

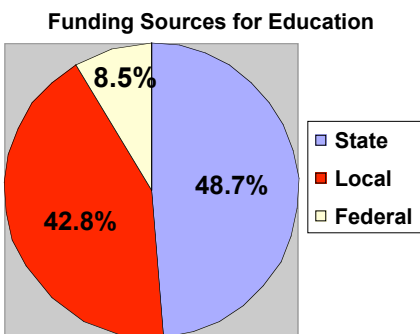
THE NO CHILD LEFT BEHIND ACT'S COST TO STATES

The passage of the No Child Left Behind (NCLB) Act in 2001 signaled a dramatic increase in the federal government's role in education. Despite this expanded role, the federal government has provided only marginal funding increases to help states meet the many new mandates of the law. To date, the U.S. Congress has under-funded the law by nearly \$27 billion below what states and local school districts were promised when it was passed.

Funding Overview

In 2004-05, nearly \$500 billion was spent on public elementary and secondary education (K-12). That will grow by about \$20 billion more each year, based on past spending increases. States currently spend about \$8,500 per student, although funding varies greatly from state to state. On average, states spent about 34% of their budget on education (50% with higher education included).

More than 91% of education funding comes from state and local sources (see chart) – the federal government provides less than a dime of every dollar. The federal contribution has failed to keep up with sharply increasing needs over the last decade. In 1992, the federal share was about 7% percent.



Despite the fact that there are approximately 50 million public school students in the country, the federal budget for K-12 education is just over \$37.5 billion – roughly \$781 per student if distributed equally. Instead of distributing funds equally, the federal government has focused its funds on high poverty students. About 36% of the nation's students – or 17.5 million students – are classified by the government as students most in need, i.e., Title I students.

NCLB's New Costs to States

NCLB's many new demands on states and local school districts have translated into multiple new costs, including compliance costs related to: 1) annual testing, 2) data collection, analysis and reporting, 3) implementing the adequate yearly progress provisions and offering school choice and tutoring services, and 4) meeting the requirements of the highly qualified teacher provision.

In addition to compliance costs, states must deal with the hefty costs associated with actually increasing student achievement to 100% proficiency as the law mandates by 2013-14. In Ohio, one of the few states to conduct a comprehensive study to determine the costs of both compliance and reaching 100% proficiency, the costs are predicted to be \$1.4 billion a year more than the cost of educating the state's children before NCLB.

NCLB's Under-Funding

Since the law's passage, the President and Congress have under-funded NCLB by nearly \$27 billion – undermining the ability of states to adequately implement its many new requirements.

YEAR	WHAT SCHOOLS WERE PROMISED*	WHAT SCHOOLS RECEIVED**	FUNDING SHORTFALL
2002	\$26.4 billion	\$22.2 billion	\$4.2 billion
2003	\$29.2 billion	\$23.8 billion	\$5.4 billion
2004	\$32 billion	\$24.5 billion	\$7.5 billion
2005	\$34.3 billion	\$24.5 billion	\$9.8 billion
TOTAL			\$26.9 BILLION

* Reflects total funds authorized by Congress

** Reflects the total appropriated or finally approved by Congress

Despite the claims of “historic” increases in federal funding since the law’s passage, the total federal increase during the last three years has been equivalent to about 2 percent of the entire K-12 spending. While the increases are sizable relative to previous lower levels of funding, the impact of those increases is small when compared to total education spending in 50 states and thousands of school districts.

Federal Funding for NCLB

Year	Funding	Increase
2001	\$14,274,538,000	
2002	\$20,102,919,000	40.83%
2003	\$21,757,409,383	8.23%
2004	\$22,365,381,000	2.79%
2005 est.	\$22,396,423,000	0.14%
2006 est.	\$23,615,510,000	5.44%

Cost Studies Confirm Significant New Costs for States

Since NCLB’s passage, numerous states have commissioned cost studies to assess the financial impact of the law’s new requirements. **IMPORTANT NOTE:** Many of the studies detailed below measure compliance costs only, not the costs needed to attain universal proficiency as the law mandates. In addition, many studies assess costs to state governments or individual localities, not the total cost to state and local taxpayers.

Connecticut

The Connecticut State Department of Education reported that through FY 2008, NCLB regulations will cost the state of Connecticut approximately \$41.6 million.^[i] These are state level costs only; a report on local costs for just three school districts found an additional unmet cost of \$22.6 million.^[ii]

Hawaii

A study commissioned by the Hawaii legislature found the cost of NCLB’s rules and regulations to be \$191 million from 2003 to 2008. Developmental costs were estimated at an additional \$24.6 million.^[iii]

Minnesota

The Minnesota State Auditor found difficulties with NCLB regulations to be widespread, including the testing of students with disabilities and limited English proficient students. The State Auditor report estimated the cost to the state for student testing alone to be \$19 million annually, in addition to the costs of supplemental services, school choice and school restructuring.^[iv]

New Hampshire

The New Hampshire School Administrators Association found that NCLB regulations were costing the state's taxpayers 10 times what the state was receiving from Washington to cover costs. While New Hampshire's total aid under NCLB grew by \$22 million, the estimated increased costs were \$224 million. This translates into a cost of \$1,022 per student in the state.^[v]

New Mexico

New Mexico conducted a cost study in March 2005 that found the state was going to have to spend \$94 million more than it is receiving in new federal dollars in the 2003-2005 school years. This includes estimated state and district level costs. However, the study covers the costs of meeting the law's requirements (i.e., compliance cost) and not what the state will have to spend to actually get students to pass grade level tests (i.e., proficiency costs).^[vi]

Ohio

Ohio commissioned an NCLB cost study through its legislature that included both compliance and proficiency costs. It found an annual cost of \$1.4 billion to Ohio taxpayers to comply with all of NCLB's rules and regulations through the 2013-2014 school year.^[vii]

Texas

An independent study reported that Texas would need an additional \$1.7 billion in funds to bring all districts up to the standards required by NCLB. However, the increase in federal funds over the years studied was only \$519 million, leaving a shortfall of \$1.18 billion. The study found it would cost an additional \$425 per pupil in Texas to simply meet NCLB's current Annual Yearly Progress (AYP) requirements. Once AYP proficiency standards rise to require 70% of all students to be proficient, the extra cost would be \$1,205 per pupil.^[viii]

Utah

In January 2004, the state of Utah projected that it would cost the its taxpayers \$1.19 billion to meet the NCLB mandates through 2013-2014, based on a cost study by the Jordan School District, the largest school district in the state.^[ix]

Vermont

In October 2002, an independent study conducted for Vermont argued that the state should reject federal Title 1 funding due to the costs imposed by NCLB. The study found that Vermont would receive only \$51.6 million to carry out \$158.2 million in expenses - leaving \$106.6 million in NCLB costs for Vermont taxpayers to pay.^[x]

Virginia

In September 2005, the Virginia Department of Education released a cost study that found that over the next four years local school divisions will have to spend \$248 million more than they are receiving from the federal government to administer NCLB.

The study covered compliance costs, but not the proficiency costs the state will have to spend to actually get 100 percent of students to pass grade level tests^{xii}.

In addition, a broad report, entitled *No Child Left Behind: Costs and Benefits*^{xiii} reported that a number of states would need to significantly increase their base education spending to meet NCLB regulations:

- Maryland 35% to 49% increase
- Montana 34% to 80% increase
- Nebraska 45% increase
- New York 16% increase
- South Carolina 52% increase
- Texas 35% increase
- Vermont 16% increase
- Wisconsin 35% increase

The findings of these studies contradict the clear directives included in NCLB:

Section 9527. PROHIBITION ON FEDERAL GOVERNMENT AND USE OF FEDERAL FUNDS

- (a) GENERAL PROHIBITION: Nothing in this Act shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's curriculum, program of instruction, or allocation of State or local resources, or mandate a State or any subdivision thereof to spend any funds or incur any costs not paid for under this Act.

It is this contradiction that has led numerous state policymakers to assess the financial impact of NCLB's unfunded mandates and lead them to call on Congress to fix and fund the law.

[i] http://www.state.ct.us/sde/NCLB_Study_2_28_05.pdf

[ii] http://www.state.ct.us/sde/NCLB_Local_Level_Costs.pdf

[iii] http://www.hawaii.edu/hepc/pdf/Reports/Estimating_Costs_NCLB_Hawaii.pdf

[iv] <http://www.auditor.leg.state.mn.us/ped/pedrep/0404a.pdf>

[v] <http://smartedu.org/nhsaa/forms/No%20Child%20Left%20Behind%20Documents/%20Cost%20Impact%20Analysis%20%2D%20NCLB%20%2D%20Mar%2024%2C%2004%2Epdf>

[vi] <http://www.sde.state.nm.us/press/2005/may/NMStateN.pdf>

[vii] http://www.ode.state.oh.us/legislator/COST_OF_NCLB/COST%20OF%20IMPLEMENTING%20NCLB-012104.pdf

[viii] <http://www.lafollette.wisc.edu/publications/otherpublications/education/2004/Reschovsky-NCLB-Unfunded.pdf>

[ix] http://www.le.state.ut.us/lfa/fnotes/2004/hb0043_fn.htm

[x] http://www.rnesu.k12.vt.us/superpub/bill_papers/nclb/The%20Federal%20NCLB%20Law_Should%20Vermont%20Take%20the%20Money%20VSS02.pdf

xii <http://www.pen.k12.va.us/VDOE/nclb/coststudyreport-local.html>

xiii[xi] *No Child Left Behind: Costs and Benefits*, Phi Delta Kappa, V. 84 No. 9/May 2003: William J. Mathis