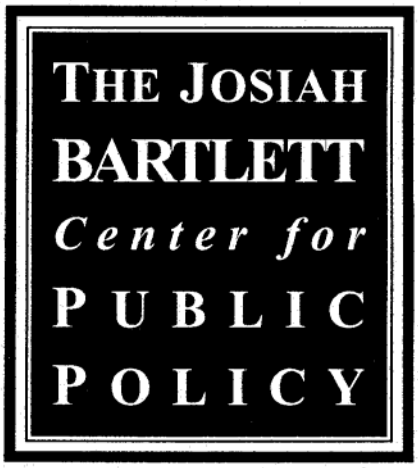


Financial Impact of the *No Child Left Behind Act*

On the State of New Hampshire

& Review of the Cost Analysis of the NHSAA

The Josiah Bartlett Center for Public Policy • 7 South State Street • Concord, NH 03301 • 603-224-4450

Foreword

Since the founding of the Josiah Bartlett Center ten years ago, we've taken a special interest in the relationship between federal and local governments. The recent sweeping overhaul of the federal Elementary and Secondary Education Act known as "No Child Left Behind (NCLB)" promises major changes at both the state and local levels. Unfortunately, the nature of those changes and the likely costs associated with them are often obscured by the political back and forth that tends to dominate the issue.

The Josiah Bartlett Center believes there are few debates that can't be improved by a healthy dose of information. A recent study by the New Hampshire School Administrators Association attempted to suggest that new federal aid would not cover the costs of new programs, creating an unfunded mandate. Unfortunately, their study for the most part did not reveal its methodology and left many areas open to more detailed analysis.

Current debate on "No Child Left Behind" demands a cautious assessment of the financial impact to New Hampshire and the actual new federal funding specifically for New Hampshire. AccountabilityWorks is a nationally recognized non-profit research organization that has already conducted a groundbreaking national study of the likely costs of the testing provisions of NCLB. Their research team included experts familiar with education at the federal policy level, state financing, and running schools.

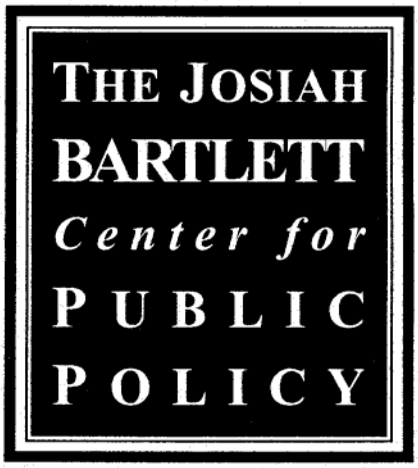
For each point of our analysis, we've attempted to be as transparent as possible. Rather than merely assign a cost, we've laid open our methodology and its underlying assumptions. I'm confident that most policymakers will find that to be the most helpful analysis.

Increased federal education aid to New Hampshire due to NCLB will be about $13.7 million this year. A conservative estimate of the increased costs of NCLB associated with attracting and retained highly qualified teachers and paraprofessionals, new testing requirements, technology plans and special education is about $7.7 million. That will leave about $6 million of federal education aid for other state and local priorities.

It is important to note that our estimates and assumptions are quite conservative. Given the high quality of both New Hampshire's teachers and our education paraprofessionals, there's reason to suspect that the cost estimates are a little on the high side. As this policy discussion continues, we expect to offer new data and analysis to help New Hampshire's policymakers, teachers, and parents fully understand this new law and its implications.

Finally, an analysis of this detail would not have been possible without the support of The Business Roundtable. Without their commitment to excellence and thorough investigation, this study and the involvement of a group like AccountabilityWorks would not have occurred.

Charles M. Arlinghaus, President
Josiah Bartlett Center for Public Policy
Concord, New Hampshire



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Prepared by
AccountabilityWorks

Commissioned by
The Business Roundtable

February 2003

Organizations:

The Josiah Bartlett Center for Public Policy

The Josiah Bartlett Center for Public Policy is a non-profit, non-partisan, independent think tank focused on state and local public policy issues that affect the quality of life for New Hampshire's citizens. To improve economic prosperity and the general welfare, the Center provides information, research, and analysis to decision makers. The Center has as its core beliefs individual freedom and responsibility, limited and accountable government, and an appreciation of the role of the free enterprise system.

The Business Roundtable

The Business Roundtable is an association of chief executive officers of leading corporations with a combined workforce of more than 10 million employees in the United States and $3.7 trillion in annual revenues. The chief executives are committed to advocating public policies that foster vigorous economic growth and a dynamic global economy.

AccountabilityWorks

AccountabilityWorks is a non-profit research and consulting organization dedicated to assisting states in designing and implementing high quality elementary and secondary education reforms. It works with individual states, consortia of states, and other reform-minded organizations. With many of the accountability movement's best practices now embodied in the federal *No Child Left Behind Act*, AccountabilityWorks believes that the next few years represent a unique opportunity to ensure that all students passing through elementary and secondary education receive a solid foundation of skills and knowledge on which to build their futures.

Contributors:

Meave O'Marah

Ms. O'Marah is a consultant to AccountabilityWorks with extensive experience in public policy, working on issues ranging from education to criminal justice to administration and finance. While working for the Commonwealth of Massachusetts, Ms. O'Marah's focus was on fiscal policy and the close tie between policy initiatives and their effect on state finances. After leaving the public sector, Ms. O'Marah served as an officer and senior manager in one of the largest charter school management companies in the country. Recently, Ms. O'Marah founded her own consulting firm, providing services that draw on her experience from the private and public sectors in fiscal policy, budgeting, start-up activities, accounting systems design, and client management.

Theodor Rebarber

Mr. Rebarber is president and founder of AccountabilityWorks. Prior to AccountabilityWorks, Mr. Rebarber was co-founder and chief education officer of one of the largest charter school management companies in the country and had line responsibility for over $35 million in school and central office expenditures. Among his other responsibilities, he has served as senior staff at the U.S. House of Representatives, worked for the Assistant Secretary for Research and Improvement at the U.S. Department of Education, and conducted education policy research at the Vanderbilt Institute for Public Policy Studies (VIPPS).

Summary

The *No Child Left Behind Act* (NCLB) presents unique challenges and opportunities for every state in the nation. This analysis addresses four potential cost areas that have been the subject of recent attention and debate in New Hampshire: attracting and retaining highly qualified teachers and paraprofessionals; completing technology plans; increased identification of students for special education, and; developing state tests for grades 3-8 and high school. Our analysis identifies $13.7 million in net new funding for New Hampshire for the 2002-03 school year and $18.5 million for the 2003-2004 school year as a result of NCLB. When combined with substantial and separate increases in federal special education spending, the resulting additional funding for New Hampshire is $18.6 million in the 2002-2003 school year and $28.5 million in the 2003-2004 school year. We find that expected cost increases in these key areas are quite affordable given the new funding. This assumes that New Hampshire chooses reasonably efficient responses to the new federal requirements, rather than the most expensive options available. In costing out these more efficient options, we use conservative budgeting assumptions that probably yield higher estimates than the state is likely to incur. The New Hampshire School Administrators Association (NHSAA) recently released an analysis of the same four cost areas that finds that the cost burden on New Hampshire far outweighs new federal funding associated with NCLB[1]. Our review of the NHSAA analysis finds that although it identifies a number of critical areas where New Hampshire will have to focus attention and resources, the report overstates the costs while underestimating both the funding commitment of the federal government and the flexibility afforded states under the new law. A careful review of the NHSAA report also reveals, in our view, substantial problems in methodology, invalid assumptions and mathematical errors.

New Hampshire Federal Education Funding for *No Child Left Behind* (NCLB) and Special Education (Increases Compared to School Year 01-02)	**School Year 2002-03**	**School Year 2003-04**
NCLB Funding Increase	$13,656,164	$18,491,148
NCLB Identified Cost Increases	$7,704,810	$15,527,387
New Additional Resources for State and Local Priorities	*$5,951,354*	*$2,963,761*
Total NCLB Funding	**$59,729,410**	**$64,564,394**
Special Education Funding Increase	$4,885,043	$10,015,463
Total Special Education Funding	**$35,714,724**	**$40,845,144**
Total NCLB and Special Education Increases	**$18,541207**	**$28,506,611**
Total New Hampshire NCLB & Special Education Funding	**$95,444,134**	**$105,409,538**

Findings and Discussion

This analysis focuses on identifying cost increases in the 2002-2003 and 2003-2004 school years[2] resulting from the federal *No Child Left Behind Act* (NCLB), as well as accompanying new federal dollars, in the following four areas:

1. Costs to attract and retain high quality teachers and paraprofessionals
2. Estimated cost of completing new technology plans
3. Identification of students for special education
4. Developing state tests for grades 3-8 and high school

We find that New Hampshire will receive a $13.7 million increase in federal education funding during the 2002-2003 school year and $18.5 million increase during the 2003-2004 school year ("new" funding), compared to the year before NCLB, as a result of the new legislation. Further, New Hampshire will receive an additional (separate) $4.9 million increase in special education funding for 2002-2003 and $10.0 million for 2003-2004, compared to the year before NCLB. The combined new federal funding will be $18.6 million in 2002-2003 and $28.5 million in 2003-2004, compared to before NCLB. In conjunction with previous levels of federal funding, these increases result in total federal NCLB and special education funding for New Hampshire of $95.4 million in 2002-2003 and $105.4 million in 2003-2004. The New Hampshire School Administrators Association (NHSAA) developed a cost analysis focusing on the same four areas, but concluded that New Hampshire will receive $17 million in additional funding in 2002-03 from the *No Child Left Behind Act (NCLB)* while the state would incur $126.5 million in new costs to operate in compliance with NCLB. Contrary to the NHSAA report, however, we find that the federal increases are quite sufficient to pay for the additional costs that New Hampshire is likely to incur in implementing the new legislation, as long as New Hampshire responds in an efficient manner rather than selecting the most costly options available (see the Cost Summary Table on p. 10 of this report).

All of the cost estimates for this analysis, including commentary on the NHSAA analysis, are discussed and explained below.

I. High Quality Teachers and Paraprofessionals

The NHSAA study concludes that New Hampshire will need to spend an additional $11.7 million to address NCLB teacher quality requirements and an additional $16.6 million to address NCLB paraprofessional quality requirements. NHSAA's calculations assume a 2% across-the-board raise for New Hampshire teachers and a 20% across-the-board raise for paraprofessionals. For teachers, we find that this "broad but shallow" approach is not only the most expensive conceivable option, but also the one with the least chance of successfully addressing the challenge. NHSAA provides no explanation or citation for why a 2% raise for all teachers is a sound method for calculating the cost of ensuring that critical shortage areas, such as mathematics and science, will be addressed. Similarly, we find that the 20% paraprofessional raise assumed by NHSAA is based—unnecessarily—on selecting the most expensive of various options available. Compliance with this NCLB provision is, in fact, likely to result in significant new costs, but workable options exist that are both affordable and likely to be successful. (We also note that ensuring that teachers and paraprofessionals are well qualified is an essential task *regardless* of federal requirements or federal funding.)

I.A Cost Impact for Teachers Affected by NCLB:

In general, *No Child Left Behind* (NCLB) requires that *current* teachers in elementary and secondary grades have state certification and demonstrate subject area competency in all core subjects they teach (either on a test or through another objective evaluation system). Of greatest concern would be the extent to which current teachers are teaching "out of field" and thus may have difficulty demonstrating subject competency.

Based on New Hampshire's Title II state report from the fall of 2002, we identify up to 9,845 current New Hampshire teachers that would be subject to the federal quality guidelines because they teach core subjects.[3] As noted above, NCLB permits these teachers to demonstrate subject matter competency either on a state test or through a state-developed evaluation system (the latter may include administrator evaluation aligned to student academic standards). While it would be unreliable to estimate the cost of a yet-to-be-developed state evaluation system, it is very possible to estimate the cost of the testing option. Since most states appear likely to adopt evaluation systems that rely on existing administrator salaries to cover the cost of time spent—rather than the test option with "hard" costs—this is likely to be a high estimate for the cost of compliance. (The test option is, however, is likely to set a more rigorous standard for competency and is, in that sense, the more reform-oriented approach.) We estimate the cost of the first step of a test-based approach to be approximately $1.87 million, including the cost of study guides and test administration provided at no charge for all 9,845 affected teachers. Assuming that as many as one-fourth does not pass (the actual number is likely to be lower), the second step would include remedial support and re-testing for this group at a cost of approximately $896,080. If both steps are performed in the 2002-2003 school year or this summer, the total cost would be approximately $2.77 million.[4] This amount represents approximately 20% of the $13.7 million in "new" funds provided under NCLB in 2002-2003.

Under NCLB, *new* teachers in core subjects are required to have state certification and a Bachelor's degree. Further, new elementary teachers in core subjects must also pass a state test in reading, mathematics, writing and other areas of the elementary curriculum. New middle and secondary teachers in core subjects must either possess a college major or advanced certification in each core subject they teach or the must pass a state test in each such core subject.

The NHSAA report concludes that the best way to calculate the cost of ensuring that the state has high quality teachers is to provide an across-the-board pay raise of 2%. Instead, we focus on those areas where New Hampshire faces actual challenges in recruiting and retaining qualified teachers. This incorporates an analysis of the total population employed in public education, the rest of the New Hampshire workforce not involved in teaching (see Appendix A), those teaching fields identified by the state as problem areas for recruiting and retaining teachers, as well as data on the potential pool of new teacher candidates in shortage areas.

The New Hampshire state commissioner of education has offered various innovative ideas on how to close shortage gaps, including incentive pay to attract teachers to shortage areas[5]. Similarly, NCLB outlines a series of ways in which teacher quality grants can be used to attract and retain high quality teachers such as:

- professional development opportunities
- signing bonuses
- mentoring programs
- performance bonuses
- scholarships
- differential pay

With these potential solutions in mind, we reviewed the areas identified by New Hampshire as critical teacher shortage for 2002-2003. In the core subjects affected by NCLB, the shortage areas consist of mathematics and science teachers at the middle and secondary levels.[6]

The first approach that New Hampshire should explore in order to address this challenge is reforms in recruitment and certification of new teachers. Aggressive recruitment and removing unnecessary barriers to certification for highly qualified candidates hold enormous promise. A review of just one of several web-based teacher recruitment services (Teachers-Teachers.com) identified 1,039 individuals interested in teaching mathematics in New Hampshire, of which 90% were from out-of-state. A review of the basic qualifications of these candidates identified at least 268 (approximately 26%) who appear likely to satisfy the requirements of NCLB.[7] Since the entire middle and secondary mathematics teaching force in New Hampshire is approximately 660[8], the number of potentially qualified candidates appears substantial. A similar number of individuals interested in teaching science are listed by the same service. A significant number of potential candidates have strong subject content qualifications, such as a major in the field, but lack traditional education coursework; certification and on-site mentoring reforms are necessary to take full advantage of the opportunity such candidates present. In the 2002-2003 school year, nearly $10 million in federal NCLB teacher quality funds would remain available (after paying for the testing and remediation option described above for current teachers) and some of those funds could be diverted from other uses for innovative recruitment efforts. Further, there is some evidence that the supply of teacher candidates nation-wide appears to have increased significantly in the last year, probably making recruitment easier.[9]

Yet, one of the longstanding reasons for the difficulty in recruiting and keeping teachers with math and science degrees is that there are ample higher-paying career opportunities for individuals with those degrees in other fields. The average pay for teachers in New Hampshire is $39,915 while the average salary in New Hampshire across all Life, Physical and Social Science fields is $45,656[10]. Teaching positions are thus, arguably, an average of 14.4% below market value compared to private sector science and math jobs (though this does not take into account teachers' shorter work calendar).

According to New Hampshire's Title II Report, the total number of teachers in math and science is 1,273[11]. A 14.4% increase for all of New Hampshire math and science teachers would cost approximately $7.3 million in the 2003-04 school year, less than 40% of the net additional funding provided by NCLB in that year ($18.5 million). Targeting significant funding toward addressing this challenging area, we believe, is a good investment toward resolving the issue.

I.B Cost Impact for Paraprofessionals:

NCLB requires that paraprofessionals must have a high school degree (or its equivalent) and meet one of the following: at least two years of postsecondary study; an associate's degree; or demonstrate competency in reading, writing and mathematics on a test.

This study analyzed the costs of the least expensive, and most practical, option: requiring all paraprofessionals to pass a test (with appropriate assistance) and providing fair compensation once they have passed. There are 7,720 teachers' assistants[12] representing 5,760 full-time equivalent employees.[13]

For *current* paraprofessionals, our approach for estimating costs is similar to that used previously for calculating the costs of current existing teachers in meeting NCLB qualifications. The total cost, if all paraprofessionals were provided free study guides and tested at no charge in the 2002-2003 school year (with remedial assistance and re-testing offered to all who fail), would be approximately $938,000.[14]

In order to attract future paraprofessionals with demonstrated competency in reading, writing and mathematics on an appropriate test, we estimate that a 5% across-the-board raise would be helpful. Such a raise would also assist in retaining current paraprofessionals who pass the test and, therefore, have more marketable skills. Such a raise could be implemented in the coming 2003-2004 school year at a cost of approximately $4.2 million.[15] This cost, combined with all other costs estimated for 2003-2004, does not exceed the net new funding provided to New Hampshire under NCLB (see the Cost Summary Table on p. 10).

The NHSAA study calculated a 20% raise for all New Hampshire paraprofessionals to estimate the cost of meeting the NCLB qualifications requirements. The 20% differential is approximately equal to the general labor force wage premium for employees with two years of college, or an associate degree, compared to employees with only a high school degree.

We find that this approach suffers from three distinct flaws. First, it does not account for how existing paraprofessionals will achieve the NCLB qualifications. It is not realistic to expect that all New Hampshire paraprofessionals will be able to obtain as much as two additional years of postsecondary coursework part-time while they are still teaching. Second, the NHSAA approach does not clearly allocate funds for either postsecondary tuition assistance or for assistance in passing a test in reading, writing, and mathematics. Third, this option appears to be an unnecessarily expensive approach if many, perhaps most, paraprofessionals end up meeting this requirement by passing a test rather than completing two years of postsecondary education.

II. Updating Technology Plans

Most public school districts in New Hampshire already have technology plans that they must update in order to continue to receive funding through the federal e-rate program. Technology funding has also been available through the Technology Literacy Challenge Fund (TLCF) since 1997, another federal program that has supported technology planning, professional development, special programs and hardware acquisition. In order to qualify for these funds, states and participating districts have, for some years, had to regularly update technology plans[16].

The only significant issue in terms of evaluating potential new costs is whether the requirements of NCLB differ materially from the state's objectives or from those of e-rate or TCLF. According to information posted on the New Hampshire state office of technology web site, "We do not

anticipate [the new requirements of NCLB] being more rigorous than the current requirements…" The New Hampshire department of education has further confirmed that it does not perceive the state to be experiencing a financial burden as a result of the technology requirements and that, in fact, the additional funding has been very helpful.

Thus, we believe it is fair to conclude that of the $3.08 million federal technology allocation to New Hampshire for the 2002-03 school year, the $825,000 in increased funding over the previous year is simply an amount to be used to enhance current efforts and requires *no* additional costs.

The NHSAA estimates that NCLB will require every district in NH to spend $200,000 to update their technology plans. Not only is no evidence or citation provided to support this conclusion, but the NHSAA report erroneously implies that other NCLB funding (such as Title I, the largest program) will be conditioned on the development of technology plans.[17]

III. Special Education

Our analysis finds no basis for assuming *any* cost increase for special education as a result of NCLB. Instead, we conclude that the 16% increase in special education funds provided to New Hampshire in the 2002-2003 school year can instead be used for existing special education needs.[18]

The NHSAA report assumes that the adequate yearly progress (AYP) requirement contained in NCLB will force, or tempt, the state to identify a fairly large number of additional special education students. NHSAA provides no support for this assertion and, as explained below, there is no reason to accept it. Therefore, we do not estimate any additional school special education costs as necessary for compliance with NCLB, though it is worth noting that federal special education allocations to New Hampshire are higher than in 2001-2002 by $4.9 million in 2002-2003 and by $10.0 million in 2003-2004. Further, we identify several errors in the NHSAA calculations as well as other invalid assumptions that greatly reduce NHSAA's estimates in this area, even if one were to grant NHSAA's projections for increased special education enrollment.

NHSAA asserts that New Hampshire educators would label an additional 4,400 students as requiring special education as a result of schools failing to meet targets for Adequate Yearly Progress (AYP) on state reading and math tests. If the NHSAA report is correct, the state would add 2% more of the total New Hampshire K-12 student population to special education. Given the motivation implied by NHSAA (accountability pressure), as well as the fact that New Hampshire already identifies a significantly higher proportion of its student population for special education than the national average[19], the implication is that thousands of New Hampshire students are likely to be miss-classified with disabilities when they do not have them. NHSAA cites no evidence to support the notion that New Hampshire educators would increase special education enrollment on such a large scale in order to avoid accountability. In addition, the NHSAA does not account for the new federal funding for research-based early reading programs, which is designed to *reduce* the number of additional students identified for special education.[20]

Further, there is little incentive to be found for such misclassification in the NCLB testing and accountability requirements, as long as New Hampshire officials implement these provisions faithfully and professionally. Prior to NCLB, states were not required to include special education students in the same accountability and testing system as the rest of the student population. NCLB, however, generally requires that the same accountability and testing requirements apply to all students, including special education students—resulting in *less* incentive to classify students as requiring special education in order to avoid accountability. While it is true that

special education students are permitted a variety of accommodations on state tests, such accommodations are supposed to be designed to ensure that students with disabilities have *access* to state tests, not to inflate test scores artificially. For example, blind students may require Braille versions of a state test, but it would be inappropriate to provide such students with computational assistance on a math test if they have not learned basic mathematical algorithms. Proper guidelines for such accommodations, which are the responsibility of state testing administrators, should exist to ensure that accommodations provide no incentive for increasing the number students classified as requiring special education.

Apart from the unjustified projection of an increase in special education enrollment, the NHSAA analysis contains several other errors or incorrect assumptions.

First, the NHSAA report uses a total student population of 220,000 but the New Hampshire department of education reported a total of 206,847 public school children in K-12 as of September 2002. Thus, it seems that the total projected growth of 2% should have been 4,137 students rather than 4,400.

Second, the NHSAA report states that special education students cost 201% of the state average per student cost of $6,800, or $14,280. But 201% of $6,800 is $13,668, not $14,280 (the figure used in the NHSAA study).

Third, any estimate of increased costs should have been based on the additional cost of educating these students compared to general education students, not the full cost of educating each special education student. The NHSAA analysis erroneously multiplied the full average cost for each special education student ($14,280) by the additional 4,400 student projected. Thus, even if we were to accept the questionable 2% growth projection and replace the 201% cost estimate with 210% (but use correct enrollment), the total cost increase should have been calculated at no more than $30.9 million, not $62.8 million. In fact, such misclassified students would likely be identified as possessing the least severe types of disabilities, so the average cost across all special education students is probably an excessive figure given the nature of the services these students would actually receive.

IV. Developing Additional State Tests

The NHSAA analysis projects an annual increase of $5.5 million in costs to purchase and administer student tests in these four grades. In reality, the 2002-2003 cost to New Hampshire for work to develop these tests is unlikely to exceed $4 million, about the same as the amount provided for this purpose under NCLB ($3.91 million). The assumptions behind the $4 million figure are based on an earlier and more extensive, nation-wide study of testing costs by AccountabilityWorks.[21] In practice, the actual development costs to New Hampshire in this year and the following year could easily be adjusted down the relatively small difference between the federal allocation and the cost estimate ($90,000 or less), resulting in no additional cost.

The apparent flaw in the NHSAA's $5.5 million figure is that it seems based on a simple proportion of the amount previously spent by New Hampshire on testing. Such a figure includes agency overhead as well as other testing costs unrelated to the new tests under development (e.g., scoring costs for previously developed tests). But the new federal assessment dollars are only intended to cover the *additional* costs of complying with the NCLB testing requirement, *not* to replace ongoing state responsibility for overhead or other pre-existing testing costs.

Cost Summary Table*

Activity	First Year (02-03)	Out Year (03-04)
I: High Quality Teachers and Paraprofessionals		
I.A: High Quality Teachers		
Testing and Remediation Option	*$2,766,630*	
Study guide	$393,800	
Subject competency exam fees	$1,476,750	
Tutoring	$526,930	
Exam re-take fees	$369,150	
Math and science teacher salary increase		*$7,316,899*
I.B: High Quality Paraprofessionals		
Testing and Remediation Option	*$938,180*	
Study guide	$169,840	
Subject competency exam	$308,800	
Tutoring	$356,620	
Test Re-Take	$102,920	
5% wage increase		*$4,210,488*
Total for High Quality Requirements	***$3,704,810***	***$11,527,387***
Total Funding Available from NCLB	***$13,567,163***	***$13,916,815***
Net Surplus Available/(Shortage to Cover)	**$9,862,353**	**$2,389,428**
IV: New Student Tests	$4,000,000	$4,000,000
Total Funding Available from NCLB	$3,912,262	$3,955,207
Net Surplus Available/(Shortage to Cover)	**($87,738)**	**($44,793)**
V. Additional Resources for State and Local Priorities *(E.g., Innovative recruitment initiatives, professional development, technology, etc.)*	**$5,951,354**	**$2,963,761**
Grand Total New NCLB Expenses	**$13,656,164**	**$18,491,148**
Per Student	*$66.02*	*$89.40*
Net NCLB Funding Increases	**$13,656,164**	**$18,491,148**
Per Student	*$66.02*	*$89.40*
Total NCLB Funding	**$59,729,410**	**$64,564,394**
Net Special Education Funding Increases	**$4,885,043**	**$10,015,463**
Total Special Education Funding	**$35,714,724**	**$40,845,144**
Net NCLB and Special Education Funding Increases	**$18,541207**	**$28,506,611**
Total NCLB and Special Education Funding	**$95,444,134**	**$105,409,538**

*This table does not include cost estimates for Updating Technology Plans and Special Education (Sections II and III in this report). As explained, NCLB does not mandate cost increases in these areas.

Endnotes

[1] New Hampshire School Administrators Association Executive Board. Analysis of Cost Impact of ESEA – No Child Left Behind Act on New Hampshire. November, 26, 2002.

[2] In this study we refer to the federal fiscal year 2001-2002 and the 2002-2003 school year as the baseline year and the fiscal year 2002-2003 and 2003-2004 school year as the out year. Much, though not all, federal funding is "forward funded," with, for example, federal fiscal year 01-02 funds becoming available to states and school districts in school year 02-03. For the sake of simplicity, we treat *all* federal dollars as entirely forward funded, though some are not. This is reasonable since the overall dollars in any one-year will tend to balance out, but at the margin it is a highly conservative assumption since some minority of funds will actually become available to states and districts earlier than we project. For the out-year, we relied on the President's budget request and, where available, new actual appropriations figures as the basis for our number. See Appendix B for a summary table of the financial projection.

[3] Included in that total are elementary education, bilingual education, English/language arts, mathematics, science, and special education teachers.

[4] According to published exam fees for the widely-administered Praxis teacher tests from the Educational Testing Service (ETS), per teacher fees are unlikely to exceed $150 for testing with study guides for additional $40, resulting in a costs of approximately $1,476,750 and $393,800 respectively for 9,845 teachers. Based on published estimates of the number of current New Hampshire teachers that are "teaching out of field" (see Education Week, New Hampshire teacher quality profile) we conservatively estimate that as many as one-fourth of those teachers may not pass such a test if it is based on a rigorous standard and would require remedial assistance (the actual failure rate is likely to be lower) and re-testing. Such assistance and re-testing for 2,461 teachers would add an estimated $526,930 and $369,150 respectively. Remedial assistance is based on assumptions of small group assistance (10:1 ratio), 60 hours of instruction, hourly instructor compensation of $29.75, and 20% overhead cost. The total cost for testing and remedial support would thus be $2,766,630.

[5] Union Leader, January 19, 2003.

[6] Dr. Judith Fillion. Critical Shortage List 2002-2003 School Year. NH Department of Education. May 16, 2002. www.ed.state.nh.us/Certification/crshortage.htm

[7] Analysis by Erin Hindman of the American Board for Certification of Teacher Excellence (ABCTE). February 11, 2003. Available upon request.

[8] New Hampshire state Title II report.

[9] Erika Hayasaki. *The Great National Teacher Shortage is Easing.* Los Angeles Times. February 10, 2003.

[10] 2001 New Hampshire Occupational Employment and Wages

[11] This should be a conservative number as the Title II report includes full-time, part-time, and long-term substitutes.

[12] Bureau of Labor Statistics

[13] NH DOE

[14] Assume that all 7,720 paraprofessionals were tested in 2002-03 using a nationally recognized test such as the ETS ParaPro – at a cost of about $40 each – with the state covering the cost of a study guide for the test for each aide at a cost of $22. We then assume conservatively that one-third of all paraprofessionals fail, with the state providing remedial assistance and re-testing to all 2,573. Remedial instruction is assumed to be at a 10:1, as for the teacher remedial assistance above. Total cost to the State in 2002-03 would thus be approximately $938,000

[15] Using the $10.10 average rate and 1,080 average hours per year from the NHSAA study, it would cost the state $4.2 million in 2003-2004 and other out-years to provide a 5% increase to all paraprofessionals.

[16] The SEA technology plan has been completed and submitted to the US DOE and the local technology plans were due to the state by January 17th, 2003 and were completed without additional state or local appropriations.

[17] Title IID is funded separately from Title I. Compliance with Title IID would only put Title I funds in jeopardy if a state elects to submit a consolidated application.

[18] The appropriation for the 2003-04 school year is for $10.02 M over the 2001 levels, or an increase of 32%.

[19] According to a December 1, 2001 count, updated as of August 30, 2002, New Hampshire classifies 12.5% of its total student population as requiring special education, compared to 11.6% of the total national student population. U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS). The NH State Department of Education has reported that the special education population is even higher at 13.5%.

[20] In fact, an increasing body of research indicates that research-based instructional programs can significantly *reduce* the proportion of students requiring special education. See, for example, the reading research described in the report of the National Reading Panel (NRP).

[21] See http://www.accountabilityworks.org/publications/no_child_left_behind_test_costs.pdf for the test development study and cost assumptions. (February, 2003.) New Hampshire will need to develop math and reading tests for grades four, five, seven and eight. It will cost the state, at most, $2 million to develop each test (most states require less). Spread out over four years, it will cost about $500,000 per test per year, or $4 million in 2002-03. The 2002-03 appropriation-testing amount for New Hampshire is $3.91M, nearly the full amount we estimate will be needed to accomplish the requirements.

Appendix A: The New Hampshire Workforce

604,930 people were employed in NH in 2001 (Bureau of Labor Statistics)

Of these, 28,688 were employed in K-12 teaching positions, broken down as follows:

- 18,728 elementary and secondary teachers
- 2,160 special education teachers
- 7,720 paraprofessionals

The total number of full-time equivalent teachers in 2001 was (NH State DOE):

- 14,681 (10,184 elementary and 4,493 secondary teachers)
- 5,760 aides (4,830 elementary and 930 secondary teachers)

According the 2000 Census, NH residents represented the following levels of academic achievement:

- **Total population: 809,019**
- Less than 9th grade: 25,234 (3.1%)
- 9th grade to 12th grade no diploma 75,543 (9.3%)
- High school graduate (including equivalency): 240,319 (29.70%)
- Some college – no degree: 152,481 (18.8%)
- Associates degree: 70,650 (8.7%)
- Bachelor's degree: 161,587 (20%)
- Graduate or professional degree: 83,205 (10.3%)

Appendix B: Funds for State Formula-Allocated and Selected Student Aid Programs for Increased Funds in 2002-03 Attributable to No Child Left Behind- New Hampshire

	2001 Appropriation	2002 Appropriation	2002 Increase Over 2001	2003 Request/Appropriation*	2003 Increase Over 2001
ESEA Title I--Grants to Local Educational Agencies	$ 21,967,666	$ 26,874,235	**$ 4,906,569**	$ 30,374,149 *	**$ 8,406,483**
ESEA Title I--Reading First State Grants	$ -	$ 2,158,750	**$ 2,158,750**	$ 2,400,000	**$ 2,400,000**
ESEA Title I--Even Start	$ 1,122,500	$ 1,127,500	**$ 5,000**	$ 910,000	**$ (212,500)**
ESEA Title I--Migrant	$ 124,772	$ 143,639	**$ 18,867**	$ 143,639	**$ 18,867**
ESEA Title I--Neglected and Delinquent	$ 336,600	$ 257,725	**$ (78,875)**	$ 257,725	**$ (78,875)**
ESEA Title I--Comprehensive School Reform	$ 496,021	$ 558,125	**$ 62,104**	$ 558,160	**$ 62,139**
ESEA Title I--Capital Expenses for Private School Children	$ 3,758	$ -	**$ (3,758)**	$ -	**$ (3,758)**
Subtotal, Education for the Disadvantaged	$ 24,051,317	$ 31,119,974	**$ 7,068,657**	$ 34,643,673	**$ 10,592,356**
			$ -		
Impact Aid--Basic Support Payments	$ 5,885	$ 9,911	**$ 4,026**	$ 11,695	**$ 5,810**
Impact Aid--Payments for Children with Disabilities	$ 515	$ 480	**$ (35)**	$ 535	**$ 20**
Impact Aid--Construction	$ -	$ -	**$ -**	$ -	**$ -**
Impact Aid--Payments for Federal Property	$ -	$ -	**$ -**	$ -	**$ -**
Subtotal, Impact Aid	$ 6,400	$ 10,391	**$ 3,991**	$ 12,230	**$ 5,830**
			$ -		
Improving Teacher Quality State Grants	$ -	$ 13,567,163	**$ 13,567,163**	$ 13,916,815 *	**$ 13,916,815**
Class Size Reduction	$ 7,615,200	$ -	**$ (7,615,200)**	$ -	**$ (7,615,200)**
Eisenhower Professional Development State Grants	$ 2,173,869	$ -	**$ (2,173,869)**	$ -	**$ (2,173,869)**
Safe and Drug-Free Schools and Communities State Grants	$ 2,142,933	$ 2,307,865	**$ 164,932**	$ 2,335,548 *	**$ 192,615**
State Grants for Community Service for Expelled or			**$ -**		**$ -**
Suspended Students	$ -	$ 250,000	**$ 250,000**	$ -	**$ -**
21st Century Community Learning Centers	$ - [1]	$ 1,522,706	**$ 1,522,706**	$ 2,787,808	**$ 2,787,808**
Educational Technology State Grants	$ 2,250,000	$ 3,075,155	**$ 825,155**	$ 3,237,003	**$ 987,003**
State Grants for Innovative Programs	$ 1,911,525	$ 1,911,525	**$ -**	$ 1,911,525	**$ -**
Fund for the Improvement of Education--Comprehensive			**$ -**		**$ -**
School Reform	$ 216,863	$ 318,836	**$ 101,973**	$ -	**$ (216,863)**
State Assessments and Enhanced Assessment Instruments	$ -	$ 3,912,262	**$ 3,912,262**	$ 3,955,207	**$ 3,955,207**
Education for Homeless Children and Youth	$ 100,000	$ 150,000	**$ 50,000**	$ 150,000	**$ 50,000**
Rural and Low-Income Schools Program	$ -	$ 27,966	**$ 27,966**	$ -	**$ -**
Small, Rural School Achievement Program	$ -	$ 1,055,567	**$ 1,055,567**	$ 1,114,585 *	**$ 1,114,585**
School Renovation Grants	$ 5,483,750	$ -	**$ (5,483,750)**	$ -	**$ (5,483,750)**
Indian Education--Grants to Local Educational Agencies	$ -	$ -	**$ -**	$ -	**$ -**
Language Acquisition State Grants	$ -	$ 500,000	**$ 500,000**	$ 500,000	**$ 500,000**
Immigrant Education	$ 121,389	$ -	**$ (121,389)**	$ -	**$ (121,389)**
	$ 22,015,529	$ 28,599,045	**$ 6,583,516**	$ 29,908,491	**$ 7,892,962**
			$ -		
total ESEA	$ 46,073,246	$ 59,729,410	**$ 13,656,164**	$ 64,564,394	**$ 18,491,148**

Appendix B: Funds for State Formula-Allocated and Selected Student Aid Programs for Increased Funds in 2002-03 Attributable to No Child Left Behind- New Hampshire (Continued)

	2001 Appropriation	2002 Appropriation	**2002 Increase Over 2001**	2003 Request/Appropriation*	**2003 Increase Over 2001**
Special Education--Grants to States	$ 27,359,981	$ 32,080,256	**$ 4,720,275**	$ 37,112,270 *	**$ 9,752,289**
Special Education--Preschool Grants	$ 1,591,180	$ 1,591,180	**$ -**	$ 1,591,180	**$ -**
Special Education--Grants for Infants and Families	$ 1,878,520	$ 2,043,288	**$ 164,768**	$ 2,141,694	**$ 263,174**
Subtotal, Special Education	$ 30,829,681	$ 35,714,724	**$ 4,885,043**	$ 40,845,144	**$ 10,015,463**
Vocational Rehabilitation State Grants	$ 9,135,750	$ 9,627,257	**$ 491,507**	$ 10,102,469	**$ 966,719**
Client Assistance State Grants	$ 118,241	$ 120,724	**$ 2,483**	$ 120,724	**$ 2,483**
Protection and Advocacy of Individual Rights	$ 138,633	$ 147,782	**$ 9,149**	$ 147,782	**$ 9,149**
Supported Employment State Grants	$ 300,000	$ 300,000	**$ -**	$ -	**$ (300,000)**
Independent Living State Grants	$ 297,581	$ 297,581	**$ -**	$ 297,581	**$ -**
Services for Older Blind Individuals	$ 225,000	$ 225,000	**$ -**	$ 225,000	**$ -**
Assistive Technology: Protection and Advocacy	$ 50,000	$ 50,000	**$ -**	$ 50,000	**$ -**
Subtotal, Rehabilitation Services and Disability Research	$ 10,265,205	$ 10,768,344	**$ 503,139**	$ 10,943,556	**$ 678,351**
			$ -		
Vocational Education State Grants	$ 5,376,800	$ 5,767,840	**$ 391,040**	$ 5,767,840	**$ 391,040**
Vocational Education--Tech-Prep Education State Grants	$ 530,000	$ 540,000	**$ 10,000**	$ 540,000	**$ 10,000**
Adult Education State Grants	$ 1,669,046	$ 1,778,599	**$ 109,553**	$ 1,778,599	**$ 109,553**
English Literacy and Civics Education State Grants	$ 93,393	$ 111,322	**$ 17,929**	$ 110,663	**$ 17,270**
State Grants for Incarcerated Youth Offenders	$ 45,582	$ 37,193	**$ (8,389)**	$ -	**$ (45,582)**
Subtotal, Vocational and Adult Education	$ 7,714,821	$ 8,234,954	**$ 520,133**	$ 8,197,102	**$ 482,281**
			$ -		
Federal Pell Grants	$ 27,100,000	$ 31,700,000	**$ 4,600,000**	$ 32,000,000	**$ 4,900,000**
Federal Supplemental Educational Opportunity Grants	$ 5,355,909	$ 5,619,441	**$ 263,532**	$ 5,619,441	**$ 263,532**
Federal Work-Study	$ 6,986,656	$ 6,986,656	**$ -**	$ 6,986,656	**$ -**
Federal Perkins Loans--Capital Contributions	$ 790,797	$ 790,797	**$ -**	$ 790,797	**$ -**
Leveraging Educational Assistance Partnership	$ 191,607	$ 233,667	**$ 42,060**	$ -	**$ (191,607)**
Byrd Honors Scholarships	$ 178,500	$ 177,000	**$ (1,500)**	$ 177,000	**$ (1,500)**
Total	$ 40,603,469	$ 45,507,561	**$ 4,904,092**	$ 45,573,894	**$ 4,970,425**
	$ 135,486,422	$ 159,954,993	**$ 24,468,571**	$ 170,124,090	**$ 34,637,668**

1/ Prior to fiscal year 2002, funds for 21st Century Community Learning Centers were not allocated by formula.

** Line Items marked with an asterix are actual 2003 appropriations numbers; others are from the President's request*

2001 Through 2003 Request Data Compiled for posting on the WEB by the Budget Service on July 10, 2002.