

The Learning Assistance Program: Options to Revise the State Funding Formula

Executive Summary

The 2001 Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to “examine options for revising the state’s funding formula for the learning assistance program to enhance accountability for school performance in meeting education reform goals.”¹ The Institute analyzed student test scores and state data from LAP and Title I year-end reports and conducted a telephone survey of a sample of LAP and Title I program directors across the state.

Background

The Learning Assistance Program (LAP) was created in 1987 to provide extra assistance for low-achieving students. For the 2001–03 biennium, the state appropriated \$131 million for LAP. Most of the money is used to provide extra teachers and classroom aides.

Although several studies of LAP have been conducted in the last ten years, recent changes make a new review of LAP timely. In 2001, Congress made significant changes to Title I of the federal Elementary and Secondary Education Act (ESEA), the major federal program that provides funds for remediation. The Office of the Superintendent of Public Instruction (OSPI) has begun using the same performance goals for accountability under state education reform and Title I accountability. These goals are based on improvement in students’ scores on the Washington Assessment of Student Learning (WASL). LAP is not related to these accountability efforts in any direct way.

How Do LAP and Title I Compare?

Because school districts have long operated state LAP and federal Title I programs in tandem, this report analyzes both. Together, LAP and Title I made up 3 percent of state and federal revenue to school districts in 2000–2001.

LAP is intended to enhance educational opportunities for students who are deficient in basic skills achievement. For the 2000–2001 school year, districts received \$74 million in state funds from LAP. Funds are currently allocated to school districts based on the following criteria:

- 93 percent is allocated based on low test scores (the percentage of students in each school district who score in the lowest quartile on standardized tests).
- 7 percent is allocated based on student poverty (the percentage of students who are eligible for federal Free and Reduced Lunch (FRL), if the district average is above the state average).

After the state allocates funds to districts, districts have complete discretion to decide how to allocate LAP money to individual school buildings.

¹ ESSB 6153, Section 608(4), Chapter 7, Laws of 2001 2nd Special Session (2001–03 Biennial Appropriations Act).

Title I is intended to ensure equal educational opportunity for children regardless of socioeconomic background. For the 2000–2001 school year, districts received \$113 million in federal funds from Title I (expected to increase to \$137 million for 2002-03). All funding is allocated to districts based on poverty, with additional stipulations on how districts must allocate funds to school buildings.

There are two types of Title I programs:

- In **targeted assistance programs**, students are rank-ordered based on their performance, and those students most in need of additional assistance are served first.
- In **schoolwide programs**, buildings have flexibility to combine resources and provide services to students on an as-needed basis. Buildings with schoolwide programs must have at least 50 percent student poverty and develop a comprehensive plan to reform instruction in the school. Over half (56 percent) of Title I money went to schoolwide programs in 1999–2000. OSPI permits buildings with Title I schoolwide programs to serve their LAP students in a similar fashion.

How Are LAP and Title I Funds Allocated?

There is a broad distribution of both LAP and Title I funds to more than 90 percent of school districts and most school buildings in the state (see Exhibit 1). Districts follow three patterns in prioritizing the allocation of LAP and Title I resources among buildings:

Early Intervention. More than 70 percent of LAP and Title I dollars go to elementary schools, and more than 80 percent of reported LAP and Title I students are in grades K through 6.

Student Poverty. Most surveyed districts allocate LAP money to buildings based on poverty, even though the state allocates the money based primarily on test scores. Statistically, we found that the strongest predictor of the amount of an elementary building's LAP and Title I allocation is the percentage of FRL-eligible students.

Exhibit 1: School Buildings Receiving LAP and/or Title I Funds: 1999-2000

Grade Span	Number of Buildings	Received LAP	Received LAP and/or Title I
Elementary (Includes K-8 buildings)	1,148	73%	89%
Middle	337	64%	69%
Junior/Senior High	131	27%	29%
High	351	29%	36%
Comprehensive (K–12 in one building)	51	51%	59%
Total Buildings	2,018	60%	72%

LAP as a Supplement to Title I. When we examined how districts coordinate LAP and Title I dollars in elementary buildings, we found that in most districts either all elementary buildings in the district receive LAP money or LAP money fills in for buildings not eligible for Title I. Relatively few districts prioritize among buildings to the extent that some elementary schools receive no LAP or Title I enhancements.

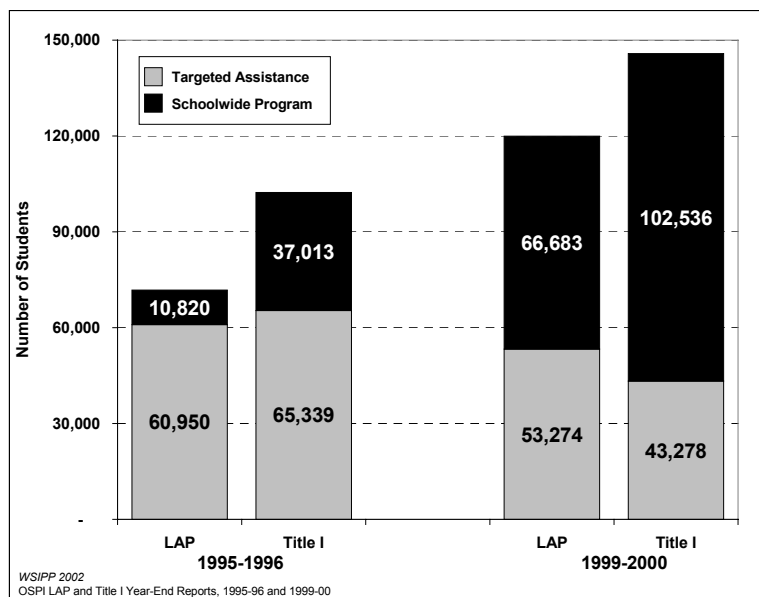
How Are LAP and Title I Funds Spent?

Students Served. As described above, school districts focus on providing services to elementary students. The proportion of minority and bilingual students in LAP and Title I programs is higher than in the overall student population.

Districts report dramatic increases in the number of LAP and Title I students over the last five years (67 percent increase in LAP and 42 percent in Title I). This is somewhat surprising given that funding for LAP grew only 28 percent (19 percent for Title I), and overall enrollment in grades K-6 grew only 2 percent during the same time period. If reported figures for 1999 are correct, nearly one-fifth of all elementary students are in LAP (120,000), and one-fourth are in Title I (146,000).

However, current reports on participation in LAP and Title I are not comparable to previous reports. The suspected cause of this inconsistency is expansion of schoolwide programs (see Exhibit 2).

Exhibit 2: Increased Participation Reported for LAP and Title I Has Been in Schoolwide Programs



In schoolwide programs, there is no formal distinction between LAP or Title I students and other students. Many districts report that most or all students in buildings with schoolwide programs participate in LAP or Title I.

In 1999, 40 percent of all buildings receiving Title I funds operated a schoolwide program, six times as many as 1995. The 2001 ESEA further expands the opportunity for buildings to implement a schoolwide program.

Use of Funds. Approximately 90 percent of LAP and Title I resources are used to provide extra teachers and classroom aides. Districts continue to rely primarily on classroom aides for approximately 60 percent of program staffing.

Surveyed districts rely on a blend of “in-class” and “pull-out” models of remedial assistance, with a slight tendency toward an in-class approach. In-class models include dividing the entire class into small groups with teachers, aides, or additional staff assisting students one on one in the classroom. According to surveyed districts, there is increased integration of LAP and Title I programs with the regular classroom through blending of both resources and instructional strategies. The effect of this activity is to blur distinctions between programs.

What Is Known About LAP, Title I, and Student Performance?

Although no longer required by Title I or OSPI, most surveyed districts continue to use a variety of different pre- and post-tests to monitor performance of LAP and Title I students at a *local level*. Evaluating the effect of a program at a *state level*, however, requires common assessments and accurate identification of students receiving LAP and Title I services. There is an indicator for LAP and Title I students on state standardized tests and the WASL, but inconsistencies in reporting raise questions about the reliability of these data.

Using data on test scores for a cohort of 3rd and 4th grade students in 2000 and 2001, the Institute examined how LAP and Title I may be related to student performance.

Given the limitations of available statewide data, we could not draw definitive conclusions about the effect of LAP and Title I on student test scores.

- We compared gains in performance for students who scored in the lowest quartile on the 3rd grade test and found that, on average, students identified as receiving LAP or Title I services had slightly smaller (rather than larger) performance gains than other low-scoring students.
- We also found that the amount of an elementary building's LAP and Title I allocation was not a strong predictor of average test scores between 3rd and 4th grade.

These results should be interpreted with caution, however. Data identifying program participants are inconsistent; LAP and Title I make up a small proportion of overall resources, and using statewide averages to analyze program effects tends to hide results from individual successful programs.

National evaluations of Title I have identified modest positive impacts on student performance, but, since 1995, Title I has shifted its focus from monitoring performance of program participants to monitoring performance of *all* students. Under the 2001 ESEA, states are required to conduct annual tests in grades 3 through 8 and establish targets for adequate yearly progress in improving performance. By 2013 all students are expected to demonstrate proficiency on state standards.

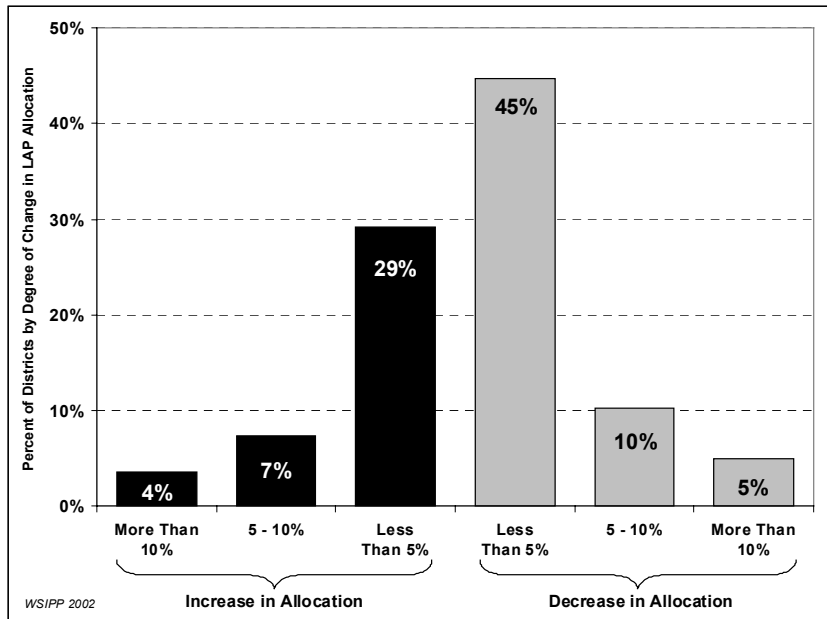
What Concerns Have Been Expressed With the Current Formula?

Disincentive to Improve Test Scores. If test scores improve for one class of students, districts receive less LAP money to assist incoming classes. This “test effect” caused a 1 percent decrease in funding statewide between 1999–2000 and 2000–2001. Most districts, however, experienced less than 5 percent variation in their LAP funding due to changes in test scores (see Exhibit 3).

Exhibit 3: Districts That Experienced Change in LAP Allocations Due to Test Scores: 1999-2000 to 2000-2001

Education Reform Is Focused on the WASL. Schools and districts are focused on WASL scores, yet the current LAP formula is based on standardized test scores. However, WASL scores are improving faster than standardized test scores. Basing the LAP formula on the WASL could lead to a larger funding disincentive for improvement.

Test Scores Are Related to Poverty. Because approximately half (48 percent) of the variation in a district's test scores can be explained by the percentage of FRL-eligible students in the district, previous recommendations have been made to base the LAP formula on poverty. The current poverty factor was added to the funding formula in 1995.



Lack of Predictability in LAP Allocation. Continuous adjustments of payments to school districts to reflect current enrollment makes the amount of funding a district will receive from LAP unknown in advance for planning purposes and uncertain from month to month. This lack of predictability could be addressed by using the prior year's enrollment rather than the current year in the LAP formula.

How Could the State Funding Formula for LAP Be Revised?

If policymakers wish to create a new funding formula for LAP, there are four questions to address:

1) What objectives is the funding formula intended to meet?

Presumably, every district enrolls some students who are struggling in school. The state also desires efficient use of resources to meet the needs of students with the greatest academic deficits; in other words, some targeting of resources based on need. For this study, the Legislature asked for options to incorporate accountability and the goals of education reform into the LAP formula. One way to meet multiple objectives would be to rebuild the LAP formula using multiple tiers:

- **Base funding** that recognizes need in all districts for assistance with remediation;
- **Targeted funding** for districts with greater needs; and
- **School improvement funding** tied to accountability under state education reform.

2) What funding drivers could implement these objectives?

Base Funding. The current formula allocates 93 percent of LAP money according to *low test scores*. This provides resources to nearly all districts but fails to recognize that success with one group of students does not diminish the need to provide additional assistance to incoming students. Other options are to provide base funding according to *overall enrollment* or *overall student poverty*.

Targeted Funding. By allocating 7 percent of dollars according to *above-average student poverty*, the current LAP formula acknowledges that some districts face particular challenges in improving student performance. Basing more of the LAP formula on above-average poverty would increase targeting of LAP resources toward areas with greater needs. Alternatively, the state could target resources based on *below-average test scores*.

School Improvement Funding. To be aligned with state education reform, a portion of LAP funding could be based on *state goals for three-year improvement of student performance*, as measured by the WASL. Certain expectations could be placed on districts receiving school improvement funding to enhance accountability for effective use of these resources.

3) If the formula has multiple objectives, what is the balance among them?

Policymakers would need to balance the relative importance of each objective and funding driver within a new LAP formula. In other words, is it more important to distribute funds broadly to most school districts? Or is it more important to target limited resources to districts with greater needs? Any change to the formula (assuming no increase in overall funding) presents tradeoffs because some districts gain and others lose money compared with the current formula. If a new formula is adopted, policymakers may want to consider a temporary “hold-harmless” provision with funding for districts that lose a significant proportion of their LAP allocation as the result of the formula change.

4) What type of state oversight will be associated with LAP dollars?

Options for changing state oversight include additional prescriptions for how districts use LAP money, requiring districts to report information about program outcomes rather than inputs, and eliminating the requirement that LAP funds be tracked separately from other resources.

Three Sample Funding Formulas

Using data from the 2000–2001 school year, the Institute developed three sample formulas for LAP. Each formula includes a funding tier based on **school improvement**, which provides additional assistance to districts whose WASL scores have not improved during the previous three years, using the criteria adopted by the state Academic Achievement and Accountability (A+) Commission.

Formula 1: Test Scores + Above Average Poverty relies on the same funding factors as the current formula, but places a greater weight on above-average poverty. Districts with significant decreases in funding compared with the current formula have below average poverty and above average test scores. If districts were “held harmless” for one year for greater than 10 percent loss of funding, the cost would be \$4 million.

Formula 1		
<u>Base</u>	<u>Targeted</u>	<u>School Improvement</u>
Students in Lowest Quartile on Standardized Tests	Poverty (Free and Reduced Lunch) Above State Average	Lack of Three-Year Improvement in WASL
65%	25%	10%
\$48 million	\$19 million	\$7 million

Formula 2: Poverty + Below Average Test Scores assumes that student poverty can predict approximately half of student test scores but relies on below-average test scores to target districts

Formula 2		
<u>Base</u>	<u>Targeted</u>	<u>School Improvement</u>
Poverty (Percent of FRL-Eligible Students)	Standardized Test Scores Below State Average	Lack of Three-Year Improvement in WASL
50%	30%	20%
\$37 million	\$22 million	\$15 million

with greater needs. The formula uses standardized test scores on the assumption they will be more stable over time than WASL scores. Large districts and those with below average poverty are more likely to experience significant decreases in funding under this formula. To hold districts harmless for one year would cost \$8 million.

Formula 3: Minimum Poverty Threshold contains no base funding. Instead, it assumes that limited resources in the form of LAP dollars should be targeted only to those districts above a minimum threshold of need. As expected, this formula results in the most redistribution of funds among districts, with nearly 50 districts losing more than 50 percent of their LAP funding. However, those experiencing significant decreases tend to have below average poverty and average to above average test scores. There is a \$9 million hold-harmless cost.

Formula 3		
<u>Base</u>	<u>Targeted</u>	<u>School Improvement</u>
None	Poverty (Free and Reduced Lunch) Above 15%	Lack of Three-Year Improvement in WASL
0%	75%	25%
\$0	\$56 million	\$18 million

There are countless possible variations in the choice and relative weight of funding drivers, so these formulas are only examples to illustrate redistribution of funds among districts compared with the current formula. A new formula for LAP rests on policymakers’ answers to the four questions posed.