

CRS Report for Congress

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Rural Education: Legislative Initiatives

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Summary

The No Child Left Behind Act of 2001 (P.L. 107-110) authorizes the Rural Education Achievement program, providing small, rural school districts with increased flexibility in the use of funds under several federal education programs. This program also authorizes funding for these districts and for another group of poor, rural school districts. This new authority includes a revised version of the Rural Education Achievement program enacted in the 106th Congress by the Consolidated Appropriations Act for FY2001. The FY2002 appropriations legislation for the U.S. Department of Education includes \$162.5 million for rural education. This report describes the new authority. It will be updated if major action occurs.

Introduction

The No Child Left Behind Act of 2001 (H.R. 1) was signed into law on January 8, 2002 as P.L. 107-110. It includes provisions to increase federal assistance to rural local educational agencies (LEAs).¹ Advocates of such legislation contend that rural LEAs receive too little from individual education formula grant programs for effective use, and they are unable to secure federal competitive grants.

During the 106th Congress, the Consolidated Appropriations Act of FY2001 added a Rural Education Achievement Program to the Elementary and Secondary Education Act (ESEA). This program provided eligible LEAs (rural districts with small enrollment) with flexibility in the use of funds they receive under specific ESEA authorities. The program also included a 1-year authority for separate grants to these LEAs, an authority that was

¹ In general under this legislation, a district's rural location is determined by the "School Locale Codes" for all of its schools. These codes are based on the Census Bureau's classification of the places. Currently, there are eight such codes. The definitions of a rural location in the legislation use different combinations of Locale Codes 6, 7, or 8. Locale Code 6 is applied to a school in a place with a population of less than 25,000 and more than 2,500, located outside a metropolitan statistical area. Locale code 7 is applied to a school in a place identified as rural and outside a metropolitan statistical area. Locale code 8 is applied to a school in a place identified as rural and inside a metropolitan statistical area.

not funded. Despite the absence of an FY2001 appropriation for grants, eligible districts could exercise the flexibility authority in the legislation.

New Legislation

P.L. 107-110 adds a new Rural Education Achievement program (ESEA Title VI, Part B) that encompasses two separate programs — the Small, Rural School Achievement program, and the Rural and Low-Income School program.² The first program is a revised version of the program authorized under prior law. The second program, which is new, identifies another set of districts (defined by low-income student population and rural location) and authorizes the allocation of funds to states based on the enrollment in those districts. The provisions of the new authority (both programs) are described in detail in **Table 1**, below. The FY2002 appropriations legislation for the U.S. Department of Education (ED) includes \$162.5 million for rural education.

Table 1. Provisions of the Rural Education Achievement Program Under the Reauthorized ESEA

General provisions	
<i>Overall title</i>	Rural Education Achievement Program
<i>Location in amended ESEA</i>	Title VI, Part B
<i>Authorization of appropriations</i>	\$300 million for FY2002 and such sums as may be necessary for each of the 5 following fiscal years, divided equally between Subpart 1 (Small, Rural School Achievement Program — see description below) and Subpart 2 (Rural and Low-Income School Program — see description below).
<i>Limitation on participation in both programs</i>	Districts eligible to receive funding under Subpart 1 are ineligible for funding under Subpart 2.
<i>Census to determine average daily attendance</i>	Any local school district participating under these program must, not later than December 1 of each year, undertake a census of students to determine the number in average daily attendance in grades K-12 and submit the results to the Secretary (Subpart 1) or its state educational agency (Subpart 2).

² The House- and Senate-passed versions of H.R. 1 would have authorized two rural education programs. The primary differences between the House and Senate versions were the following: only the Senate included a population density factor in determining eligibility under the first program; the House version made any district eligible for the first program, ineligible for the second, while the Senate version prohibited concurrent participation; the array of programs to which the flexibility authority extended varied under the two versions, as did the uses to which funds could be put; the accountability provisions under both programs differed between the House and Senate versions; and the House version authorized a single appropriation divided equally between the two programs while the Senate version had two separate appropriation authorizations.

<i>Supplement, not supplant</i>	Funds awarded under either program must be used to supplement, and not supplant, any other federal, state, or local education funds.
Subpart 1 — Small, Rural School Achievement Program	
<i>Overview</i>	This program provides eligible districts with increased flexibility in the uses of “applicable funding”; it also authorizes a formula grant to those districts.
<i>Eligible districts</i>	To be eligible, districts must meet the following criteria: (1) fewer than 600 students in average daily attendance or all schools in the district are located in counties with a population density of fewer than 10 persons per square mile, and (2) all schools in the districts have a Locale Code of 7 or 8. The Locale Code requirement can be waived by the Secretary for a district if it is in an area defined as rural by a state governmental agency.
<i>Applicable funding</i>	Applicable funding includes formula subgrants to local school districts under the following: Title II Subpart 2 (teacher quality), Title II Section 2412(a)(2)(A) (technology), Title IV Section 4114 (safe and drug-free schools), and Title V Part A (innovative programs).
<i>Flexible uses of applicable funding</i>	Districts may use applicable funding (defined above) for the local activities authorized in: Title I Part A (compensatory education for disadvantaged students), Title II Part A (teacher quality), Title II Part D (technology), Title III (education of limited English proficient and immigrant children), Title IV Part A (safe and drug-free schools), Title IV Part B (21 st century schools), and Title V Part A (innovative programs).
<i>Grants to districts eligible for flexibility</i>	Grants are authorized for eligible districts for the same activities for which applicable funding can be used (see “Flexible uses of applicable funding,” above). The size of the grant to an individual district is equal to (1) \$20,000 plus \$100 times the number of students in average daily attendance in excess of 50 students, up to a total of \$60,000, <i>minus</i> (2) the applicable funding the district received for the preceding fiscal year.
<i>Accountability</i>	Each district participating in this program must assess its student achievement using an assessment consistent with the assessment under ESEA Title I, Section 1111(b)(3). After the third year of funding, the state educational agency must determine whether a district can continue to participate based on whether the district made “adequate yearly progress” under the terms of Section 1111(b)(2). Districts meeting the adequate yearly progress requirement can continue to participate; those failing to make adequate yearly progress can continue to participate only if their applicable funding is used to carry out the requirements of Section 1116 concerning school improvement.

Subpart 2 — Rural and Low-Income School Program	
<i>Overview</i>	This program authorizes a state formula grant program based on enrollment in eligible poor rural school districts.
<i>Eligible districts</i>	To be eligible, districts must meet the following criteria: 20% or more of school-aged (5-17) population must be in poverty and all schools must have Locale Codes of 6, 7, or 8. “Specially qualified” agencies are eligible districts that apply directly to the Secretary because they are in non-participating states.
<i>Allocation formula</i>	From the portion of the annual appropriation for this program, 0.5% is reserved for Bureau of Indian Affairs schools and 0.5% is reserved for the outlying areas. The remainder is allocated among state educational agencies based on each state’s share of the total number of students in average daily attendance in eligible school districts nationwide. Specially qualified agencies in a non-participating state receive funding directly from the Secretary either competitively or by formula.
<i>Allocation to LEAs</i>	State educational agencies are to award grants to eligible districts through competition, by formula based on average daily attendance in eligible districts, or by an alternative formula that directs funds to concentrations of poor children to the same or greater extent as a formula based on average daily attendance. State educational agencies may reserve up to 5% of the grant for the costs of administration and technical assistance.
<i>Uses of funds</i>	Funded districts are to use their grants for teacher recruitment and retention (including use of signing bonuses or other financial incentives); professional development (including training for teachers to use technology and for special needs teachers); educational technology (including hardware and software); parental involvement activities; activities authorized by Title IV Part A (Safe and Drug-Free Schools program); activities authorized by Title I Part A (compensatory education for disadvantaged students); and activities authorized by Title III (education of limited English proficient and immigrant children).
<i>Accountability</i>	State educational agencies or specially qualified agencies seeking funding must submit applications to the Secretary that, at a minimum, identify specific measurable goals and objectives to be achieved with this funding. These may include goals and objectives related to increased student achievement, decreased dropout rates, or such other factors as the agencies choose to measure. Funded state agencies must report annually to the Secretary concerning how funds were awarded to local agencies, how they used the funds, and the progress made toward the goals and objectives. A similar report is required from specially qualified agencies. The Secretary is to submit a biennial report to the education committees of Congress including the information provided by the states and specially qualified agencies. <i>(continued)</i>

<i>Accountability (continued)</i>	Further, all participating local educational agencies and specially qualified agencies must administer assessments consistent with Title I Section 1111(b)(3). Participating state educational agencies are to determine, after the third year of funding, whether local districts made adequate yearly progress. Those agencies making adequate yearly progress can continue to participate; those agencies failing to make adequate yearly progress can continue to participate only if they use their grant funding to carry out the requirements of Title I Section 1116. After the third year of participation, specially qualified agencies are to provide the Secretary with data to determine whether they made adequate yearly progress. Those making such progress can continue to participate; those failing to make such progress can continue only if they use their grant funding for Title I Section 1116.
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Implementation

The process for determining which districts are actually eligible for these programs and the amount of funding they will receive has begun. During the week of January 14, 2002, the Assistant Secretary of ED's Office of Elementary and Secondary Education sent to each chief state school officer a summary of the major flexibility provisions in the reauthorized ESEA.³ Among the provisions covered and for which some summary "guidance" is provided are the programs under the Rural Education Achievement program. This summary and the letter accompanying it inform each chief state school officer that, in order for ED to make grants to states on a timely basis, there is a March 1, 2002 deadline for submission to ED of average daily attendance for the state's eligible districts. The summary also indicates that, for determining eligibility, school locale codes are available on the National Center for Education Statistics website.⁴

³ The summary and accompanying letter are provided on the U.S. Department of Education's website at: [<http://www.ed.gov/offices/OESE/esea/index.html>].

⁴ The summary gives the address as: [<http://www.nces.ed.gov>]. The page on the NCES website that appears to provide locale code data that can be used in determining eligibility is: [<http://nces.ed.gov/ccdweb/school/reap.asp>].