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THE WHITE HOUSE

FACT SHEET

FINANCIAL ASSISTANCE FOR ELEMENTARY AND SECONDARY  
EDUCATION ACT

The President announced today that he is proposing the Financial Assistance for Elementary and Secondary Education Act to provide for a more effective use of Federal funds in support of elementary and secondary education programs at the State and local level.

I. BACKGROUND

The Federal Government supports about 7 percent of the total cost of elementary and secondary education. The bulk of that support is channeled through numerous narrow categorical programs. It is distributed through States to local educational agencies through mechanisms that take into account such factors as school-age population and income levels of students' families.

The Federal effort has helped to assure that children with special needs receive an equal educational opportunity, but it has also led to the promulgation of layers of rules and regulations and the imposition of administrative burdens at the local level which are unrelated to the development of programs of quality education.

In his State of the Union address the President announced his intention to propose consolidation of a number of education programs into one block grant in order to minimize the intrusiveness and burden of Federal regulations while continuing appropriate Federal support for education.

II. DESCRIPTION OF PROGRAM

This legislation will consolidate into a single block grant authority the following programs:

1. Titles I, II, III, IV, and V of the Elementary and Secondary Education Act of 1965,
2. The Education of the Handicapped Act,
3. The Vocational Education Act of 1963, and
4. The Adult Education Act.

The bill will have four titles.

Title I -- contains all the general provisions relating to appropriations, allotments to States, State planning requirements, and other provisions applicable to the entire bill.

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Title II --- sets forth minimum criteria for that portion of the funds which will be used for elementary and secondary, handicapped, and adult education programs.

Title III --- sets forth minimum criteria for that portion of the funds which will be used for vocational education programs.

Title IV --- continues a number of existing programs for research and innovation and certain special services relating to vocational education and education of the handicapped.

### III. FUNDS

In fiscal year 1977 (school year 1977 - 1978) there would be authorized for the purposes of this Act \$3.3 billion. This authorization would be increased by \$200 million annually in fiscal years 1978, 1979, and 1980.

Of the \$3.3 billion available in fiscal year 1977, \$3.231 billion would be directly available to States under Titles II and III of the legislation. The \$200 million annual additional funding would also be directly available to the States in succeeding years. \$69 million would be authorized annually for Title IV for the use of the Commissioner of Education on national impact projects for vocational education and for the handicapped.

The legislation continues to assure, as now, that funds are available to the States and localities before the start of the school year.

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IV. PROGRAMS CONSOLIDATED

Listed below are the presently existing programs which will be consolidated in Titles II, III and IV of this Act, together with the actual fiscal year 1975 and 1976 appropriations for those programs.

Title II --- Elementary and Secondary, Handicapped, and Adult Education Programs

|   | (Dollars in Millions) |                |
|---|-----------------------|----------------|
|   | <u>Appropriations</u> |                |
|   | <u>FY 1975</u>        | <u>FY 1976</u> |
| <u>--- Elementary and Secondary Education</u>           |                       |                |
| Grants for disadvantaged                                | 1,900                 | 2,050          |
| Support and Innovation Grants                           | 173                   | 185            |
| <u>--- Education for the Handicapped</u>                |                       |                |
| State Grants (Part B)                                   | 100                   | 110            |
| Severely Handicapped Projects                           | 3                     | 3              |
| Specific Learning Disabilities                          | 3                     | 5              |
| Early Childhood Education                               | 13                    | 22             |
| Regional Vocational, Adult, and Postsecondary Education | .6                    | 2              |
| Recruitment and Information                             | .5                    | .5             |
| Special Education Manpower Development                  | 38                    | 40             |
| <u>--- Adult Education</u>                              | 68                    | 72             |
| <u>--- Library Resources</u>                            |                       |                |
| School Libraries and Instructional Resources            | 137                   | 147            |

Title III --- Vocational Education

|   |     |     |
|---|-----|-----|
| Basic Vocational Education                | 428 | 423 |
| Programs for Students with Specific Needs | 20  | 20  |
| Consumer and Homemaking Education         | 36  | 41  |
| Work Study                                | 10  | 10  |
| Cooperative Education                     | 20  | 20  |
| State Advisory Council                    | 4   | 4   |
| Curriculum Development                    | 1   | 1   |
| Research                                  | 13  | 18  |

Title IV --- National Impact Projects

|  |    |    |
|--|----|----|
| Vocational Innovation                      | 16 | 16 |
| Innovation and Development for Handicapped | 9  | 11 |
| Deaf-Blind Centers                         | 12 | 16 |
| Media Services and Captioned Films         | 13 | 16 |
| Regional Resource Centers for Handicapped  | 7  | 10 |

|            |              |              |
|------------|--------------|--------------|
| TOTAL..... | <u>3,030</u> | <u>3,242</u> |
|------------|--------------|--------------|

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The list of programs to be included in the consolidation reflects changes made subsequent to the time the President's fiscal year 1977 Budget was submitted to the Congress. These changes result from discussions which the President directed Administration officials to initiate with leaders in the education community and representatives of State and local officials. These discussions produced a number of helpful suggestions and the President believes they have led to a strengthening of the legislation.

Four programs which dealt with higher education and libraries were deleted from the proposal. They are:

|   | (Dollars in Millions) |         |
|---|-----------------------|---------|
|   | <u>Appropriations</u> |         |
|   | FY 1975               | FY 1976 |
| Public Libraries (Library Services & Construction Act)          | 52                    | 52      |
| College Libraries (Higher Education Act)                        | 10                    | 10      |
| Training & Demonstrations for Librarians (Higher Education Act) | 3                     | 2       |
| Undergraduate Instructional Equipment (Higher Education Act)    | 8                     | 8       |

A later request will be made to the Congress by the Administration for one-year extension of authorities needed to fund the College Libraries Program. Authority will not be requested for the Training and Demonstration for Librarians or the Undergraduate Instructional Equipment programs. Additional authority is not needed for public libraries.

In the original budget proposal, the Deaf-Blind Centers Program was listed as a separate program. As the legislative proposal was developed, a Title IV, National Impact Program was created, and the Deaf-Blind Centers Program became a part of that Title. A total of 24 programs are now included in the Act.

#### V. DISTRIBUTION TO THE STATES

The formula for distribution of Federal funds to the States under this Act is based upon the number of children from families below the poverty level and the school-age population (ages five through 17 inclusive) of a State.

Each State would receive as a floor amount either \$5 million or the amount it received in fiscal year 1976 for the 24 programs to be consolidated, whichever is less.

Each State would then receive not less than 85 percent of the amount allotted to that State in the preceding fiscal year under the 24 programs now consolidated, less the initial sum referred to in the preceding paragraph.

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After these allocations, the remaining funds would be distributed on the basis of 60 percent, on the number of children from families below the poverty level and 40 percent on the basis of school-age population. The sum thus obtained is multiplied by the ratio of the State average per pupil expenditure to the national average per pupil expenditure -- however, no State will be treated for purposes of this formula as being at less than 80 percent or more than 120 percent of the national average per pupil expenditure.

No State loses under this formula -- all States gain. A State by State distribution table is attached at Appendix A.

In the accompanying detailed analysis, the actions which a State must undertake to receive Federal funding under this Act are described.

In general terms, the State is required to develop a plan for use of Federal funds. That plan must be developed in a public process with ample opportunity for public review and comment. The State plan, as such, is not subject to Federal review, but the progress the State makes as measured against its own plan is subject to Federal review.

The legislation retains in full force all relevant civil rights procedures. It requires service to non-public school children and to Indian tribal children.

The legislation requires that 75 percent of all Federal funds go to serve the needs of the educationally-deprived and handicapped. It requires States to pass through Federal funds for use of local educational agencies. It also requires that Federal funds be spent on vocational education needs.

Funds not subject to the requirement for use to serve the educationally disadvantaged or not reserved for vocational education purposes could be used for educational activities such as school libraries, textbooks, educational materials and equipment, guidance, counseling, and testing, innovation and support or for any other educational purpose for which funds could have been used under the programs consolidated by this Act.

Where States do not comply with the requirements of the legislation or meet the commitments set forth in their own plan, the Commissioner of Education has a flexible penalty provision at his disposal.

Finally, Title IV of the legislation would continue the Commissioner's authority to fund certain special projects directly.

## VI. STATE PLAN REQUIREMENTS

This legislation will require each State to establish, as a matter of State law, the structures and procedures of its own planning process. Within that broad flexible authority, each State would be required to:

- (1) designate the State agency or agencies to administer the program,
- (2) develop and publish a plan for use of the funds,
- (3) certify to the Commissioner that it has such a plan, and
- (4) certify annually that it has complied with the plan, or inform the Commissioner of any substantial failure to comply with the plan.

Further, States would be required to:

- (1) develop procedures for the independent monitoring within the State of compliance with the plan,
- (2) submit those procedures to the Commissioner for approval, and
- (3) meet certain independent audit, evaluation, and reporting requirements.

The Commissioner's approval authority described in number two above is a limited one. It is granted only to emphasize the importance to the Federal Government of the States establishing the means to comply with their own plans.

With regard to procedures, States would be required to establish means for obtaining the views of appropriate State and local agencies, units of local government, citizens, and private institutions, and establish a means to ensure that the educational needs of all residents of the State are taken into account.

The proposed plan would have to be published at least ninety days prior to the beginning of the program year. Public comment would be accepted for at least forty-five days and the final plan would then have to be published prior to the beginning of the program year. The State would have to summarize and publish the comments received and the disposition thereof.

Finally, the State plan would have to:

- (1) set forth objectives of the plan;
- (2) provide for the allocation and use of funds within the State in accordance with requirements set forth in Titles II and III;
- (3) set forth the policies and procedures used by the State to distribute funds to LEA's (local educational agencies) so that such distribution takes into account the number of handicapped, educationally-deprived, and low-income children in each LEA, with adjustments to reflect the costs in each LEA and the resources available to each LEA for providing services to such children;

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- (4) set forth the amount of funds to be distributed to each LEA;
- (5) describe the organizational structure through which the program will be administered;
- (6) describe the process the State will use to ensure adequate planning by local educational agencies for use of these funds;
- (7) describe the means by which non-public and Indian tribal school children will be served under the program;
- (8) provide that at least 75 percent of the funds is passed through by the State to local educational agencies;
- (9) provide that not less than 75 percent of the funds is used to meet the special educational needs of the educationally-deprived and the handicapped.
- (10) provide that the State will not use more than 5 percent of its allocation for administrative purposes, unless a larger percentage of funds under the programs consolidated was available to the State for administration in fiscal year 1976, in which case the State could use up to that amount of funds for administration.

If a State designates a separate State agency to administer its vocational education program under this Act, it could also develop a separate State plan for that purpose. However, that plan would be subject to the same due process provisions as the comprehensive State plan. It would have to be developed in coordination with the comprehensive plan, and be published at the same time and in the same manner as that plan.

## VII. COMPLIANCE PROCEDURES

Where a State fails to comply with the above requirements or fails substantially to comply with the provisions of its own plan, the Commissioner has the authority, after notice and opportunity for a hearing, either to make no further payments to the State, or to reduce the amount otherwise payable to the State by up to 3 percent.

The Commissioner could also, after notice and opportunity for a hearing, terminate payments to a State which does not implement or comply with the self-monitoring procedures discussed above. Provision would be made for judicial review of any such determination by the Commissioner.

This provision of the legislation gives the Commissioner new flexibility in applying penalty provisions. Where a State is in substantial non-compliance or indicates refusal to comply, the Commissioner may cut off all funds. Where the non-compliance is of a minor nature and, particularly, where the State is making an effort to comply, the Commissioner will have at his disposal more reasonable penalty provisions.

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### VIII. CIVIL RIGHTS

If any local educational agency in the State is determined by the Secretary of Health, Education, and Welfare to be out of compliance with Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972 (relating to discrimination on the basis of sex), or Section 504 of the Rehabilitation Act of 1973 (relating to the discrimination against the handicapped), the State's allotment would be reduced by an amount equal to the percentage which the number of children in the local educational agency is of the total number of children in the State. No funds could be paid to any local educational agency which is out of compliance with those statutes.

### IX. NON-PUBLIC SCHOOL CHILDREN

The requirements in this proposal for the participation of non-public school children are similar to those now contained in Title IV of the Elementary and Secondary Education Act. This provision would essentially require that children in non-public schools be given an equitable opportunity to participate in programs assisted by this Act to the extent that they reside in areas served by the programs and have the needs addressed by those programs.

The State would also be required to serve children in Indian tribal schools.

If the State is legally unable, or fails to provide for participation of children as required by the legislation, the Commissioner would arrange for services to such children by contract or otherwise, and deduct the cost thereof from the State's allocation.

### X. TITLE II PROVISIONS (ELEMENTARY AND SECONDARY, HANDICAPPED, AND ADULT EDUCATION PROGRAMS)

Title II sets forth minimum requirements for the use of that portion of the funds provided under this Act which would be available for elementary and secondary, handicapped, and adult education purposes. The State's comprehensive plan would have to take into account the special educational needs of educationally-deprived and handicapped children, assess the resources available in the State to meet those needs, and demonstrate reasonable promise of substantial progress in meeting those needs. The plan would also set forth an adult education program.

Under Title II, the State would be required to allocate to each local educational agency in the first fiscal year after enactment at least 85 percent of the amount received by that agency in the preceding fiscal year under Title I of the Elementary and Secondary Education Act and Part B of the Education of the Handicapped Act. These funds must be used to meet the special educational needs of the educationally deprived and handicapped.

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Funds not subject to the requirement for use to serve the educationally disadvantaged or not reserved for vocational education purposes could be used for educational activities such as school libraries, textbooks, educational materials and equipment, guidance, counseling, and testing, innovation and support or for any other educational purpose for which funds could have been used under the programs consolidated by this Act.

XI. TITLE III PROVISIONS - (VOCATIONAL EDUCATION)

Title III sets forth requirements for vocational education programs under this Act. Each State would be required to expend for the purposes of vocational education at least the same percentage of its Federal funds received under this Act as the percentage of the State's Federal vocational education funds were of its total Federal funds received under the programs consolidated under this Act in fiscal year 1976.

As an example, if a State received from the Federal Government \$30 million for the purposes of vocational education in FY 1976, and this amount represented 10 percent of the total Federal funds received under the programs consolidated under this Act by that State, this proposal would require that henceforth that State can spend no less than 10 percent of the Federal funds it receives under this Act for the purposes of vocational education.

The State's vocational education program would be required to take into account the vocational education needs of the State, to assess the resources available to meet those needs, and to be designed to provide individuals with educational programs that will make substantial progress toward preparing persons for a career or for further advancement in their present employment. At least 25 percent of the amount the State uses for vocational education under this Act must be used to meet vocational education needs of persons with special needs (the educationally-deprived and the handicapped).

The Federal funds which a State uses for vocational education for persons with special needs count toward the 75 percent of Federal funds which Title II requires to be spent on persons with special needs.

XII. TITLE IV PROVISIONS (NATIONAL IMPACT PROJECTS)

Title IV would continue the Commissioner's authority to fund certain special projects and innovation and development activities relating to vocational education and the education of the handicapped. The Commissioner would be authorized to support innovation, development, and dissemination activities in vocational education and the education of the handicapped either directly or through grants or contracts. He would also be authorized to support centers and services for deaf-blind children, regional resource centers, and a loan service for captioned films and other educational media for the handicapped. A total appropriation of \$69 million would be authorized for these activities for fiscal year 1977 and each of the three succeeding fiscal years.

FINANCIAL ASSISTANCE FOR ELEMENTARY AND SECONDARY EDUCATION ACT

STATE TABLE

(ESTIMATES PROVISIONAL-DOLLAR AMOUNTS AND PERCENTAGES SUBJECT TO MINOR ADJUSTMENTS LATER)

| State         | Estimated<br>1976<br>Appropriation * | Estimated<br>1977<br>Block Grant * | Dollar *   | Percent    |
|---------------|--------------------------------------|------------------------------------|------------|------------|
|               |                                      |                                    | Difference | Difference |
| ALABAMA.....  | 69265.                               | 71291.                             | 2026.      | 2.92       |
| ALASKA.....   | 9413.                                | 9799.                              | 385.       | 4.09       |
| ARIZONA.....  | 30579.                               | 31311.                             | 732.       | 2.39       |
| ARKANSAS..... | 41607.                               | 42711.                             | 1104.      | 2.65       |
| CALIFORNIA... | 262651.                              | 266012.                            | 3361.      | 1.28       |
| COLORADO....  | 33739.                               | 34400.                             | 661.       | 1.96       |
| CONNECTICUT.  | 36214.                               | 37520.                             | 1306.      | 3.61       |
| DELAWARE....  | 10073.                               | 10782.                             | 708.       | 7.03       |
| FLORIDA.....  | 109840.                              | 110532.                            | 692.       | .63        |
| GEORGIA.....  | 80350.                               | 82421.                             | 2071.      | 2.58       |
| HAWAII.....   | 11926.                               | 12688.                             | 762.       | 6.39       |
| IDAHO.....    | 12555.                               | 12820.                             | 266.       | 2.12       |
| ILLINOIS....  | 152191.                              | 155677.                            | 3486.      | 2.29       |
| INDIANA.....  | 56802.                               | 57749.                             | 947.       | 1.67       |
| IOWA.....     | 34115.                               | 35132.                             | 1016.      | 2.98       |
| KANSAS.....   | 29679.                               | 30355.                             | 676.       | 2.28       |
| KENTUCKY....  | 56905.                               | 58476.                             | 1570.      | 2.76       |
| LOUISIANA...  | 78809.                               | 81007.                             | 2198.      | 2.79       |
| MAINE.....    | 15380.                               | 15812.                             | 432.       | 2.81       |
| MARYLAND....  | 55583.                               | 58127.                             | 2545.      | 4.58       |
| MASS.....     | 69860.                               | 70427.                             | 566.       | .81        |
| MICHIGAN....  | 139967.                              | 140492.                            | 525.       | .38        |
| MINNESOTA...  | 54363.                               | 55895.                             | 1532.      | 2.82       |
| MISSISSIPPI.  | 61002.                               | 63062.                             | 2060.      | 3.38       |
| MISSOURI....  | 60852.                               | 62318.                             | 1466.      | 2.41       |
| MONTANA.....  | 12583.                               | 13159.                             | 576.       | 4.58       |
| NEBRASKA....  | 19124.                               | 20077.                             | 953.       | 4.98       |
| NEVADA.....   | 6546.                                | 7208.                              | 662.       | 10.12      |
| N.HAMPSHIRE.  | 9159.                                | 9701.                              | 542.       | 5.92       |
| NEW JERSEY..  | 96052.                               | 98277.                             | 2224.      | 2.32       |
| NEW MEXICO..  | 25802.                               | 26272.                             | 471.       | 1.82       |
| NEW YORK....  | 296378.                              | 298094.                            | 1717.      | .58        |
| N. CAROLINA.. | 91052.                               | 92347.                             | 1295.      | 1.42       |
| N. DAKOTA.... | 11280.                               | 11782.                             | 502.       | 4.45       |
| OHIO.....     | 118236.                              | 120337.                            | 2100.      | 1.78       |
| OKLAHOMA....  | 38556.                               | 39448.                             | 892.       | 2.31       |
| OREGON.....   | 33253.                               | 33628.                             | 375.       | 1.13       |
| PENNSYLVANIA  | 158531.                              | 161723.                            | 3191.      | 2.01       |
| RHODE ISLAND  | 13961.                               | 14752.                             | 791.       | 5.66       |
| S. CAROLINA.. | 54961.                               | 56407.                             | 1445.      | 2.63       |
| S. DAKOTA.... | 11972.                               | 12577.                             | 605.       | 5.05       |
| TENNESSEE...  | 68154.                               | 69730.                             | 1575.      | 2.31       |
| TEXAS.....    | 201148.                              | 201683.                            | 535.       | .27        |
| UTAH.....     | 15472.                               | 15875.                             | 403.       | 2.60       |
| VERMONT.....  | 9226.                                | 9551.                              | 326.       | 3.53       |
| VIRGINIA....  | 72314.                               | 73896.                             | 1582.      | 2.19       |
| WASHINGTON..  | 47128.                               | 47512.                             | 384.       | .81        |
| W. VIRGINIA.. | 30419.                               | 31382.                             | 962.       | 3.16       |
| WISCONSIN...  | 60004.                               | 60956.                             | 952.       | 1.59       |
| WYOMING.....  | 7088.                                | 7550.                              | 461.       | 6.51       |
| DIST. OF COL. | 19372.                               | 19755.                             | 384.       | 1.98       |

Parameters

Budget Authority: \$3,231,000,000

Hold Harmless: 100% of first \$5 million  
(or previous year appropriation amount,  
if lower)

Plus

85% of remainder (previous year  
appropriation amount minus \$5 million)

Formula: 60 percent = poor  
40 percent = school-age  
80-120 percent = Current Expenditures

\* Dollars amounts in 000