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TITLE 2.0: REVAMPING THE FEDERAL ROLE IN EDUCATION HUMAN CAPITAL

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American public education has done a poor job of taking care of its most important resource—its people. Despite an increasing demand on public schools to educate all students and changes in the labor market that mean schools must compete more vigorously for good teachers, public school systems continue to approach the teacher workforce as they did a generation ago. Teachers enjoy little opportunity for professional growth or advancement without leaving the classroom, creating a disincentive for those who want to take on additional skills and responsibilities. And there is little sensitivity to teacher talent or effectiveness: From recruitment and training to compensation, low-performers and high-fliers are treated much the same, and poor and minority students are less likely to get the most effective teachers.¹ While American society and what's expected of public schools has changed a great deal, our approaches to human capital in education have not.

The federal government's role in promoting quality teachers and principals has not kept pace with change either. It once supported leading-edge efforts, such as the initiative to train math and science teachers at the height of the Cold War when the nation needed scientists and engineers, but systemic support for that training was weak. Over time, the federal government has increased its monetary investment but has been less effective at changing educational practice or supporting innovative reforms.

Today, largely through Title II of the Elementary and Secondary Education Act (ESEA), the federal government spends approximately \$3 billion directly on efforts to promote teacher and principal quality.² Yet, tangible results from these efforts are scant, and there is little evidence that these funds are driving the sort of changes needed to help schools recruit, train, place, induct, and compensate quality teachers or changes that are aligned with broader human capital reform efforts in education.

For instance, although it is perhaps the most high-impact human capital reform today, the nonprofit Teach for America, which has placed almost 20,000 teachers in high-poverty schools across the country, receives almost

all of its federal funding from the Corporation for National and Community Service, a source that is outside Title II and outside the Department of Education.³ Likewise, the federal Teacher Incentive Fund, an initiative to help states and communities design performance-based teacher pay schemes, is perhaps the federal human capital reform with the most potential to bring about substantial structural change in the field. Yet, it is funded at less than \$100 million and has been attacked, and cut, during the annual federal appropriations process by opponents of incorporating student performance into teacher pay.⁴ Despite increasing state and local interest in differentiating teacher pay and innovating with ways to reward exceptional teachers and give them opportunities for leadership that do not mean leaving the classroom altogether, this small investment is the federal government's primary foray into this area of reform.⁵

Now, Congress and the Obama administration have a chance to reshape federal policy to better support emerging education human capital reform efforts. All of the ESEA (called the No Child Left Behind Act, or NCLB, in its current version enacted in 2002) is overdue to be reauthorized, and it will be a primary item on the next

administration’s education agenda. The reauthorization gives policymakers an opportunity to overhaul Title II and use federal dollars as much more effective levers of reform than they are today.

Currently, the federal Title II program sends dollars to states and school districts mostly for “lower-leverage” activities like professional development and class-size reduction, which although sometimes meritorious will not bring about larger scale change in states or local school districts and truly change outcomes for students. As policymakers consider changes to the ESEA, they must take steps to turn the federal role in human capital into a “higher-leverage” undertaking—meaning a role that is focused on changing existing practices where they are not aligned with broader school reform goals, building new institutions, and catalyzing more substantial change for students. A higher-leverage federal role would shift the federal government’s role from enabler of existing activities largely irrespective of quality to a driver of reform through strategic investments in new initiatives, institutions, and policy schemes to recruit, train, support, and evaluate and compensate teachers.

TITLE II TODAY

Improving teacher and school leader effectiveness is no small thing. Although researchers disagree about how long-lasting the effects of good teachers are on student learning, there is a general consensus that teacher effectiveness is the most important in-school variable affecting student achievement and that addressing human capital is a high-impact reform.⁶ A study commissioned by the Organization for Economic Cooperation and Development (OECD) and carried out by Michael Barber, former education adviser to British Prime Minister Tony Blair, found that, out of all of the strategies used by the top school systems across the 30 OECD countries, “getting the right people to become teachers” and “developing them into effective instructors” were two of the three practices critical to developing successful school systems.⁷

States have been involved in this issue for more than a century, primarily by regulating teacher quality through

training schools and licensure and certification regimes. But a federal role in teacher quality is a more recent development.⁸ In response to the Sputnik scare, the federal government included teacher-training components as part of the National Defense Education Act of 1958. Later, teacher recruitment and training components were included in the Higher Education Act (HEA) and the ESEA. Today, the federal role in teacher quality takes two forms. First, through HEA and ESEA, the federal government provides funding for various human capital efforts in school districts, states, and colleges of education. Second, as a result of NCLB, the federal government established a standard for “highly qualified” teachers and required states to ensure that teachers met the standard.⁹

The reauthorization [of NCLB] gives policymakers an opportunity to overhaul Title II and use federal dollars as much more effective levers of reform than they are today.

Currently, Title II funding is distributed to states and school districts based on a formula that considers student population and poverty. Overall, 95 percent of Title II’s funding flows to local school districts; the remaining 5 percent is used for state-level activities. In school districts, the money is spent primarily on professional development, credentialing teachers, and reducing class size.

For the 2006–07 academic year, school districts reported spending 47 percent of their Title II funding on class-size reduction, 32 percent for teacher and administrator professional development, and the remainder on other activities.¹⁰ The first year of NCLB, the 2002–2003 school year, districts used 57 percent of funds for class-size reduction and 27 percent for professional development.¹¹ Thus, despite some changes in allocation, overall Title II funding has continued to flow toward lower-leverage activities for several years and primarily toward professional development and class-size reduction.

Of course, there is nothing inherently misguided about investing in teacher professional development and class-size reduction. In fact, the limited growth in the effectiveness of teachers after a few years on the job likely speaks to the inattention of schools to professional training and growth rather than something inherent in the work of teaching. Likewise, in a strong labor market where schools can find an adequate supply of effective teachers and have sufficient resources, smaller classes are generally preferable to larger ones. Yet, most school

districts do not have or cannot find enough qualified personnel to reduce class sizes, and even for those that do, the costs and benefits of that approach may be outweighed by other investments in human capital or other fiscal considerations.¹²

Unfortunately, much of today's professional development is weak and unaligned with content and systemic goals.¹³ In 2005, The Finance Project analyzed professional development across multiple fields and found that although there were weaknesses in every field, overall the structure and quality of professional development in education compared poorly to the others.¹⁴ In particular, professional development in education was less structured than other fields and not tied to incentives for performance or quality.

At the same time, there is little evidence of professional development initiatives improving student learning outcomes at any scale. And although there is anecdotal evidence that some federally supported professional development activities are of higher quality than some other activities, there is no evidence that federal dollars are systematically raising the quality of professional training in education. In an effort to improve the quality of professional development, the National Staff Development Council has proposed legislative language for the next ESEA law that seeks to increase the focus on rigor.¹⁵ While an improvement on current language, the proposed changes still cannot preclude the low-quality professional development that still largely pervades the field.

Overall, these two reform strategies are highly specific to the educational context and needs of local communities as well as the ability to deliver effective teacher training.

Ironically, the remaining 5 percent of Title II funding that is used for state-level activities is more likely to support the type of reforms most needed to address today's human capital challenge in education. Many allowable state uses, for instance, reforming teacher tenure requirements, helping to develop differentiated compensation schemes, measuring the effectiveness of various professional development initiatives, or training teachers and school

leaders to use data, are, for the most part, the highest-leverage investments that could be made with Title II dollars.¹⁶

In other words, 95 percent of the funding today flows toward lower-leverage investments while only 5 percent is reserved for the highest-leverage reforms with the most promise to dramatically change outcomes for students who are not well-served.¹⁷ This situation amounts to what education analyst Jay Greene described in another context as “dumping buckets of water into the ocean of public spending.”¹⁸ Greene was criticizing many ongoing philanthropic investments, explaining that of the approximately \$1.5 billion given annually to public schools by philanthropists, only about \$300 million, or 20 percent, was spent on high-leverage activities, or those types of activities that substantially change ineffective existing structural and policy arrangements.¹⁹ In contrast, low-leverage investments, either from philanthropy or government, either explicitly or implicitly buttress these existing arrangements.

Ironically, the remaining 5 percent of Title II funding that is used for state-level activities is more likely to support the type of reforms most needed to address today's human capital challenge in education.

The evidence indicates overwhelmingly that today's prevailing methods of recruiting, training, placing, inducting, and evaluating and compensating teachers are not generating nearly the results they must in order to substantially improve student learning. At the same time, reform of these activities holds the promise of significant changes for student learning. Thus, the case for more ambitious higher-leverage reforms is apparent. In the context of Title II, investments in new infrastructure like the nonprofit organizations Teach for America, New Leaders for New Schools, or the National Board for Professional Teaching Standards and the American Board for Certification of Teacher Excellence are high-leverage.²⁰ Conversely, because there is little evidence showing that a steady flow of funds to activities like class-size reduction or professional development substantially changes the performance or productivity of schools, policymakers must re-examine policies that essentially prioritize them and reinforce a status quo that is not generating adequate results.

When given the opportunity, local officials are offering their own criticism of Title II. In 2001, Congress gave more

flexibility to local school districts including provisions in NCLB that allowed them to transfer money among various programs in the law. Overall, these provisions have been underused throughout the law, but the Title II program has proven to be a popular source of funding to transfer.²¹ School districts redirected 21 percent of funding intended for Title II activities to other, often less specific, uses.²² As Margery Yeager, a former Department of Education analyst, has noted, “The steady pattern of transferring out funds allocated for teacher quality and safe and drug-free schools suggests that these districts either have sufficient existing resources dedicated to these areas, or they feel funds can be better spent on other programs.”²³ Considering the magnitude of the human capital problem in education and the shortages of teachers in key subjects—an issue that school districts frequently cite—this pattern indicates either a vote of no-confidence in Title II today or an unwillingness to take on more controversial reform issues absent more directed funding.

TITLE 2.0

The problem with Title II today therefore is the way school districts and schools use Title II funds and are held accountable for how they spend those monies. Today’s accountability mechanisms are overwhelmingly based on how money is spent rather than demonstrable results for students or changes in policy and practice. Because the money is not explicitly targeted toward more ambitious reform efforts, it’s not surprising that states and school districts are not using the funds to enact leading-edge reforms but instead steer the dollars toward relatively non-controversial and low-impact activities.

To address this problem, federal policymakers should pursue a new approach to allocating Title II funding. Instead of functioning as a low-leverage bank for states to draw on annually, Washington should act like a high-leverage investor seeking to catalyze a broad array of human capital reforms through the funding it contributes. This would necessitate a shift from the almost anything goes approach to Title II dollars toward a much more specific conditional approach, where tighter and more reform-oriented parameters are attached to the aid. States and school districts must have choices about how to invest their Title II dollars, but given the scale of the human capital challenge, policymakers should preclude low-leverage choices by defining key reform activities and prioritizing them for

funding. This requires both stricter language about how Title II dollars can be spent at the state and local level and also changes in how the funding flows.

To restructure Title II as a higher-leverage federal investment, policymakers must tighten the menu of options available for Title II funds while making substantially more funding available through competitive grants. The \$3 billion in Title II funding is only a fraction of the approximately \$400 billion—which is about four-fifths of elementary and secondary education spending—spent on teacher salaries and benefits in public education. But it’s possible to get a much larger return on that modest investment than policymakers do today. There are at least three strategies policymakers can implement to accomplish this goal.

Competitive Grants

The most ambitious strategy would be to make all Title II funding competitive grants with a priority for the most ambitious reform proposals. Under this approach, states, large school districts, consortia of districts, or nonprofit organizations could compete for funding based on the strength of their reform plans. As long as a strong priority on directing resources to high-poverty school districts was maintained, policymakers could pursue this strategy without redirecting resources from high-poverty districts to more affluent ones.²⁴

Yet, there are several drawbacks to this approach. First, converting the several billion dollars that currently flow to states based on a formula into a completely competitive program would be politically difficult if not impossible. Regardless of which programs were funded, there would still be winners and losers, and the natural tendency of a legislative body is to minimize that type of outcome. Moreover, because it would be difficult to ensure quality in a competitive program of that size, it’s debatable whether the political fight would even be worthwhile. Indeed, when federal funding for after-school programs reached \$1 billion, the program was devolved into a state-based competitive grant program as part of the 2002 changes to ESEA.

Tighter Requirements

A second strategy is to keep Title II as a formula-based program but to substantially tighten the requirements

for how the money can be spent, or even cap the percentages that can be spent on some activities. Under this approach, policymakers could establish a menu of options, for instance higher-quality professional development tied to rigorous evaluations of teachers' strengths and weaknesses, mentoring and induction programs that meet common standards for quality, or differentiated compensation schemes for teachers.

This approach would not entirely address the current emphasis on compliance (or how money is spent) rather than results, but coupled with an assertive federal role around quality—perhaps through an enhanced grant peer-review process that provides more outside scrutiny on the potential effectiveness of proposals—it could help redirect Title II dollars toward higher-leverage uses.

A Hybrid Approach

A third, hybrid strategy is to maintain the formula-based distribution of Title II funding overall, but incorporate a much greater set-aside for larger competitively allocated grants for reform projects. This is the most preferable option. Essentially, this approach would maintain the formula emphasis of the program, albeit with a more stringent set of conditions more closely tied to higher-impact reform activities, but at the same time increase the percentage of funding that flows through competitive grants to catalyze promising reform efforts. Ideally, new funding would be available to help with the transition toward more competitive grants, but this option could also be implemented in a budget neutral way by redirecting some percentage of the existing funding to competitive grants. There are also steps policymakers could take to force states to compete for money to implement higher-leverage reform projects as a condition of receiving federal support to build and support capacity at the state level.²⁵

This approach has the benefits of incorporating a tighter menu of activities that are higher-leverage, but it also creates an opportunity for states, large urban school districts, and consortia of smaller school districts to work together to pursue human capital reforms through competitive grants based on the merits of different

reform proposals. By coupling larger federal grants with a required match of non-federal dollars, policymakers could use federal dollars to leverage more substantial human capital reforms in states and school districts. In addition to easing the politics of transforming Title II, this approach would also create more opportunities for school districts and states to work with philanthropic entities to further leverage reform dollars.²⁶ In a tight fiscal climate, which is likely to be the policymaking environment at the national, state, and local level for at least the next several years, such partnerships will be a vital component of large-scale reform efforts.

Instead of functioning as a low-leverage bank for states to draw on annually, Washington should act like a high-leverage investor seeking to catalyze a broad array of human capital reforms through the funding it contributes.

The hybrid strategy would also help take the ideas behind the Teacher Incentive Fund—differentiated compensation and career ladders, or leadership opportunities for teachers—to more scale, as well as build on the groundwork already laid by House Education and Labor Committee Chairman George Miller and Senate Health, Education, Labor, and Pensions Chairman Edward Kennedy through their proposed TEACH Act.²⁷ The TEACH Act includes a variety of

financial supports to improve teacher quality, including financial inducements for new teachers, incentive-based pay schemes, and investments in state capacity to gather and use data about teacher effectiveness. Though not sufficient as the sole reform to Title II, the TEACH Act offers the foundation for a menu of options for school districts and states, enjoys substantial support on Capitol Hill, and is consequently one point of departure for broader reforms of Title II.

By creating both a steady flow of funds for reform activities as well as a separate pool of grant money for more ambitious reform plans, federal Title II dollars would flow toward and support a broader array of structural reforms than they do today. A higher-leverage menu for Title II would concentrate funding on innovative activities while capping the percentage of federal funds that states or local school districts could spend on lower-leverage activities like professional development.²⁸ Allowing nonprofit organizations (including teachers unions) to compete for grants alongside (though not necessarily in partnership with) states, school districts, and institutions of higher education—a logical step considering the

expanding number of high-quality nonprofit organizations operating in the human capital space—would further leverage the impact of funding.

The investments that should be prioritized under a new Title II are:

- Investments in recruitment and retention incentives in hard-to-staff schools and investments for ongoing rewards for teachers who work in challenging schools or teach in shortage subjects;
- Investments to create school- or teacher-based reward systems for outstanding performance;
- Investments in alternative teacher-preparation and credentialing programs and charter colleges of education run by school districts and nonprofit organizations;
- Investments in teacher induction, mentoring, and peer-support initiatives;
- Investments in rigorous and data-informed peer-review or value-added evaluation systems that identify effective teachers and remediate or remove low performers;
- Investments in alternative training and credentialing schemes for school leaders; and
- Investments in high-quality professional development in core subjects with an emphasis on math, science, language arts, and the analysis and use of data.²⁹

While not an exhaustive list of meritorious teacher-quality activities, this strategy would target Title II funding toward the highest-leverage reforms around the country today. Although these changes would result in a redirection of how dollars flow today and reduce support for some current activities, states and local districts would still

be able to access funds from other sections of ESEA as well as state, local, and philanthropic funding sources for lower-leverage human capital reforms, if they decided that those activities are a priority.

TAKING THE LEAD

Like many federal programs, the program that evolved into the present day Title II was arguably the right intervention for the time, and the historic aspects of Title II, for instance high-quality professional development for math and science teachers, should be preserved. The problem is that like American education's approach to human capital overall, Title II has failed to keep pace with changing times and new demands. The program is not targeted toward the most immediate human capital problems, and there is no evidence that it is driving substantial changes in student outcomes today. Meanwhile, federal policy is doing little to support the most leading-edge human capital ideas today.

Congress and the Obama administration have a chance to address this problem and better align the program with today's leading-edge human capital reforms. States and school districts around the country are attempting to develop more coherent approaches to managing their education human capital in order to better utilize American education's most important resource: people. As American public education wakes up to the importance of designing a coherent and effectiveness-focused approach to human capital, the federal government should act more strategically to catalyze and support these efforts. By revamping Title II to focus more on high-leverage human capital reforms rather than buttressing today's lower-leverage activities, the next president and Congress can take the lead on this issue.

Endnotes

- ¹ For an overview, see Jason Kamras and Andrew J. Rotherham, “America’s Teaching Crisis,” *Democracy*, Summer 2007.
- ² Funding for Title II was \$2.935 billion for Fiscal Year 2008. All figures based on FY2008 enacted levels and do not reflect budget or appropriations action for FY2009. U.S. Department of Education Web site, November 10, 2008, available online at <http://www.ed.gov/programs/teacherqual/funding.html>.
- ³ *Teach for America Annual Report* (New York: Teach for America, 2007), available online at http://www.teachforamerica.org/assets/documents/mobular/AnnualReport/print/Teach_For_America_2007_Annual_Report.pdf. The new version of the Higher Education Act reauthorized in 2008 includes a funding stream for Teach for America of up to \$20 million in 2009, \$25 million in 2010, and such sums as Congress deems appropriate for the remaining years of the act. For the full press release, see http://www.teachforamerica.org/newsroom/documents/020808_HEA_Amendment.htm.
- ⁴ See U.S. Department of Education Web site, November 10, 2008, available online at <http://www.ed.gov/programs/teacherincentive/index.html>.
- ⁵ For an overview of state and local initiatives see *Current Pay-For-Performance Programs* (Washington, DC: Center for American Progress, December 2007), available online at http://www.americanprogress.org/issues/2007/12/performance_pay.html.
- ⁶ See for instance, Robert Gordon, Thomas Kane, and Douglas Staiger, *Identifying Effective Teachers Using Performance on the Job* (Washington, DC: Brookings Institution, April 2006), available online at http://www.brookings.edu/~media/Files/rc/papers/2006/04education_gordon/200604hamilton_1.pdf; D.F. McCaffrey, J.R. Lockwood, D.M. Koretz, and L.S. Hamilton, *Evaluating Value-Added Models for Teacher Accountability* (Santa Monica, CA: RAND, 2003); W. Sanders and J. Rivers, *Cumulative and Residual Effects of Teachers on Future Student Academic Achievement* (Knoxville, TN: University of Tennessee Value-Added Research and Assessment Center, November 1996). See also: Brian A. Jacob, Lars Lefgren, and David Sims, “The Persistence of Teacher-Induced Learning Gains,” (Working Paper No. 14065, National Bureau of Economic Research, June 2008).
- ⁷ Michael Barber and Mona Mourshed, *How the World’s Best-Performing Schools Systems Come Out on Top* (McKinsey & Company, September 2007), available online at http://www.mckinsey.com/client/service/socialsector/resources/pdf/Worlds_School_Systems_Final.pdf.
- ⁸ For a history of teacher training and credentialing and an overview of current debates see Andrew J. Rotherham and Sara Mead, “Back to the Future: The History and Politics of Teacher Certification and Licensure,” in *A Qualified Teacher In Every Classroom: Appraising Old Answers and New Ideas*, eds. Frederick M. Hess, Andrew J. Rotherham, and Kate Walsh (Cambridge, MA: Harvard Education Press, 2004), 11–47. For a history of federal teacher quality efforts with an emphasis on contemporary issues see Lora Cohen-Vogel, “Federal Role in Teacher Quality: ‘Redefinition’ or Policy Alignment?” *Educational Policy* 19, (2005): 18–43.
- ⁹ Overall the law requires that teachers must demonstrate content mastery in the subject(s) they teach and hold a state teaching credential. The law established a variety of ways that veteran teachers could meet the content standard. This paper does not discuss reform of these requirements.
- ¹⁰ *Findings From the 2006–07 Survey on the Use of Funds Under Title II, Part A* (Washington, DC: U.S. Department of Education, July 2007). The 2008 report on Title II Part A found a marked shift in the usage of funds. That analysis found that 50 percent of the funding was used for professional development and 27 percent for class-size reduction. Although several states did put greater restrictions on class-size spending consequently driving greater funding to professional development, such a substantial change in the use of funds that are allocated to labor costs, especially considering the fiscal constraints school districts are currently facing is counterintuitive and raises questions about the composition of the school districts sampled and whether districts with other dedicated streams of funding for class-size reduction were inadvertently oversampled. An alternative explanation is that many districts chose to carry over unspent funds and spend them in 2007–08, something that could create the appearance that more funding was being used for professional development than class-size reduction. Regardless, until there are multiple years of data, the 2007–08 results should not be considered definitive. For the 2007–08 school year results, see *Findings From the 2007–08 Survey on the Use of Funds Under Title II, Part A* (Washington, DC: U.S. Department of Education, June 2008).
- ¹¹ *Findings From the 2006–07 Survey on the Use of Funds Under Title II, Part A* (Washington, DC: U.S. Department of Education, July 2007).
- ¹² For a concise overview on class size see Robert Gordon, “Smaller Classes: The Wrong Choice for City Schools,” *New York Daily News*, December 13, 2007.
- ¹³ There are exceptions that offer some positive examples, but they are not the norm. See, for instance, Elena Silva, *The Benwood Plan: A Lesson in Comprehensive Teacher Reform* (Washington, DC: Education Sector, April 2008).
- ¹⁴ Katherine S. Neville, Rachel H. Sherman, and Carol E. Cohen, *Preparing and Training Professionals Comparing Education to Six Other Fields* (Washington, DC: The Finance Project, 2005).
- ¹⁵ See the National Staff Development Council’s Web site, available online at <http://www.nsd.org/>
- ¹⁶ *No Child Left Behind Act of 2001*, Public Law 107–110, 107th Cong., (January 8, 2002). For a complete list of allowable activities see Section 2012 (e).
- ¹⁷ *Ibid.* There is some flexibility for local school districts to undertake more high-leverage reforms with their funding, but the spending patterns to date illustrate that this is not happening at any scale. See Subpart 3 of Title II.
- ¹⁸ Jay P. Greene, “Buckets into the Sea,” in *With the Best of Intentions: How Philanthropy Is Reshaping K–12 Education*, Frederick M. Hess (Boston, MA: Harvard Education Press, 2005), 51–79.
- ¹⁹ *Ibid.*

²⁰ The evidence on the impact of National Board Certified Teachers on student learning is mixed, and positive effects are modest. This raises serious cost-benefit questions with regard to the National Board, but does not mean that the strategy of creating recognitions or credentials for more effective teachers is a misguided or low-leverage approach. See National Center for Analysis of Longitudinal Data in Education Research for several recent studies, available online at <http://www.caldercenter.org/>.

²¹ Margery Yeager, *Stiff Armed: No Child Left Behind's Unused Funding Flexibility* (Washington, DC: Education Sector, 2007).

²² Ibid. See also: Gayle S. Christensen, Ary Amerikaner, Daniel Klasik, and Devin Fernandes, *Evaluation of Flexibility Under "No Child Left Behind": Volume II—Transferability* (Washington, DC: U.S. Department of Education, 2007).

²³ Margery Yeager, *Stiff Armed: No Child Left Behind's Unused Funding Flexibility* (Washington, DC: Education Sector, 2007).

²⁴ Today only 9 percent of Title II funds are spent in the lowest-poverty districts while 53 percent are spent in the highest-poverty districts. Maintaining an emphasis on targeting funding to the neediest districts should be a key component of any revisions to Title II.

²⁵ Although not by itself sufficient to finance a competitive grant pool, one option would be to decrease (although not eliminate) the current state-level set-aside and require states to compete for grant funds around a reform priority in order to receive administrative funds beyond a minimal set-aside. This would force states to compete for grants to undertake higher-leverage state reforms and finance administrative costs through those activities. However, regardless of how funding flows it would be counterproductive to make a net decrease in state administrative support because states need those funds to build state-level capacity for reform.

²⁶ Any grant competition could, for instance, prioritize grants that leverage additional non-public resources or involve multiple participating stakeholders.

²⁷ 110th Congress. HR 2204 and S. 1339.

²⁸ One option would be to cap professional development spending but allow states and districts to spend additional federal dollars on professional development only with a substantial and disproportional match of non-federal public funds.

²⁹ For a discussion of some of these activities see: Julie Freeland, Julie Mikuta, and Andrew J. Rotherham, "Letter to the Next President," *Journal of Teacher Education* 59, no. 3 (May/June 2008): 242–251. For an overview of leading-edge human capital reforms today see: Andrew J. Rotherham, *Achieving Teacher and Principal Excellence: A Guidebook for Donors* (Washington, DC: The Philanthropy Roundtable, 2008).