2				
District of Columbia	128	--	10	--	3	4	3		
Florida	829	--	77	--	54	17			6
Georgia	217	--	26	--	24	2			
Hawaii	115	--	--	--	--	--	--	--	--
Idaho	165	--	6	--	6				
Illinois	738	31	10	32%	5	4	1		
Indiana	290	16	7	44%	4	3			
Iowa	130	14	6	43%	6				
Kansas	49	11	6	55%	5	1			
Kentucky	108	105	105	100%	4	6			95
Louisiana	320	118	32	27%	2				30
Maine	54	7	6	86%	5	1			
Maryland	72	--	11	--		6	5		
Massachusetts	676	--	12	--	7	5			
Michigan	228	85	28	33%	19	9			
Minnesota	294	--	19	--	16	3			
Mississippi	225	36	8	22%	8				
Missouri	459	--	32	--	17	14		1	
Montana	130	--	6	--	6				
Nebraska	52	17	7	41%	7				
Nevada	139	--	10	--	7	3			
New Hampshire	158	--	7	--	7				

State	Number of SIG-eligible schools	Number of schools represented in district applications	Number of schools awarded grants	Application approval rate	Intervention model used in Tier I and Tier II schools				Tier III interventions
					Transformation	Turnaround	Restart	Closure	
New Jersey	206	27	12	44%	8	3	1		
New Mexico	32	20	9	45%	8	1			
New York	438	30	25	83%	20	5			
North Carolina	769	--	24	--	16	6	1	1	
North Dakota	72	--	38	--	1			37	
Ohio	786	--	41	--	27	8		6	
Oklahoma	44	19	10	53%	9	1			
Oregon	75	12	12	100%	12				
Pennsylvania	431	91	58	64%	43	6	7	2	
Rhode Island	43	--	5	--	5				
South Carolina	28	--	19	--	18			1	
South Dakota	61	29	18	62%	1	1		16	
Tennessee	118	--	72	--	6	6			
Texas	1644	--	66	--	46	2		18	
Utah	60	10	7	70%	7				
Vermont	69	66	66	100%	10			56	
Virginia	65	--	58	--	11		5	2	
Washington	480	48	18	38%	15	2		1	
West Virginia	33	27	15	56%	15				
Wisconsin	62	--	46	--	5		2	4	
Wyoming	52	--	6	--	3			3	

Notes: The application approval rate is calculated by the author based on available data. The number of schools represented in district applications is based on information posted on state education agency websites. This information is not available for all states. Missing data is marked "--" accordingly.

Sources: Steven Hurlburt and others, "Baseline Analyses of SIG Applications and SIG-Eligible and SIG-Awarded Schools" (Institute of Education Sciences, U.S. Department of Education, 2011); state education agency websites.

# Three state grant-management approaches

The various grant-making strategies used by Illinois, Louisiana, and Vermont to competitively disburse SIG dollars to districts and schools illustrate the level of flexibility that states continue to possess under the new federal guidelines. Illinois and Louisiana have used the parameters outlined in the SIG regulations to develop a grant-making strategy that has allowed them to make larger grant awards to a small number of schools through a highly competitive process. Illinois, for example, awarded grants to 32 percent of its applicants in Round 1 and chose not to fund any Tier III schools, resulting in an average three-year grant award of \$4.63 million for its Tier I and II schools (see Table 1). Vermont, on the other hand, has interpreted the regulations in a way that allowed federal school improvement dollars to reach every eligible school in Round 1, including 56 Tier III schools that were awarded an average grant of \$60,000.

**TABLE 2**  
**Round 1 and Round 2 School Improvement Grant-making in Illinois, Louisiana, and Vermont**

	State School Improvement Grant 1003(g) program allocation	Number of eligible schools	Number of school applicants	Total number of awarded grants	Percentage of applicants awarded grants	Average total grant award for Tier I and Tier II schools	Average total grant award for Tier III schools	Number of awards by tier		
								I	II	III
<b>ILLINOIS</b>										
Round 1	\$146.6 million	738	31	10	32%	\$4.63 million	na	4	6	0
Round 2	\$22.1 million	927	24	13	54%	\$5.05 million	na	7	6	0
<b>LOUISIANA</b>										
Round 1	\$67.6 million	320	118	32	27%	\$1.08 million	\$910,000	1	1	30
Round 2	\$11.1 million	237	84	37	44%	\$1.35 million	\$1.21 million	3	0	34
<b>VERMONT</b>										
Round 1	\$8.6 million	69	66	66	100%	\$620,000	60,000	5	5	56
Round 2	\$1.3 million	na	na	na	na	na	na	na	na	na

Notes: Illinois approved approximately \$52.5 million in grants in Round 1 and \$74.9 million in Round 2. Louisiana awarded only \$29.5 million in subgrants and elected to carry over funds to the following year. The figure for Louisiana's Round 2 program allocation does not include this carryover from the previous year. Vermont did not apply for a Round 2 grant. Columns marked "na" signify "not applicable" because Illinois did not award any Tier III grants, and Vermont did not award any Round 2 grants.

Sources: Data was collected from state education websites; telephone interviews with state education agency staff; state applications for Section 1003(g) funding available at <http://www.2.ed.gov/programs/sif/summary2010/index.html>; Steven Hurlburt and others, "Baseline Analyses of SIG Applications and SIG-Eligible and SIG-Awarded Schools" (Institute of Education Sciences, U.S. Department of Education, 2011); Fiscal Year 2009-2011 and Fiscal Year 2010-2012 President's Budget State Tables for the U.S. Department of Education available at <http://www.2.ed.gov/about/overviewbudget/statetables/11stbyprogram.pdf> and [www.2.ed.gov/about/overviewbudget/statetables/12stbyprogram.pdf](http://www.2.ed.gov/about/overviewbudget/statetables/12stbyprogram.pdf).

A fuller understanding of how states went about evaluating applications can be gleaned from reviewing the three states' federal applications for Section 1003(g) funds in fiscal year 2009 and 2010 and interviews with state education agency staff in each state. Three state approaches, in turn, are discussed in greater detail below.

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## Evaluation of applications

States are required to evaluate applicants' capacity to effectively implement the necessary intervention strategies. But they have a great deal of discretion as to how they evaluate applications for such capacity. While all three of the focus states judged applications against a rubric and required applicants to complete a needs assessment survey, the states varied in their use of external grant reviewers and cutoff scores—two measures that bring some degree of objectivity to the grant-making process. These differences may have ultimately had an impact on the application-approval rates in these states.

### Illinois

Illinois is perhaps one of the few states that used a competitive grant process to allocate SIG 1003(g) funds before the release of the new regulations in 2009, which made this a requirement for states. Illinois awarded grants to 10 schools in the first round of its SIG competition under the new requirements and to 13 schools in the second round. Thirty-one out of 60 eligible Tier I and Tier II schools applied in the first round with a third of applicants being awarded grants. Approximately half of the applicants were awarded grants in the second round. The state chose to focus its resources on its Tier I and II schools and did not fund any of its Tier III schools in either round.

The competitiveness of Illinois's grant-making strategy is largely due to its two-step scoring process and the use of comprehensive scoring rubrics to assess its applications, which include a district and an individual school application. As a first step a school's readiness to implement an intervention model and the district's capacity to support implementation are evaluated and scored separately by external grant reviewers to create what is termed a "Capacity/Readiness Composite Score."<sup>31</sup>

According to state education staff, assessment of district capacity focuses on "the infrastructure, knowledge, and the resources needed to implement systemic

change.”<sup>32</sup> Illinois also weighs the degree to which a district is willing to work with one of 16 state-approved external partners, which include the Academy for Urban School Leadership and Success For All. School readiness involves having the right components in place—“buy-in from the teachers union, a vision for change, and leadership that can carry that change”—to carry out “radical reform.”<sup>33</sup>

Illinois applies a strict cutoff and only applications that have a composite score above the cutoff move on for further evaluation.<sup>34</sup> Applications falling below the mark receive comments and have the opportunity to revise and resubmit their application but are not otherwise funded.

Among applicants that score above the cutoff, the district and school’s overall application is evaluated and scored separately. Grant reviewers evaluate the district and school’s rationale for selecting the proposed intervention model, the quality of the proposed activities, and the proposed timeline and budget. The district applications must also demonstrate the degree to which the district has obtained stakeholder and parent support for the intervention strategy. The separate school and district application scores are then added to the Capacity/Readiness Composite score. Applications are ranked highest to lowest and are awarded grants, by tier, until funds are depleted.<sup>35</sup> The state has primarily based the size of the grant award on the applicant’s requested budget to the extent that it was reasonable or necessary. The budgets usually accounted for the size of the school and the type of intervention model.<sup>36</sup>

Illinois verifies an applicant’s capacity and commitment to use SIG dollars effectively through a series of activities, including a needs assessment that helps schools select the appropriate model based on the school’s current strengths and weaknesses and in-person interviews.<sup>37</sup>

## Louisiana

Thirty-two grants were awarded from 118 schools—or approximately 27 percent—in Louisiana’s first competition. Of particular note is that many of Louisiana’s Tier I and II schools were passed up for funding because their applications did not meet the state’s standard for quality. Tier III schools were the clear winners in the state’s first SIG competition.

Louisiana was in the process of creating a “watchlist” of schools when the updated SIG regulations were released. The watchlist consisted of low-performing schools

that the state has the option of taking over and managing as part of its Recovery School District if the school fails to improve. State education staff wanted to use the new federal dollars to elevate the work already underway and “get more and more schools to adopt the right practices” to improve.<sup>38</sup>

State education staff also believed it was important to make their grant competition as competitive as possible in response to the bold reforms that are required under the updated SIG program. Louisiana’s grant-making strategy called for testing the political will of districts and schools, according to state education officials: “We’re asking schools to do very hard things. In rural districts, we’re [in effect] asking people to lay off their relatives from their jobs. So it’s important that [districts and schools] felt comfortable and had the will and skill to do these things.”<sup>39</sup>

Louisiana districts must complete a needs assessment for all their eligible schools, enabling those schools to choose the most appropriate intervention model. Unlike Illinois and Vermont, Louisiana requires Tier III schools to implement one of the four federal intervention models as a condition for funding.<sup>40</sup>

Under its program districts submit one application and proposed budget per school. The state secures external grant reviewers to evaluate district applications against a scoring rubric. The rubric prioritizes several factors when assessing applications. It prioritizes, for example, districts that have effective capacity-building initiatives underway. Districts participating in one of the state-sponsored improvement initiatives, which include a school turnaround specialist program, a state staffing initiative, and a capacity-building initiative, are also prioritized for funding.<sup>41</sup>

Districts are also evaluated on their central-office capacity and whether they have established a “turnaround office,” as well as their human-capital efforts to bring in high-quality teachers and principals in their Tier I, II, and III schools. Districts that have and apply on behalf of four or more SIG-eligible schools receive special attention to determine whether the district has the capacity to effectively support all its schools.<sup>42</sup>

Louisiana’s SIG application states, “Building capacity at the school level requires changing operating conditions around [four] critical areas: people, time, money, and program.”<sup>43</sup> The state’s SIG program prioritizes districts that have offered their school principals more operational autonomy over teacher hiring and removals, budgeting, learning time, and school programming.

According to its federal SIG application, the Louisiana Department of Education “sets a high performance bar for SIG applicants and will only fund applications

that propose bold, innovative intervention strategies and demonstrate significant capacity, commitment, and sustainability.”<sup>44</sup> The state scores and ranks its Tier I schools first, but any school or district application that fails to meet the state’s performance bar does not receive funding. Applicants failing to meet state standards do receive feedback on their applications and have the opportunity to revise and resubmit their applications.<sup>45</sup>

Most of the state’s Tier I and II applications were ultimately unsuccessful in the state’s first SIG competition as the bulk of the funding went to Tier III schools, but state education staff believe that their SIG grant dollars are reaching the right schools. “There’s really not a big difference between our Tier I and Tier III schools in terms of proficiency,” state education staff commented.<sup>46</sup> Schools in both tiers are in need of dramatic reform and support in the state’s opinion. State agency staff explained the outcome of their first SIG competition: “At the state level, you have to realize where you can have impact.”<sup>47</sup>

Grant size is largely determined by the number of students enrolled in the school, the proposed intervention model, the extent to which a school has already implemented components of the intervention model, and the boldness of the proposed plan.<sup>48</sup> Schools with larger student enrollments that have not yet begun to implement components of the selected intervention model, for example, are likely to get larger grants. Similarly, proposed plans that call for a dramatic restructuring of the school calendar are likely to be awarded with a larger grant because the state perceives this as a significant reform.<sup>49</sup> In addition, certain components of the turnaround and restart models might require more resources, and therefore, schools implementing these models may receive larger grants than those pursuing the closure model.<sup>50</sup> Still some grantees that are implementing the transformation model received slightly more money because state education staff believe that it requires the most resources and effort, stating, “It’s not a huge amount but something to recognize that they’re taking on the toughest intervention.”<sup>51</sup>

## Vermont

Unlike Illinois and Louisiana, Vermont has administered only one SIG competition, which occurred in 2010, since the federal program has been updated. The state’s Round 1 grant competition resulted in a more liberal spread of awards in comparison to Illinois and Louisiana. The state funded 100 percent of its 66 applicants in the first year of the updated SIG program. Officials explained the

state's grant process this way: "We had a philosophical challenge in that we didn't want to be identifying schools as lowest-achieving and then say, 'we can't support you.'"<sup>52</sup> Vermont officials further added that federal SIG dollars, particularly in the amounts that states received as a result of ARRA, go a long way in their schools because of their small size. The state's average district size is 322 students.<sup>53</sup>

Again, unlike Illinois and Louisiana, nearly all of Vermont's eligible schools applied for SIG grants—66 out of 69 schools. The grant competition resulted in awards to five Tier I schools, five Tier II schools, and 56 Tier III schools. Tier III applicants were required to adopt at least one of the strategies outlined in the federal transformation model to be competitive for funds.<sup>54</sup>

Vermont districts submitted one application that included a needs-assessment survey and school improvement plans for each school to apply for SIG dollars. The needs assessment was intended to assist districts in selecting the most appropriate intervention. Vermont's grant-review team consisted of a variety of state department staff, including the deputy commissioner and school improvement coordinators. Reviewers external to the department were not used.<sup>55</sup> The review team used an evaluation tool to examine each district's needs assessment and application for SIG dollars. Strict cutoff scores were not used when evaluating the applications.<sup>56</sup>

State education staff considered several factors in judging a district's capacity to support its SIG schools. They considered, for example, whether the school or district has already implemented some of the actions required by the selected federal-intervention model, such as a teacher-evaluation system that is informed by student growth and outcomes. The extent to which a district has taken steps to implement requirements outlined by the state and federal accountability system was considered as well.<sup>57</sup> State education staff, for instance, reviewed the progress that schools in corrective action had made in implementing one of the sanctions required under No Child Left Behind. The review team also evaluated any strengths and challenges that might affect school improvement, including support from the school board and teachers union, financial capacity and sustainability, current evaluation systems for teachers and principals, and any statewide or regional partnerships that were underway.

In addition Vermont also evaluated a district's level of commitment to implement the proposed reforms and considered the following:<sup>58</sup>

- A district's commitment to work with the state in developing and executing its school improvement plan

- Whether the district agreed to participate in state-organized training opportunities
- Whether the district agreed to use an external evaluation to identify policies and practices that must be changed to ensure effective implementation, and
- How the district would use other funding sources to complement SIG funds

Vermont used information provided in the district application and in interviews, as well as a district's performance related to corrective actions under the state's accountability system, to evaluate district and school commitment to implement the models effectively.

To determine the size of each school's grant award, Vermont considers a variety of factors including the size of the school, the scope of the educational challenges, the strength of the school's plan, and the district and school's capacity to implement the plan.<sup>59</sup> Most of the Tier I schools in the state's first competition had already engaged in some school improvement reforms so the state considered the extent to which a district or school had already implemented some of the intervention model's requirements.<sup>60</sup>

Vermont first determined the funding levels for Tier I schools, followed by funding for Tier II schools, before finalizing grant amounts for its Tier III applicants. Tier III schools that are located in a district with Tier I or Tier II schools were prioritized with the remaining funds directed at improving elementary and middle schools that feed into low-performing high schools.<sup>61</sup>

Vermont did not apply for FY 2010 SIG funds and instead sought a waiver to carry over funds from the previous year. Due to the state's small size, state education staff believed that a second SIG round would compel the state to identify and serve schools that were not necessarily "persistently low-performing."<sup>62</sup> In addition, the state believed that recent budget cuts would affect its capacity to effectively serve its schools. Vermont requested to delay its second SIG competition until the 2011-12 school year or after the state has improved its capacity.<sup>63</sup> The Department of Education granted the waiver.<sup>64</sup>

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## Technical assistance prior to grant submission

The experience of all three states underscores the significant need for states to provide technical assistance to districts during the grant-making process. "For our

first round, we didn't have any proposals that were fundable," stated Illinois state education staff.<sup>65</sup> The state placed conditions for funding and worked with each district applicant to outline the necessary actions that they would be required to implement if they received funding.

Illinois changed its process for requesting proposals "to help bolster the quality of the applications" in the second round. It offered six months of technical assistance, which included on-site training and web-based courses, prior to the application deadline. State officials also conducted interviews with each of the finalists. As a result the applications were stronger in the second round and state officials felt that they had a better sense of each district's capacity.<sup>66</sup>

Like Illinois, Louisiana state education officials were disappointed in the quality of the applications in the state's first SIG competition. According to state officials high-quality applications came from charter schools, Tier III applicants, and schools that had already begun to implement SIG-related reforms. These types of schools made up the bulk of the state's first-round grantees.

Instead of funding applications in the first round that failed to meet the state's standards of quality, Louisiana requested to carry over funds into the second round, and like Illinois, provide six months of technical assistance to the next round of applicants. The technical assistance consisted of phone calls and in-person meetings with superintendents and district staff. Districts and schools could pre-submit their applications to get feedback and were given the opportunity to strengthen their applications.<sup>67</sup> "There were some districts that clearly wanted [the grants]," and state officials took note.<sup>68</sup>

As for Vermont, state officials indicated that they too had to provide a considerable amount of technical assistance to their Tier I applicants "to make it a fundable grant."<sup>69</sup> In addition, many of the state's Tier III applications did not demonstrate the planning and robustness needed to support the requested levels of funding. The state awarded grants that were much smaller as a result.<sup>70</sup>

It is clear, at least in the early rounds of the new SIG program, that states had to provide a significant amount of technical assistance to improve the competitiveness of their application pool. The new competitive nature of the SIG program did not, in itself, generate robust and bold school-intervention proposals. But it did prompt states to consider how they can strengthen their capacity to support SIG-eligible schools and districts during the grant-application process.

These schools are by definition struggling schools that generally require more support than other schools and the grant process appears to be no exception.

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## Monitoring, accountability, and grant renewal

The updated SIG program requires states to establish annual goals for student math and reading achievement on state assessments for each of its Tier I and Tier II schools. It also requires states to monitor each Tier I and Tier II school for progress on the following nine leading indicators:<sup>71</sup>

- Number of minutes within the school year
- Student-participation rates on state reading and math assessments
- Dropout rates
- Student-attendance rates
- Number and percentage of students completing advanced coursework
- Discipline incidents
- Truancy data
- Teacher distribution disaggregated by performance on the district's teacher-evaluation system
- Teacher-attendance rates

The three states have varying but formalized processes for monitoring their grantees' progress on the annual goals, the leading indicators, and on their school intervention implementation.

## Illinois

Illinois reviews districts' annual reports for progress on the leading indicators and student academic achievement. In addition, the state monitors their progress toward implementation of the intervention, the work that is supported by external providers, progress toward modifying policies and practices that affect school improvement, and the district's steps to sustain school improvement.<sup>72</sup>

The frequency of the state's monitoring somewhat depends on the number of SIG-funded schools in the district, the amount of the grants, and each district's capacity to effectively implement the intervention.<sup>73</sup> Illinois state education officials made on-site visits to grantees a minimum of once in the first year. The state is currently

implementing a process that would allow the state to have consultants on site more regularly. Illinois also receives formal feedback from each of the external lead partners that are working with the schools and districts at least two times a year. And districts submit quarterly budget and self-monitoring reports to the state.<sup>74</sup>

The Illinois State Board of Education, or ISBE, according to the state's application, has the right to terminate a grant or provide intensive technical assistance if the grantee appears to have veered from its goals.<sup>75</sup> Districts are provided written notification if they fail to meet the terms of their agreement, which includes program-related objectives. Districts have 10 days to address the issue to ISBE's satisfaction according to Illinois's district-level application, or ISBE may terminate the grant.

## Vermont

Vermont has reorganized its education department in response to the new SIG rules. As part of that reconfiguration, the state education department has organized three teams to provide comprehensive support to schools with the most intensive needs. One team works with districts that have Tier I, II, and III schools, while a second team works with districts that currently lack Tier I and II schools but have Tier III schools. A third team works with schools that have not been identified as persistently lowest-performing to proactively prevent them from falling off-course.<sup>76</sup>

These state teams are charged with annually reviewing student-achievement scores with district grantees. The state also assesses the implementation goals biannually and conducts fiscal monitoring on an ongoing basis by examining expenditure reports and requests for funds. Districts, in turn, assess and report school improvement grant-implementation goals quarterly.<sup>77</sup>

At least once a month, the state provides intensive technical assistance to its Tier I and Tier II schools and does the same for Tier III schools on a quarterly basis. This support might entail site visits, implementation assistance, and fidelity checks that may rely on interviews with students, teachers, and parents.<sup>78</sup>

Vermont renews grants based on a district's progress toward achievement and on the leading indicators, formative and summative student data, progress toward implementation of the models or proposed intervention strategies, and district participation in state trainings and other state-level school improvement events.<sup>79</sup>

State education staff decide whether to renew or terminate grants based on individual meetings and correspondence with districts and their performance results. The process for working with a school that has veered from its plan for improvement is less formal compared to Illinois and Louisiana, both of which have either a formal timeline or process for districts to respond to concerns over performance.

## Louisiana

The Louisiana Department of Education established its School Turnaround Office in 2010 to build local capacity to turn struggling schools and districts around and prevent the need for state intervention.<sup>80</sup> According to the state, “‘monitoring’ in the traditional sense is not enough” for struggling schools.<sup>81</sup> These schools require a better understanding of the tools and knowledge needed to operate high-performing schools.

Louisiana requires each SIG-funded district to appoint a staff person to directly support its schools and work closely with an assigned state official from Louisiana’s turnaround office.<sup>82</sup> The designated turnaround office staff person makes, at a minimum, monthly site visits to the school and district to provide targeted support. State education staff report on the top three challenges facing each SIG school based on the monthly “snapshots” that state staff collect from their site visits, and decide how to address them.<sup>83</sup>

Louisiana articulates its process to address SIG-funded schools that are making minimal progress more clearly in its federal SIG application in comparison to the other two states. The state education agency will issue at least one performance warning to a school, and its district, that “shows a downward performance trend or little to no performance progress” based on the quarterly monitoring reports and monthly site visits.<sup>84</sup> The district must then submit a revised school improvement plan. Schools and districts are further informed that they are at risk of either losing funding for that school or that the district may be forced to select a more rigorous intervention model if performance does not improve.<sup>85</sup>

Grant-renewal decisions are made annually and are based on each school’s progress on the leading indicators, performance on state assessments, and progress in implementing one of the four models.<sup>86</sup> Unlike Illinois and Vermont, Louisiana considers school performance and progress in other areas. The state, for example, weighs performance data related to science and history, in addition to math and reading. And the state requires districts to set additional performance goals of

their choice, such as improving attendance and dropout rates. Finally, Louisiana education department staff base renewal decisions on a school's progress in reaching its Nine Priority Goals, which state that students will:<sup>87</sup>

- Enter kindergarten ready to learn
- Be literate by grade 3
- Be at grade level in grade 4
- Be at or above grade level in English language arts in grade 8
- Be at or above grade level in math in grade 8
- Graduate from high school on time
- Enroll in college within two years of graduation
- Complete at least one year of college
- Achieve the above goals regardless of race and socioeconomic status

Schools and districts that fail to make progress in these areas and are unresponsive to the state's performance warnings risk losing their grants. Louisiana will, however, give a district and a struggling school that is responsive to the state's warnings additional support and an opportunity to select a different intervention model. The state may otherwise pull the district's SIG funds for the school.<sup>88</sup>

Undoubtedly all states wrestle with the decision to terminate valuable SIG funds for their struggling schools, even in instances when there is minimal progress. An important part of this decision-making process is determining whether the school or district has been provided with sufficient opportunities and guidance to make the most effective use of dollars, which is largely a subjective determination. States, however, want to ensure that they are making sound investments. Therefore the most appropriate step that states can take may be to make the process and criteria for grant renewal and terminations as transparent as possible.

All three states clearly identify the criteria upon which grant-renewal decisions will be made. Louisiana, interestingly, includes data that other states have not yet included in their process. But more importantly, Louisiana does a better job when compared to other states in clearly articulating the state's process for renewing grants and specifies at which point districts and schools may be at risk of losing funding.

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## Perceived impact of new regulations on grant-making practices

Vermont state officials indicated that their grant-making approach for SIG dollars has changed "significantly" as a result of the new regulations. The state, which

previously awarded grants to districts and schools based on a formula, explained that the SIG grant-making rules helped it recognize the need for a formalized process to support chronically underperforming schools. According to state officials, “It has helped us to refocus our efforts. ... it gave us an opportunity to think about how better to support this work and how to build capacity at the state level.”<sup>89</sup>

Vermont education staff, however, indicated that the current formula for identifying and ranking persistently low-performing schools may not be the best method for their small state. The state felt obliged to include some higher-performing schools in the list, an unintended consequence of the current formula.

Meanwhile Illinois state education staff indicated feeling no such constraints. They felt that the new regulations give states enough flexibility to target the right schools.<sup>90</sup> But the state also described the SIG program as one component of their statewide approach. Illinois state education staff have other ways to target and identify schools that are falling behind based on their financial performance and human-capital resources, though they agree that the focus on achievement in the federal definition’s persistently lowest-achieving schools is appropriate.

In Louisiana state officials are confident that they are targeting the right schools with their SIG dollars: “When I look at our watchlist, I see the lowest-performing schools in our state. There’s nothing in the federal definition that has allowed us to not identify the right schools.”<sup>91</sup> Louisiana officials did, however, state that it would be helpful if states could portion out some SIG dollars to support schools that do not require whole-school reform but that would still benefit from some support.

The updated SIG requirements have changed the way that Louisiana thinks about school improvement. While Louisiana was taking steps to strengthen its statewide improvement system when the SIG regulations were released, “the emphasis on capacity and commitment was not there before [the regulations,]” according to Louisiana state education staff.<sup>92</sup> State staff believe that the new competitive nature of the SIG program requires the state to look at ways to build capacity in their low-performing schools that have not been awarded grants, particularly the state’s rural schools. The state’s school turnaround office staff are working with some of these districts to make changes that do not necessarily require funding. In one district, for example, turnaround staff are working on components of teacher effectiveness, including protocols for observing teachers in the classroom followed by coaching sessions to improve teacher practice.<sup>93</sup>

## Findings and policy implications

The new federal SIG regulations have prompted states to rethink their grant-making process, including how they evaluate grant applications, support districts during the application process, and monitor and hold grantees accountable. The manner in which Illinois, Louisiana, and Vermont have implemented their SIG programs is not necessarily representative of the practices and policies taking place across the country. But there are some issues that emerged from this small group of states that bear mentioning and further examination across all states.

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### Access to SIG dollars may or may not be competitive depending on the state

The new federal regulations require states to establish a competitive process to award SIG grants to districts and their schools. Louisiana and Illinois have implemented competitive grant processes that allow them to identify and sort through their large number of struggling schools and target federal dollars to schools where they are likely to make the greatest impact. Both states adhere to a strict cutoff score when evaluating their grant applications and choose to target their SIG dollars only to the most competitive schools and districts. Both states also used reviewers outside the state department of education, or even the state, to review applications.

As a smaller state with fewer struggling schools, Vermont believes it has the ability and resources to support most if not all of its lowest-performing schools. State officials generally believe that the windfall of school improvement dollars due to ARRA traveled further and deeper in their state.

Certainly there are issues to consider in both approaches. Louisiana's high bar for awarding grants, for instance, meant that some of the most needy schools, as defined by the federal regulations, were passed over for funding. The same is true in Illinois, where more than 700 schools were eligible for SIG grants but only a

handful of schools are seeing those federal dollars. On the other hand, Vermont schools that are interested in instituting some important school improvement reforms generally had access to SIG resources to support their work. This is not an insignificant issue. States must weigh the merits of using federal resources for a few schools instead of a larger number of schools in designing their SIG program.

In Illinois and Louisiana a district's commitment and capacity to use federal funds effectively and make bold changes appeared to carry more weight than financial need. As one Louisiana official stated, "It doesn't help to layer on more funding on a school that doesn't have a plan."<sup>94</sup>

It is too soon to see the impacts of these early round of SIG grants, but Illinois and Louisiana are targeting their resources and dollars in a cohort of schools that is not only smaller and more targeted but also in schools that are in a position to institute some of the more dramatic reforms that the Obama administration intended to see as a result of its investment. The smaller proportion of awarded schools also meant that some of these schools had more dollars to use toward their reforms. Round 1 Tier III schools in Louisiana, for example, have a \$900 annual per-pupil grant award compared to Vermont's \$150 per-pupil award. The role that competitiveness plays in the resulting grant size, therefore, is another important consideration for states and policymakers.

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### States provided substantial technical assistance to strengthen district applications

The new competitive nature of the SIG program did not, in itself, generate robust and bold school-intervention proposals. State officials from all three states remarked on the effort and time they had to provide to districts to make their applications "fundable." Districts' need for technical assistance in this area was not immediately clear until the first round of grant applications were submitted. Subsequently, Louisiana and Illinois used the time in between the first and second round of grants to provide substantial technical assistance to districts. This included web-based trainings, conference calls, in-person meetings and interviews, and reviewing pre-applications to provide feedback before the final deadline.

It goes without saying that technical assistance requires extensive time and effort. States, therefore, must be prepared to strengthen their capacity to support SIG-eligible districts and schools during the grant-application process. This

is a particularly important consideration given the target of the school improvement grants—underperforming districts and schools that generally need more support than other schools.

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### Application rates varied substantially across states

A smaller proportion of SIG-eligible schools and their districts applied for federal dollars in both the first and second round in Illinois and Louisiana in comparison to Vermont's turnout in the first round. In Vermont nearly every eligible school applied for grants. Illinois limited SIG funding to its 60 Tier I and Tier II schools, but districts representing only half of these schools applied for SIG dollars in Illinois's first round. One state official suggested that the four intervention models may have discouraged some districts and schools from applying. This mirrors what other research has found.<sup>95</sup> Meanwhile in Louisiana 118 out of an eligible 320 schools applied in the first round. Louisiana state officials are providing technical assistance with non-SIG dollars to some of the eligible districts and schools that did not apply for a SIG grant to implement some preliminary school improvement steps such as improving the effectiveness of teachers in low-performing schools. The goal is that some of these districts and schools might be more encouraged to apply for dollars in the future to continue their work.

Unlike other states Vermont had very high application turnout in its first round of SIG grants. Sixty-six out of 69 schools applied for grants. Vermont education staff are unsure why the state had such a strong turnout. The state did not promise grants to all schools, but schools were informed that there would likely be enough funding to serve many schools. "It was not rolled out as a winner-loser proposition," according to state officials.<sup>96</sup> State officials surmise that this may have encouraged a large number of districts and schools to apply. In addition the substantial assistance that the Vermont Department of Education provided throughout the grant process may have played a part.<sup>97</sup>

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### Criteria for monitoring districts is clear but the process for grant renewal and termination can be further formalized

States were generally clear in their applications to the U.S. Department of Education, correspondence to districts, or on their website about the criteria they would use to evaluate applications. The scoring systems in Illinois and Louisiana,

which include clear-cut scores that applications must reach to be funded, further increased the transparency of their reviewing processes.

It is also evident that all three states provide clear criteria upon which districts and schools will be monitored and evaluated for grant renewal or termination. But it is worth noting that all states should improve the transparency of their process to renew or terminate grants. Louisiana and Illinois are a step ahead of Vermont in this respect. Louisiana has clearly articulated their process in their federal SIG application, and Illinois states their termination process in their district-level application. The process is much less transparent in Vermont. All states, including the three focus states, should consider how their grant-renewal process can be more transparent in their district-level applications, statements of agreements with districts, and on their websites so parents and community stakeholders can be equally informed.

# Conclusion

The rising number of state-identified struggling schools, together with states' lack of capacity and resources, has motivated federal policymakers over the years to increase the federal government's investment in school improvement efforts and improve the targeting and use of school improvement dollars. The Obama administration has made an unprecedented investment in the School Improvement Grant program and revised program regulations as a result.

The updated SIG program is often critiqued for being overly prescriptive.<sup>98</sup> The new regulations governing the federal program have certainly narrowed school and district use of funds, but it is also evident that states continue to have a great degree of flexibility in implementing their grant-making strategy. They possess discretion and flexibility in their process for evaluating applications, the type and degree of technical assistance that they provide to districts and schools during the application process, and their process for monitoring and renewing grants.

Striking the appropriate balance between supporting only high-quality school improvement initiatives, investing sufficient dollars to achieve impact, and addressing schools' dire needs for funds is certainly a challenge for states. States like Illinois and Louisiana have instituted a competitive grant process that targets dollars to a small number of schools that have committed to implement one of the SIG program's four models. Meanwhile a state like Vermont, because of its small size, believes it has the resources to reach more schools and therefore funded most of its SIG-eligible schools.

Low application turnout among districts and schools is yet another challenge faced by states and was evident in both Illinois and Louisiana, suggesting that many districts may be shying away from implementing one of the four SIG models. The new models were put in place partly to ensure that those applying for funds were committed to using federal SIG dollars only for dramatic reform. So perhaps this is a natural consequence. At least one state, Louisiana, is working with SIG-eligible districts that did not apply for grants to implement smaller

reforms that will hopefully encourage them to make the leap to some of the bolder models that the new SIG requirements now require.

Despite the competitive nature of the SIG program and the commitment to bold reform shared among the few districts and schools that ultimately applied, the quality of those applications is a concern for most states. All three states—Illinois, Louisiana, and Vermont—invested tremendous support and time to improve the quality of their district and school applications. This additional burden on states may dissipate as districts and schools become more acquainted with the SIG program’s new requirements and demands. States, however, should be prepared to provide substantial technical assistance and support to their SIG-eligible districts and schools during the grant-making process.

Similarly, the federal government should recognize the increased responsibility that states are assuming as a result of the new regulations and ensure that they are well supported in their effort to improve the nation’s schools. The SIG program holds great promise, particularly if federal policymakers and all states ensure that only districts and schools with the greatest capacity and strongest political will to implement bold reforms receive these valuable grant awards.

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## About the author

**Melissa Lazarín** is an independent educational consultant. She is the former Associate Director of Education Policy at the Center for American Progress where she focused principally on high school reform, expanded learning time, standards-based reform, and education issues related to English language learners and Latinos.

Prior to joining American Progress, Lazarín served as director of education policy at First Focus, a national children’s advocacy organization, and as associate director of education policy at the National Council of La Raza, a national Latino civil rights and advocacy organization. In both capacities, she advanced federal legislation related to high school reform, educational opportunities for immigrants, and standards-based reform. Earlier in her career Lazarín worked as a policy analyst with Social Policy Research Associates in Oakland, California, where she evaluated Job Corps, school-to-work, workforce-development programs, and high school programs. She holds a bachelor’s degree from Stanford University and a master’s degree from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin.

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## Endnotes

- 1 The U.S. Department of Education estimated that nearly 13,000 schools had been identified for improvement in the 2007-08 school year. See: Arne Duncan, Testimony before the House and Senate Appropriations Subcommittees, June 3, 2009, available at <http://www.ed.gov/news/speeches/secretary-arne-duncan-testifies-fiscal-year-2010-budget-request-house-and-senate-appro>.
- 2 The new school improvement guidance requires states to sort their lowest-achieving schools into three tiers. States can fund their Tier III schools only after funding for Tier I and II schools has been considered. GAO's data examine the proportion of Tier I and Tier II applicants that were funded and do not include Tier III applicants. For more information, see: Government Accountability Office, "Early Implementation Under Way, but Reforms Affected by Short Time Frames," GAO-11-741, Report to the Vice Chairman, Committee on Appropriations, United States Senate, and the Chairman and Ranking Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, United States Senate, July 2011.
- 3 Steven Hurlburt and others, "Baseline Analyses of SIG Applications and SIG-Eligible and SIG-Awarded Schools" (Institute of Education Sciences, U.S. Department of Education, 2011).
- 4 Section 1003(a) of the No Child Left Behind Act required states to set aside two percent of their Title I allocations in FY 2002 and 2003. This proportion increased to four percent in FY 2004.
- 5 Government Accountability Office, "No Child Left Behind Act: Education Actions Could Improve the Targeting of School Improvement Funds to Schools Most in Need of Assistance," GAO-08-380, Report to the Chairman and Ranking Member, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, Committee on Appropriations, United States Senate, February 2008.
- 6 Ibid.
- 7 See: Phyllis McClure, "School Improvement Under No Child Left Behind" (Washington: Center for American Progress, 2005); Tom Fagan, "Title I Funds—Who's Gaining, Who's Losing: School Year 2007-08 Update" (Washington: Center on Education Policy, 2007).
- 8 Ibid.
- 9 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66369.
- 10 U.S. Department of Education, "School Improvement Fund State Application" (2007).
- 11 See: Government Accountability Office, "No Child Left Behind Act: Education Actions Could Improve the Targeting of School Improvement Funds." States were surveyed between July and October 2007, prior to the implementation of the FY 2007 SIG 1003(g) grants. Therefore states' responses and data in this report only pertain to 1003(a) school improvement dollars.
- 12 Ibid.
- 13 Ibid.
- 14 States continue to have discretion over how they distribute Section 1003(a) dollars for school improvement.
- 15 "School Improvement Grants, Notice of Proposed Requirements," *Federal Register* 74, no. 164 (August 26, 2009): 43107.
- 16 States identify their lowest-achieving among their Title I-eligible or -receiving schools based on their overall academic achievement level, whether the school is failing to make progress on state assessments, and—among high schools—whether graduation rates hover below 60 percent.
- 17 Title I schools that fail to make annual yearly progress, or AYP, for several consecutive years face sanctions under Section 1116 of the *No Child Left Behind Act*. Schools that do not make adequate yearly progress for two consecutive years, for example, are identified for school improvement and must provide students the option to transfer to another public school. If a school fails to improve after four years, the school is considered to be in corrective action and must implement at least one of several actions—such as the replacement of some school staff or implementation of a new curriculum—to improve school performance. Schools that fail to improve after five years enter restructuring and are expected to go dramatic governance reforms, such as a charter school conversions or state takeover. For a description of Tier I schools, see: "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66365-66368.
- 18 "School Improvement Grants, Notice of Proposed Requirements," *Federal Register* 74 (164) (2009): 43103.
- 19 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66365.
- 20 Ibid.
- 21 "School Improvement Grants, Notice of Proposed Requirements," *Federal Register* 74 (164) (2009): 43104.
- 22 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66365-66366.
- 23 Ibid.
- 24 "School Improvement Grants, Final Rule," *Federal Register* 74 (236) (2009): 65647.
- 25 Ibid.
- 26 The federal regulations do not require Tier III schools to implement one of the four intervention models. Districts have discretion over the school improvement strategies that are implemented in their Tier III schools.
- 27 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66368.
- 28 Steven Hurlburt and others, "Baseline Analyses of SIG Applications."
- 29 Letter from Christopher A. Koch, state superintendent of education, Illinois State Board of Education, to local education agencies regarding the request for proposals, May 2010.
- 30 Rayne Martin, telephone interview with author, July 29, 2011; Rae Ann Knopf, telephone interview with author, August 4, 2011.
- 31 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010," submitted to the U.S. Department of Education on December 3, 2010.
- 32 Monique Chism, telephone interview with author, August 8, 2011.
- 33 Ibid.
- 34 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 35 Ibid.
- 36 Chism, telephone interview.
- 37 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 38 Martin, telephone interview.
- 39 Ibid.

- 40 Martin, telephone interview; Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010," submitted to the U.S. Department of Education on December 3, 2010.
- 41 Ibid.
- 42 Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 43 Ibid.
- 44 Ibid.
- 45 Martin, telephone interview; Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 46 Martin, telephone interview.
- 47 Ibid.
- 48 Louisiana High-Performance Schools Initiative, "Funding Level Calculations: 1003(g) School Improvement Grants (SIG)" (Louisiana Department of Education, 2010), available at [www.doe.louisiana.gov/topics/hpsi.html](http://www.doe.louisiana.gov/topics/hpsi.html).
- 49 Ibid.
- 50 Ibid.
- 51 Martin, telephone interview.
- 52 Knopf, telephone interview.
- 53 Knopf, telephone interview; Letter from Armando Vilaseca, commissioner, Vermont Department of Education to Thelma Melendez, assistant secretary, Office of Elementary and Secondary Education, U.S. Department of Education, June 6, 2011.
- 54 Knopf, telephone interview; Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009," submitted to the U.S. Department of Education on April 2, 2010.
- 55 Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009"; Personal communication from Kenneth Remsen, school improvement coordinator, Vermont Department of Education, January 18, 2012.
- 56 Personal communication from Kenneth Remsen.
- 57 Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009."
- 58 Ibid.
- 59 Knopf, telephone interview.
- 60 Ibid.
- 61 Knopf, telephone interview; Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009."
- 62 Letter from Armando Vilaseca, commissioner, Vermont Department of Education.
- 63 Ibid.
- 64 Letter from Michael Yudin, acting assistant secretary, Office of Elementary and Secondary Education, U.S. Department of Education, to Armando Vilaseca, Commissioner of Education, Vermont Department of Education, September 21, 2011.
- 65 Chism, telephone interview.
- 66 Ibid.
- 67 Martin, telephone interview; Sheila Guidry, telephone interview with author, August 5, 2011.
- 68 Martin, telephone interview.
- 69 Knopf, telephone interview.
- 70 Ibid.
- 71 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66370–66371.
- 72 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 73 Ibid.
- 74 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010"; Chism, telephone interview.
- 75 Illinois State Board of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 76 Knopf, telephone interview; Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009."
- 77 Vermont Department of Education, "School Improvement Grants Application: Fiscal Year 2009."
- 78 Ibid.
- 79 Ibid.
- 80 Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 81 Ibid.
- 82 Ibid.
- 83 Guidry, telephone interview, August 5, 2011.
- 84 Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 85 Ibid.
- 86 Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010"; Sheila Guidry, telephone interview with author, December 29, 2011.
- 87 Louisiana Department of Education, "School Improvement Grants Application: Fiscal Year 2010."
- 88 Ibid.
- 89 Knopf, telephone interview.
- 90 Chism, telephone interview.
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- 92 Martin, telephone interview.
- 93 Guidry, telephone interview, December 29, 2011.
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- 95 Jessica Quillin, "Snapshot of SIG: A Look at Four States' Approaches to School Turnaround" (Washington: Center for American Progress, 2011).
- 96 Personal communication from Kenneth Remsen.
- 97 Ibid.
- 98 "School Improvement Grants, Final Rule," *Federal Register* 75 (208) (2010): 66365.

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