



**Augenblick, Palaich
and Associates, Inc.**

**ESTIMATING THE NEW, MARGINAL COSTS OF
NO CHILD LEFT BEHIND IN HAWAII**

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Executive Summary

In January 2004, the Hawaii Education Policy Center (HEPC) at the University of Hawaii awarded a contract to Augenblick, Palaich and Associates, Inc. (APA) to study the costs that Hawaii might incur to implement No Child Left Behind (NCLB), the 2001 federal legislation that reauthorized the Elementary and Secondary School Act of 1965 (ESEA). APA is a Denver-based consulting firm that specializes in school finance and governance.

The costs of NCLB can be addressed on several different levels, from a focus on those aspects of NCLB that are “new” (additions to ESEA, including those dealing with accountability) -- to administering the entire Act -- to those actions states, and/or schools, feel they need to take to successfully meet the Act’s student performance expectations. *The focus of APA’s analysis is on implementing the new aspects of NCLB, excluding both the administration of the traditional ESEA programs (such as Title 1) and the actions that might be taken to avoid the consequences of not meeting student performance expectations.* Our analysis of NCLB cost is not an “adequacy” study, which, as it has been done in other states, would include the cost of actions states and school districts take to improve student performance so that there would be a higher likelihood that all students could meet performance expectations.

As part of its work, APA reviewed other studies states have undertaken to estimate the costs of NCLB. Some of the studies focused on particular aspects of NCLB’s accountability requirements, such as testing, while others were adequacy studies. Our conclusion was that the studies differed to such a large extent in purpose, methodology, focus, and time period that it was impossible to directly compare results. As a result of our analysis, we designed a new approach to estimate NCLB costs in Hawaii.

APA’s approach is “activity-based.” It is designed to estimate costs by: (1) specifying the tasks people are undertaking to implement the new aspects of NCLB; (2) developing a set of templates to identify the resources that might be expended in completing the tasks; (3) using a procedure to guide people in completing the templates; and (4) costing out the identified resources. Many of the tasks were identified by Hawaii Department of Education (HDOE) staff and complex area staff; the tasks are grounded in the state’s federally-approved Consolidated Plan. Since Hawaii had created an education accountability plan prior to NCLB, the templates asked respondents to distinguish costs that are attributable to the state’s accountability system from those attributable solely to NCLB. *Ultimately, we were looking for the marginal costs of NCLB, above and beyond those the state would have incurred in implementing its own accountability system.* We focused on the 2003-04 year although we also attempted to distinguish “developmental” costs from “ongoing” costs, where developmental costs are one-time costs (most, but not all, of which have already been incurred) and ongoing costs are incurred annually (through 2007-08).

Our estimate of the new, marginal costs of NCLB is \$31.5 million in 2003-04. The ongoing costs in future years are estimated to be: \$29.9 million in 2004-2005; \$36.2 million in 2005-2006; \$45.8 million in 2006-2007; and \$47.6 million in 2007-2008 (not including an undetermined amount for the science assessment contract in that year). Developmental costs were \$24.6 million. A major determinant of future ongoing costs is the number of students who are projected to receive supplemental education services and the number of schools that will enter one of five NCLB “status” categories (which means that they do not meet NCLB student performance requirements and must take some kind of specific action). In 2007-08, for example, HDOE projects that 227 schools will either be “in corrective action,” “preparing for restructuring” or “restructuring.” At the same time, HDOE projects that 188 students will be pursuing the option of school choice while over 6,100 students will be receiving supplemental services.

These cost figures exist in a variety of contexts. For example, the cost of providing technical assistance to NCLB “status” schools grows from about \$6,000 per school “in need of improvement - year 1” to \$29,400 per school “in need of improvement - year 2” to almost \$94,000 per school in “corrective action” or “preparing for restructuring.” The cost of providing supplemental education services drops from about \$1,800 per student in 2003-2004 to about \$1,300 per students in 2007-2008 as more students participate in the program. The cost of school choice is modest at about \$300 per student over the period.

Another way to think about these costs is in relation to total spending in Hawaii. Our estimate is that the new, marginal costs of NCLB are about \$170 per student in 2003-2004, rising to about \$260 per student in 2007-2008; this means that such costs represent between 2 and 3.5 percent of per student spending in Hawaii.

There are several questions this study does not address. One question is: What amount of resources is needed to ensure that each student will meet the student performance expectations of NCLB and state accountability requirements? To answer this question, the state would need to undertake an adequacy study. A second question is: does the state have the revenue needed to pay the new, marginal costs of NCLB? The analysis required to answer that is best undertaken by the HDOE and/or the state legislature. It should be noted that the study was not designed to distinguish personnel expenditures from other kinds of expenditures and cannot be used to track the time spent by individuals or groups of people in the HDOE.

I. INTRODUCTION

In November 2003, the Hawaii Education Policy Center (HEPC) at the University of Hawaii issued a request for proposals (RFP) to study the costs that Hawaii might incur in implementing No Child Left Behind (NCLB), the 2001 federal legislation that reauthorized the Elementary and Secondary School Act of 1965 (ESEA). Augenblick, Palaich and Associates, Inc. (APA), a Denver-based consulting firm that specializes in school finance and governance, responded to the RFP and was awarded the contract to conduct the study in January 2004.

While NCLB includes numerous programs, some of which continue work that has been a part of ESEA for decades, many people view the centerpiece of NCLB as its focus on school accountability. The Act's focus on accountability is embodied in its requirements that states must develop standards for student performance, measure student achievement, and enforce consequences for schools that do not meet expectations for student progress. NCLB also includes several other new programs, notably those related to assuring the presence of appropriately qualified personnel in schools.

The costs of NCLB can be addressed on several different levels, from a focus on those aspects of NCLB that are new (additions to ESEA, including those dealing with accountability) to administering the entire Act; some people view the costs as including those associated with taking actions likely to increase a school's chance of meeting the Act's student performance expectations, thereby avoiding the consequences that kick in when expectations are not met. *The focus of this analysis is on implementing the new aspects of NCLB, excluding both the administration of the traditional programs (such as Title I) and the actions that might be taken to avoid the consequences of not meeting student performance expectations.* Hawaii's plan to implement the new aspects of NCLB are embodied in its Consolidated Plan and Accountability Workbook, documents submitted by each state to the U.S. Department of Education (USDOE); among other things, these documents show the proportion of students that are expected to reach "proficiency," by subject area and grade, each year between 2003-04 and 2013-14. Hawaii's Consolidated Plan has been approved by the USDOE.

Many states, including Hawaii, had been working independently on school accountability long before NCLB was enacted. Those states had been working to implement what some people refer to as "standards-based reform" (SBR) in an attempt to improve the performance of students and schools. Unlike past reform efforts, SBR places emphasis on "outcome" expectations in addition to "input" requirements. NCLB essentially requires states to pursue SBR and to modify their own approaches to SBR in order to comply with NCLB's specific requirements. While NCLB might impose new costs on states that had already been pursuing SBR, those costs can be viewed as being in addition to ones states had already incurred or were likely to incur in the future in order to implement their own accountability systems. *APA's approach was designed to determine the marginal costs of NCLB; that is, the approach was designed to distinguish NCLB's new costs from those that Hawaii was likely to incur anyway.*

In the past few years, several states, or education groups within states, have undertaken studies of the cost of implementing their own education accountability systems. These analyses are often referred to as “adequacy” studies. APA has been conducting adequacy studies since 1994. It is important to remember that adequacy studies differ from this one in that they are designed to estimate the full cost of meeting both the “input” requirements, such as course offerings or student to teacher ratios, as well as the “outcome” expectations, including student academic performance and other indicators used in state accountability systems. Adequacy studies include the cost of all of the programs and services people feel are needed in order to increase the chance that students will meet whatever expectations are included in the state’s accountability system. We chose not to conduct an adequacy study for two reasons: (1) the funding available to conduct the study was insufficient to undertake an adequacy study and (2) given all of the confusion about studies of NCLB costs, we felt that it made sense to focus on the new, marginal costs of NCLB as a solid starting point of discussion since they are grounded in work approved by the USDOE and they are not as controversial as the ones associated with adequacy studies.

Several other states have undertaken studies of NCLB costs. We reviewed those studies as part of the work we did for the HEPC.¹ In some cases, the studies focused on specific aspects of NCLB, such as testing, and concluded that sufficient funds were available to pay for that aspect without considering other aspects of the Act. In other cases, the efforts were adequacy studies that concluded, as such studies often do, that significant new resources would be needed to increase the chance that almost every student could meet the performance expectations of NCLB as embodied in its definition of “adequate yearly progress” and the requirement that all students become “proficient” by 2013-14. In some cases, the studies focused on NCLB revenues and assumed that almost all federal revenues could be used to address the accountability requirements of NCLB. In other cases, the studies made assumptions about all of the funds available to schools and concluded that resources were sufficient to fulfill NCLB’s accountability requirements. Our conclusion was that the studies differed to such a large extent in purpose, methodology, focus, and time period that it was impossible to directly compare results. Further, many of these studies included assumptions about how best to respond to NCLB that did not reflect state plans that had been approved by the USDOE describing how states would actually go about the work.

Prior to the release of the RFP by the HEPC, the HDOE attempted to estimate the cost of NCLB using an approach that has since been emulated in a few other states; that approach was based on a planning and budgeting effort by the agency to link its employees and contractors to the requirements of NCLB. While the approach represented an important step in trying to understand the state’s NCLB-related costs, it was an informal approach that was partly an adequacy study and partly a management study.

¹ Dianne Kaplan deVries, Robert M. Palaich and John Augenblick, “Costing Out No Child Left Behind: A Nationwide Survey of Costing Efforts,” Hawaii Educational Policy Center, April 2004.

APA decided that it had to create a new approach to study NCLB costs – one that focused on the new, marginal costs of NCLB, that used some of the procedural attributes of adequacy studies, and that was driven by the work embodied in Hawaii’s federally-approved Consolidated Plan. The approach specifies: (1) the aspects of NCLB that it covers; (2) the actions Hawaii is taking to implement those aspects of the law, including the employment of staff, the purchase of supplies and materials, and the management of contracts; (3) the extent to which the costs associated with those actions are different from those that would have been undertaken to implement Hawaii’s own accountability system; (4) the years in which those actions are taking place; (5) and the real cost of those actions, including salaries, benefits, and overhead costs. *APA’s approach was designed to focus on expenditures, not revenues. We wanted to know how much it would cost to implement new aspects of ESEA in Hawaii; we felt that any analysis of the revenues that might be available to pay for those costs should come after the costs were known and be based on information provided by Hawaii’s executive and legislative branches of government.*

In order to better understand what costs are included in or excluded from this study, APA created a list of alternative approaches to defining the costs associated with NCLB and the pursuit of SBR in Hawaii. We identified five alternative definitions of NCLB cost, with each successive definition incorporating previous levels and, therefore, likely to have higher costs:

1. The implementation of that portion of NCLB that focuses on *accountability*, as described in Hawaii’s federally-approved Consolidated Plan.
2. The implementation of NCLB’s *accountability requirements plus any new ESEA requirements*, such as those related to educator qualifications, as described in Hawaii’s federally-approved Consolidated Plan.
3. The implementation of NCLB’s accountability requirements plus any new ESEA requirements, as described in Hawaii’s federally-approved Consolidated Plan, and *the administration of all aspects of NCLB*.
4. The fulfillment of all explicit requirements of NCLB (number 3) and the *provision of the support needed so that all students meet federal student performance expectations* -- specifically those related to the schedule defining year by year improvements in the proportion of students reaching proficiency.
5. The fulfillment of all explicit requirements of NCLB and the provision of the support needed so that all students meet federal student performance expectations *and state standards*, including all “input” resource and “outcome” performance expectations.

For the purposes of the analysis for Hawaii and the HEPC, we focused on the second level specified in the list above. *These costs exist because NCLB was enacted. Had NCLB not been enacted, there would have been costs associated with implementing*

Hawaii's education accountability system and costs associated with continuing to fulfill ESEA programs.

To estimate the costs as we defined them, we used a version of a methodology we have used in completing adequacy studies in other states, which is called the professional judgment approach. This approach relies on the expertise of people who are involved in actually providing services to estimate the resources that need to be expended in order to accomplish a specific activity or set of activities. In adequacy studies, multiple groups of professional educators in a state are brought together to think about the kinds of services that would need to be available in hypothetical schools and school districts so that students, schools, and districts might be able to meet the standards included in that state's accountability system. In this case, we wanted to bring together those people in the HDOE whose attention has been focused on NCLB, as well as several educators who worked in the state's complex areas (analogous in some ways to school districts in other states), to discuss what needed to be done in order to implement NCLB's accountability requirements and any new ESEA requirements at the complex and school level.

Our approach is based on the activities HDOE staff believe need to be undertaken in order to implement those aspects of NCLB as we have defined them above and that are included in the state's federally-approved Consolidated Plan. *An "activity" is an action or event such as holding a meeting, managing a contract, developing a data collection procedure, preparing a report, informing parents, training teachers, and so on.* To facilitate data collection, we created a set of templates, or Excel-based data collection devices, which organized activities into "tasks," "areas," and "components." For example, in order to fulfill certain accountability aspects of NCLB, Hawaii is required to provide supplemental education services to students in particular schools (a component); within that component, the state has to match contractors providing services to students eligible to receive them (an area); within that area, the state has to identify qualified contractors (a task); and in order to accomplish that task, HDOE staff have to review proposals from contractors (an activity). The templates required people to estimate the resources, including people's time, materials, contracts, and other cost factors, needed to complete each activity. *We refer to this as an "activity-based" approach; the approach is not based on the number of people employed by the HDOE, the amount of revenue the HDOE received from federal sources, or the amount budgeted by the HDOE.* The activity-based approach is designed to calculate the cost of the effort that people in Hawaii believe they need to complete in order to achieve a set of specific goals.

To start, we reviewed Hawaii's federally-approved Consolidated Plan and Accountability Workbook. We also identified the people in the HDOE with responsibility for aspects of NCLB. We then contacted lead staff who actually prepared the state's consolidated plan, were responsible for implementing aspects of the state's accountability system, or who provided support for those efforts, and asked them to describe the work they were doing. We also asked them to organize groups of people with whom we could meet in order to complete the templates. Further, we asked that some people from the complex area offices attend meetings. Based on as much information as we could gather, we developed the components, areas, tasks, and activities

for use in the templates. We sent the templates to component leaders prior to visiting the state. Our visit to the state took place during a week in March when the state legislature was in recess, which increased the likelihood that HDOE employees would be able to spend time with us working on the templates.

When we met with people during our visit in March, we were able to collect data and complete templates for several of the components. One of the things that became clear was that the list of activities we had generated prior to making our visit did not describe the activities people had actually undertaken for some components. In those cases, we asked those people responsible to create their own sets of activities and to identify resources associated with those activities on their own. These templates were completed by people after we left Honolulu and forwarded to us in April and May. Because so few complex area personnel attended the meetings in March (the week we selected because it was a legislative recess happened to coincide with a school vacation period), we identified personnel in two complex areas, sent them a questionnaire tailored to local NCLB needs, and spoke with them by phone to gather the information.

The templates were specifically designed to estimate the extent of both “developmental” and “ongoing” costs. *Developmental costs are those costs not likely to be incurred again – i.e., one-time costs – and which, for the most part (but not always), have already been incurred. Ongoing costs, however, are annual expenditures needed to update or manage an activity at a particular point in time. The focal year for the study was 2003-04. Future ongoing costs were estimated relative to 2003-04 based either on expected proportional changes or on information that would “drive” costs in the future.* For example, in some cases, people felt that the cost for an activity would decrease by 20 percent simply because less needed to be done in the future and their estimate of how much less was “20 percent.” In other cases, particularly where services needed to be provided to students or schools, future costs were driven by unit costs (per student or per school) and estimates of the number of units needing to be served in the future. APA made the estimates since HDOE staff felt a bit uncomfortable making them as far into the future as 2007-08 (we made a conscious decision not to estimate costs beyond 2007-2008 because we felt that information was too unreliable beyond that point).

In addition, the templates were designed to distinguish that part of total cost that would have been incurred in order to implement Hawaii’s own accountability system. Hawaii began assessing the academic progress of its students using earlier versions of the Stanford Achievement Test in the early 1980’s. The most recent redesign of the state’s accountability system occurred in 1999. The state’s accountability system is consistent with the requirements of NCLB in many ways but the state had to make a variety of adjustments, such as moving from the use of grade bands (multiple years) to single grades in assessing student performance, in order to comply with NCLB. Because the state was committed to its accountability system and expected to use resources in its development and operation, we did not want to confuse those costs with those required by NCLB. Estimates of these distinctions were based on participant feedback about the proportion of total cost that could be classified in one way or another.

After the templates were completed, we matched prices to resources and “costed out” each activity and summed the resulting costs to the task, area, and component levels. It is worth noting that the price of people’s time was based on the average salary of people with similar job titles adjusted by both a benefit rate and an overhead rate in order to get to a full cost of time. In some cases, the major cost of an activity was a contract. The cost of the contract was then examined from the perspectives described above (that is, contract costs were divided into developmental and ongoing pieces and were separated based on their being associated with the state accountability system or NCLB).

The remainder of this report provides more detail about the procedures we used and the costs we estimated. In section II, we provide some background about attempts to estimate the costs of accountability systems. Section III describes the templates in more detail. Section IV shows the cost estimates broken down by component, area, and task. Section V presents our concluding thoughts on the findings of the study.

II. BACKGROUND ABOUT ESTIMATING THE COSTS OF ACCOUNTABILITY SYSTEMS

Ever since the Kentucky legislature responded in 1990 to the 1989 *Rose* decision (a school finance lawsuit that challenged the equity of state aid allocation but was decided, in part, based on whether the education system was designed, and funded, to assure that students could achieve a specific set of knowledge and skills), the use of standards-based reform (SBR) to improve public schools has expanded across the states. In fact, prior to the passage of No Child Left Behind (NCLB) in 2001 by the federal government virtually every state was pursuing SBR in some manner. The states were, however, in various stages of creating student performance standards, designing assessment procedures to measure how well students meet those standards, and building accountability systems that provided consequences of some sort depending on the levels at which students, schools, and school districts were performing. NCLB continues efforts made by the 1994 reauthorization of the Elementary and Secondary School Act (ESEA) to encourage states to pursue SBR, which had prompted some states to begin working to create standards, design student assessment procedures, and build accountability systems. It assures that every state will use some form of SBR or risk the loss of federal support (possibly jeopardizing more than just NCLB resources).

An implied question raised by SBR is whether states and school districts have the resources they need to successfully meet performance expectations (or, alternatively, to avoid the negative consequences of accountability systems). Few states addressed this question when they implemented SBR. But in the mid 1990s lawsuits in a few states, notably Wyoming and Ohio, raised the issue of resources. When the plaintiffs prevailed in litigation, states were required to develop rational procedures to determine the costs of meeting state performance expectations. Since the late 1990s, many states have undertaken “adequacy” studies of one type or another to estimate these costs. In a few prominent cases, such studies were not stimulated by litigation but in the majority of cases, education interest groups and school districts sponsored the studies.

Several methodologies have emerged to cost out “adequacy.” Initially, the hope was that statistical analyses could be used to estimate the relationship between education spending and student performance. Unfortunately, such studies were unable to systematically calculate how much it should cost to raise student achievement. The fact that a statistical relationship could not be shown to exist did not, however, alleviate the need to develop a rational way to link spending to performance.

One methodology to do so is referred to as the professional judgment (PJ) approach. Under this approach, which has a variety of forms, educators are asked to identify the resources needed in hypothetical schools and school districts so that all students (those with no special needs as well as those with mental and physical handicaps, children with limited English proficiency, and students from low income families) would be expected to meet performance expectations. Prices are then attached to the resources in order to “cost out” recommended programs and services. The

resulting analysis leads to a “base cost” figure and adjustment factors for students with special needs that can be incorporated into the formulas states use to allocate support to school districts.

Another methodology is called the successful school district (SSD) approach. Using this procedure, the “basic” spending of school districts that meet or exceed state accountability requirements are examined, which leads to the calculation of a base cost figure (but not to adjustments to that figure for students with special needs). Variations of these approaches are now being developed that rely, at least in part, on research results to determine the characteristics of programs or services needed to produce required results, particularly for students with special needs.

The PJ approach has been used in states such as Indiana, Kansas, Montana, Nebraska, New York, North Dakota, and Wyoming while the SSD approach has been used in Illinois, Mississippi, New Hampshire, Ohio, and Oklahoma. In Colorado, Maryland, Missouri, Tennessee, both the PJ and SSD approaches have been used to analyze school funding adequacy. Arkansas and Kentucky have used what is referred to as the “evidence-based” approach, a modified version of the PJ approach while Texas has used the statistical approach. The studies in Arkansas, New York, New Hampshire, Ohio, Texas, and Wyoming were all stimulated by litigation. The studies in Montana, Nebraska, North Dakota, Colorado, Missouri, and Tennessee were all undertaken by education interest groups (and have led to litigation in Montana, North Dakota, and Missouri).

Perhaps the best example of a state in which the legislature undertook a study without being required to do so by litigation is Maryland. That state had built a strong accountability system and undertook an evaluation of its school aid system to assure that funding matched the needs of districts. Based on the recommendations of a gubernatorial commission, the legislature enacted a new funding system that was driven by funding levels derived from the commission’s work (the commission used both the professional judgment and the successful school district approaches to set its funding recommendations). This system is entering its third year of a six year phase-in to reach full funding.

Almost all of the adequacy studies available as of June 2004 had been undertaken prior to the full implementation of NCLB, which began having an impact in states in early 2004 after the USDOE approved the plans states were required to submit in order to receive funding. While NCLB may place new burdens on states, the extent of those burdens depends upon several important considerations. Among these considerations are the following:

- The states vary in the extent to which they have already embraced SBR and specified standards, developed assessments, and created an accountability system. Some states, such as Kentucky, have been pursuing SBR for more than a decade and have already shouldered the lion’s share of costs to build a full-fledged accountability system that meets NCLB’s requirements. Other states, have

developed systems that have many of the elements contained in NCLB but do not work in exactly the same way, requiring important adjustments. And some states either have commenced work on SBR only recently or approach SBR differently, which may require a substantial investment as NCLB becomes fully implemented.

- The states vary in the ways they are setting the goals of SBR, including how they define “proficiency,” the rate at which the proportion of students meeting proficiency is expected to increase, the ability of states, districts and schools to address the consequences of not meeting performance expectations, and the capacity to collect and process the data needed to implement NCLB accountability.
- States also differ in how public schools are organized, how students with special needs are identified, licensure requirements for teachers and paraprofessionals, and any number of other attributes that affect the way they are treated by NCLB. Something as simple as the number and size of schools and school districts affects the calculations done under NCLB and the projections of how many schools and school districts might fail to meet NCLB expectations. These in turn can have a significant impact on cost.

Several states, districts, and organizations have attempted to estimate the specific costs of NCLB (beyond those states that have undertaken adequacy studies). Our review of those studies suggests that the authors have approached the task in very different ways. Some analyses have focused only on very specific aspects of NCLB cost, such as those having to do with testing students. Some evaluations look like adequacy studies, estimating the cost of what school districts should do to improve student performance. The estimates have focused on different time frames – some have looked far back in time while others have tried to look far into the future. And some of the reports have tried to explain that the revenues provided by NCLB are reasonable either without taking into consideration the real expenditures of states and districts or by assuming that services should be delivered in a particular way.

The fact is that almost every state has been involved in standards-based reform in the past decade. Up to very recently, few states had examined whether the pursuit of that particular approach to school reform had cost implications. In several states, adequacy studies were undertaken to investigate those cost implications. The passage of NCLB has focused attention on SBR, raising new questions about its cost implications. The studies that have been done of NCLB costs provide little information of use in Hawaii. In the next section, we discuss the approach we used to estimate the new, marginal costs of NCLB in Hawaii.

III. THE COST TEMPLATES AND THEIR USE IN ESTIMATING THE COSTS OF NCLB

We used a set of Excel spreadsheets, which we refer to as templates, in order to collect information about the resources needed to accomplish specific activities, including people's time, materials, contracts, and other cost factors, needed to complete all activities. Once resources had been estimated, they were multiplied by corresponding prices to determine total cost. For example, if a total of 60 hours of time was needed and time cost \$80 per hour, then the total cost was \$4,800.

Based on our review of Hawaii's federally-approved Consolidated Plan and Accountability Workbook, conversations with several people, and our review of other cost studies, we developed an outline of components, areas, tasks, and activities. In essence, the template focused on key provisions of NCLB that were thought to be cost-drivers, which are organized into seven components:

- 1. Standards and Assessments**
- 2. Accountability**
- 3. High Quality Educators**
- 4. Supplemental Educational Services**
- 5. Safe Schools**
- 6. NCLB Data Management**
- 7. Technical Assistance Via Other Title Programs**

Below, is a description of each component and a table outlining the areas and tasks contained in the template for each component.

1. Standards and Assessments. This component includes, among other cost elements, the specification of grade-level standards and performance score bands; the development and/or purchase, routine updating, and administration of reading, math, and science assessments aligned with those standards, as well as necessary testing accommodations, including alternative assessments and assessments in other languages; and attendant staff time, experts or commission meetings, training costs for teachers and other test administrators, cost of test materials, and scoring of the assessments. See Table 1 for the detailed description.

Table 1

Component (**Bold**), Areas (Underlined), and Tasks (*Italicized*) for NCLB Costs

Standards and Assessment

Area 1.1	<u>Create Grade Level Standards for Reading</u>
Area 1.2	<u>Create Grade Level Standards for Math</u>
Area 1.3	<u>Create Grade Band Standards for Science</u>
Area 1.4	<u>Create Grade Level Assessments for Reading</u>
Area 1.5	<u>Create Grade Level Assessments for Math</u>
Area 1.6	<u>Create Grade Band Assessments for Science</u>

2. Accountability. This component includes, for example, all costs associated with making the annual determination of AYP (annual yearly progress) for every school, disaggregating and reporting achievement test results by student subgroup as specified in NCLB, training administrators and teachers in how to interpret and use such data in their classrooms, creating and annually updating state/district/school report cards, and disseminating AYP and report card results. See Table 2 for the detailed description.

Table 2

Components (**Bold**), Areas (Underlined), and Tasks (*Italicized*) for NCLB Costs

Accountability

Area 2.1	<u>Create a Single, Comprehensive Accountability System that Meets the Requirements of NCLB</u>
Area 2.2	<u>Create Reports for the Accountability System Using Data from the Assessment System</u>
Area 2.3	<u>Determine Annual AYP Status of District and Schools</u>
Area 2.4	<u>Create School Report Cards</u>
Area 2.5	<u>Train Complex Area Superintendents, Principals and Teachers</u>

3. High Quality Educators. Included in this component are costs related to implementing the state’s plan for how existing teachers and paraprofessionals and all new hires become “highly qualified.” It may also include the cost of developing and validating or purchasing teacher subject-matter competency tests and/or formal academic assessments for paraprofessionals with only a high school diploma. Depending on the state plan, it may even entail tuition costs for additional content-related postsecondary courses for teachers and programs leading to certification or associate degrees for paraprofessionals. Professional development for administrators can also be included in this component. See Table 3 for the detailed description.

Table 3		
Components (Bold), Areas (<u>Underlined</u>), and Tasks (<i>Italicized</i>) for NCLB Costs		
High Quality Educators		
Area 3.1	<u>Ensure High Quality Teachers</u>	
	Task 3.1.1	<i>Define the standards associated with high quality teachers</i>
	Task 3.1.2	<i>Create the process for assessing if teachers are meeting the standards</i>
	Task 3.1.3	<i>Monitor teachers and address discrepancies</i>
Area 3.2	<u>Ensure High Quality Paraprofessionals</u>	
	Task 3.2.1	<i>Define the standards associated with high quality paraprofessionals</i>
	Task 3.2.2	<i>Create the process for assessing if paraprofessionals are meeting the standards</i>
	Task 3.2.3	<i>Monitor paraprofessionals and address discrepancies</i>
Area 3.3	<u>Administrator Training</u>	
	Task 3.3.1	<i>Administrator Training</i>
	Task 3.3.2	<i>Create the process for assessing if administrators are meeting the standards</i>
	Task 3.3.3	<i>Monitor administrators and address discrepancies</i>

4. Supplemental Education Services. This component includes cost elements pertaining to the NCLB provision requiring LEAs to pay for supplemental educational services for students from low-income families in schools that have failed to make AYP for a second year and to provide transportation for those students whose parents utilize the school choice option. In addition, cost elements include establishing criteria for effective supplemental educational services and their providers, maintaining a list of approved providers from which parents may select, informing parents and promoting maximal participation, and monitoring the quality and effectiveness of those services. See Table 4 for the detailed description.

Table 4Components (**Bold**), Areas (Underlined), and Tasks (*Italicized*) for NCLB Costs**Supplemental Education Services**

Area 4.1	<u>Design Program and Establish Guidelines</u>
Area 4.2	<u>Identify Eligible Students</u>
Task 4.2.1	<i>Identify eligible students</i>
Task 4.2.2	<i>Identify participating students</i>
Area 4.3	<u>Select Providers and Establish Services</u>
Area 4.4	<u>Match Students with Providers</u>
Task 4.4.1	<i>Review provider information and student requests</i>
Task 4.4.2	<i>Accept agreements and keep records</i>
Task 4.4.3	<i>Manage the logistics of the agreements</i>
Task 4.4.4	<i>Maintain an accurate and timely flow of data</i>
Area 4.5	<u>Evaluate Supplemental Education Services Programs and Providers</u>
Area 4.6	<u>Make Payments and Conduct Audits</u>
Task 4.6.1	<i>Make payments to providers</i>
Task 4.6.2	<i>Audit payments to providers</i>

5. Safe Schools. Cost elements in this component include all activities related to establishing a statewide “unsafe schools” policy and identifying persistently dangerous schools and types of offenses that are considered to be violent criminal offenses. Also included is the provision of a safe public school choice option, with free transportation, for students enrolled in persistently dangerous schools or who are the victims of a violent crime at the schools they attend. No areas or tasks were identified for this component.

6. NCLB Data Management. Cost elements for this component were only taken down to the “area” level by HDOE staff. Costs include the data warehousing capacities and technology infrastructure that will be necessary for implementing the various data analyses, monitoring, and reporting provisions of NCLB. This includes, for example, the overall data management and infrastructure development/enhancement (hardware, software, network operations, systems design and integration) necessary to collect, disaggregate, monitor, report, and store student assessment data, generate AYP results, and notify schools and parents. It also includes a data warehouse system capable of integrating individual student records, records pertaining to highly qualified teachers and aides, and other school and district data that will need to be collected, “cleaned,” analyzed, and carefully secured; and the costs associated with maintaining and upgrading the system on an ongoing basis. Other costs include the training of state, district, and school personnel in various levels of usage of the data system. See Table 5 for the detailed description.

Table 5

Components (**Bold**), Areas (Underlined), and Tasks (*Italicized*) for NCLB Costs

Data Management Projects

Area 6.1	<u>New Student Information System</u>
Area 6.2	<u>Student Information Data Mart Prototype</u>
Area 6.3	<u>Special Education System</u>
Area 6.4	<u>ESLL Interim System</u>
Area 6.5	<u>Teacher Professional Development Web Application (PDERI)</u>
Area 6.6	<u>Educational Assistants - Web Application to Survey Education and Qualifications</u>
Area 6.7	<u>NCLB School Choice Web Application (Student Priority and School Capacity)</u>
Area 6.8	<u>Statewide Testing - Student Roster Capture and Verification</u>
Area 6.9	<u>HOUSSE Application</u>
Area 6.10	<u>Human Resources Applicant Tracking System</u>
Area 6.11	<u>Human Resources Imaging/ Document Management System</u>
Area 6.12	<u>Human Resources - Position Control and Personnel Transactions System</u>
Area 6.13	<u>Data Warehouse</u>
Area 6.14	<u>NCLB Data Marts</u>
Area 6.15	<u>Teacher Qualifications vs Teaching Assignment</u>
Area 6.16	<u>eSIS On-line Equipment Readiness Survey</u>
Area 6.17	<u>Network Capacity Upgrade</u>

7. Other Title Programs. Among other cost elements, this component includes the timely identification of schools and districts that have failed to make AYP for consecutive years and the provision of technical assistance to those schools; the provision of professional development for teachers and administrators related to schools' particular academic deficiencies, including needs assessment, the hiring of distinguished educators or other staff developers, and the cost of supervising and evaluating their efforts; and the design and implementation of two-year school improvement plans that incorporate scientifically based research. It also includes costs related to the provision of public school choice for students from schools identified as in need of improvement, including notification of parents, operation of a "seat lottery," and facilities accommodations that may be necessary to support school choice; programs established to reward, sanction, or recognize schools for their AYP progress; and the many costs associated with corrective actions spelled out in NCLB for schools failing to make adequate progress for a third, fourth, or fifth year, including the implementation of new curricula, new governance, or school restructuring. See Table 6 for the detailed description.

Table 6

Components (**Bold**), Areas (Underlined), and Tasks (*Italicized*) for NCLB Costs

Other Title Programs and Technical Assistance

State

Area 7.1	<u>Title 1</u>	
	Task 7.1.1	<i>Title 1, Part A Basic Programs</i>
	Task 7.1.2	<i>Title 1, Part B Reading First and Even Start Family</i>
	Task 7.1.3	<i>Title 1, Part C Migrant</i>
	Task 7.1.4	<i>Title 1, Part D NDAR</i>
	Task 7.1.5	<i>Title 1, Part F CSR</i>
Area 7.2	<u>Title 2</u>	
	Task 7.2.1	<i>Title 2, Part D EETT</i>
Area 7.3	<u>Title 3</u>	
	Task 7.3.1	<i>Title 3, Part A ELA</i>
Area 7.4	<u>Title 4</u>	
	Task 7.4.1	<i>Title 4, 21st Century</i>
Area 7.5	<u>Title 5</u>	
	Task 7.5.1	<i>Title 5, Part A</i>
Area 7.6	<u>Innovative Programs</u>	
	Task 7.6.1	<i>Consolidated Grant IIA, IID and V</i>

Complex Area

Area 7.7	<u>Notify Parents of School AYP Status</u>	
Area 7.8	<u>Provide Assistance to “Status” School</u>	
	Task 7.8.1	<i>Provide to schools “in need of improvement – year 1”</i>
	Task 7.8.2	<i>Provide to schools “in need of improvement – year 2”</i>
	Task 7.8.3	<i>Provide to schools “in corrective action”</i>
	Task 7.8.4	<i>Provide to schools “planning for” and “in” restructuring</i>
Area 7.9	<u>Implement School Choice</u>	

After reading the documents governing NCLB in Hawaii, APA developed sets of activities for every task specified within each area of the seven components. We met with people in Honolulu during the week of March 22, 2004 in order to fill in the resources associated with each activity. While the list of activities worked reasonably well for several of the components, it turned out not to be helpful in dealing with technical assistance for “status” schools and NCLB data management. In the cases of these components, we modified the approach to allow HDOE staff to develop their own

sets of activities. In the case of technical assistance, people felt more comfortable thinking about the work they were doing in terms of the requirements of NCLB organized by the law's titles, which is why one of the components became "Other Title Programs." In the case of data management, HDOE staff thought about their work in terms of projects rather than areas, tasks, and activities; therefore, they created a list of the projects they were working on and identified the associated costs. In the end, we were able to obtain the needed detailed information about the resources devoted to accomplishing the components, areas, and tasks described above descriptions. It was, however, more cumbersome to cost out those resources since the information was provided in several different ways. It should be noted that in some cases it was difficult to divide people's time or the cost of contracts into areas, tasks, or activities; in those cases, the cost is shown as a "component-wide" cost.

Hawaii is unique among the states in having a single school district and because of that governance structure, the state is also responsible for local schools (although at the time APA was meeting with people in Honolulu, the state was considering changes in the governance structure). In Hawaii, schools are organized into "complex areas," which group schools for the purpose of providing some administration. Some costs associated with NCLB take place in schools and complex areas. The templates were designed to collect the costs to implement NCLB by having people from complex areas identify the resources they thought would be needed, above and beyond those provided directly by the state. While we had hoped that people from the complex areas would attend all of the meetings we held in Honolulu, it turned out that the week we had selected for our meetings was a school vacation week. Therefore, in addition to the local educators that attended the meetings in March, we identified staff from two different complex areas and contacted them by phone in order to complete the local cost portion of the templates.

The templates were also designed to distinguish "developmental" from "ongoing" costs. In our view, a significant portion of NCLB costs might be one-time costs, developmental costs that would not recur over time, while other costs would occur annually. For example, the cost of creating student performance standards is primarily a developmental cost although there might be annual, ongoing costs associated with reviewing and updating standards. The templates asked people to separately identify developmental and ongoing costs; in the case of ongoing costs, people were asked to identify yearly costs through 2007-08, some of which would be expected to be driven by the numbers of schools expected to reach some "status" level (that is, not meeting AYP expectations for one or more years) and the numbers of students who might become eligible to elect the school choice option or to receive supplemental education services.

Finally, a large part of the resources people identified was the time of HDOE or complex area staff. In order to cost out people's time, we used average salaries for groups of people with similar pay and adjusted them by a benefit rate and an overhead rate in order to capture the full cost of employment. We used a benefit rate of 33 percent for all personnel based on the recommendation of HDOE (benefits cover such things as retirement contributions, medical insurance, and so on). We used an overhead rate of 10 percent, which is the rate used for federal grants by HDOE (overhead is used to cover the

cost of supporting an employee in an office, including space, telecommunications, routine supplies and materials, and the time of other employees, such as accountants, who may not work directly on substantive tasks but who are necessary for the operation of the agency). The use of these figures means that if, for example, the average salary of a group of people was \$30,000, the total cost of employing a person from that group full-time would be \$43,890.

Based on the procedures we developed and the responses of HDOE staff, we developed our estimates of the new, marginal costs, which are shown in the next section.

IV. THE NEW, MARGINAL COSTS OF NCLB IN HAWAII

When creating an activity-based estimate of NCLB cost, it is necessary to do the following: prepare a list of activities; use the list of activities to specify the resources needed to accomplish the activities; obtain the prices associated with the specified resources; and compute the cost of activities. We prepared a list of activities for use in our meetings with HDOE staff in March. Based on those meetings, HDOE staff amended the list and specified the resources, which was completed in May. In June, we completed the cost estimates and prepared our report. The results of our analysis are presented in this section.

The presentation is organized using the seven major cost component areas for the state. Again, the major cost components include the following: (1) standards and assessment; (2) accountability; (3) high-quality educators; (4) supplemental education services; (5) safe schools; (6) data management projects; and (7) technical assistance and choice using Federal Title programs. Results are also presented separately for state level and complex area level costs. Results at the state level are presented for each of the seven major components in Table 7. The results for the complex area were developed in only three of the major cost components and are presented in Table 8. We turn our attention first to state level costs.

State-Level Developmental and 2003-04 Ongoing NCLB Costs

Table 7, which is divided across several pages, reports state-level developmental and 2003-04 ongoing NCLB costs by component. Developmental costs are those costs not likely to be incurred again – i.e., one-time costs – and which, for the most part (but not always), have already been incurred. Ongoing costs, however, are annual expenditures needed to update or manage activities at a particular point in time (2003-04, the focal year of the study, in Table 7).

1. Standards and Assessment. In this category, NCLB costs were associated with moving from “grade-band” standards (in which multiple grades were included) to “grade-level” standards (which apply to single grade levels) for reading and math. Once the grade-level standards were created, the bulk of the work to create and administer assessments in reading and math was handled through a contract managed by HDOE. The cost of administering the assessments to students throughout the state was also captured as a part of this component. Adjustments to the grade-band science assessments are to be developed in the near future but the costs of those adjustments were not available for this study.

Costs in this area include the resources attributable to NCLB necessary to administer a contract and the related cost of the contract itself. It is worth noting that the contract covers the administration of the assessments as well as the grading of each assessment. In the judgment of staff members working with the contract, approximately

70 percent of the contract was attributable to NCLB. The contract cost is recorded in the component-wide area of the standards and assessment component.

2. Accountability. The accountability system takes the assessment results and creates state, school and student reports. These reports generate consequences for students, teachers, schools and the state. A contract exists to generate these reports but each year, decisions must be made about setting performance standards, sharing results and helping educators, parents and the public understand the consequences of the assessments. The costs associated with each of these annual activities are recorded in areas 2.1 through 2.5. The contract is recorded in the component-wide area of the accountability component. The contract cost attributable to NCLB is again reduced to approximately 70% because of staff judgments.

TABLE 7

ESTIMATED DEVELOPMENT COSTS AND 2003-04 COSTS OF COMPONENTS, AREAS, AND TASKS AT THE STATE LEVEL FOR ACTIVITIES ASSOCIATED WITH IMPLEMENTING NO CHILD LEFT BEHIND

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
1. Standards and Assessment	\$237,000	\$5,626,000
Area 1.1 <u>Create Grade Level Standards for Reading</u>	\$41,600	\$241,900
Area 1.2 <u>Create Grade Level Standards for Math</u>	\$195,400	\$395,500
Area 1.3 <u>Create Grade Band Standards for Science</u>	--	--
Area 1.4 <u>Create Grade Level Assessments for Reading</u>	--	\$91,200
Area 1.5 <u>Create Grade Level Assessments for Math</u>	--	\$91,200
Area 1.6 <u>Create Grade Band Assessments for Science</u>	--	\$91,200
Component-Wide	--	\$4,715,000
2. Accountability	\$119,200	\$559,700
Area 2.1 <u>Create a Single, Comprehensive Accountability System that Meets the Requirements of NCLB</u>	\$114,800	\$119,000
Area 2.2 <u>Create Reports for the Accountability System Using Data from the Assessment System</u>	--	\$18,600
Area 2.3 <u>Determine Annual AYP Status of District and Schools</u>	--	\$154,000
Area 2.4 <u>Create School Report Cards</u>	\$4,400	\$66,600
Area 2.5 <u>Train Complex Area Superintendents, Principals and Teachers</u>	--	\$43,500
Component-Wide	--	\$158,000

3. High-Quality Educators. In this component, the focus is on paraprofessionals, teachers and administrators. Activities recorded in this component are associated with the setting of standards for each type of educator, assessing whether educators are meeting the standard, assisting those that need help and monitoring to see whether the standards are maintained. The reports generated through the monitoring process have significant consequences for teachers and paraprofessionals.

The reason the costs associated with high-quality teachers are low is because teachers already have a quality control infrastructure in place in Hawaii. For paraprofessionals, the state needs to adopt a process for assessing paraprofessionals, help them address deficiencies and monitor their status. For administrators, the state is working to help them become effective leaders in results-oriented education system. The complementary data system needed for this area is costed out in the NCLB Data Management component.

4. Supplemental Education Services. In this component, the focus at the state level is on creating and running the program, selecting service providers and evaluating the effectiveness of the services provided. In addition, the system for selecting eligible students from Title I schools was undertaken at the state level and is recorded here. The costs associated with supplemental education services are modest at the state level.

5. Safe Schools. In this component, the focus at the state level is on providing alternative placements for victims of school crimes and on intervening in schools in which multiple incidences of violence are reported. After talking with the HDOE staff who run this program it was decided all costs associated with a program were already in place through the federal title on safe and drug-free schools and that the state had the resources to handle any problems associated with unsafe schools. Further, no triggering incidents have been reported in Hawaii during the past several years. As a consequence, no costs were associated with this component.

TABLE 7 (Continued)

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
3. High Quality Educators	\$579,000	\$1,309,800
Area 3.1 <u>Ensure High Quality Teachers</u>	\$275,400	\$89,400
Task 3.1.1 <i>Define the standards associated with high quality teachers</i>	\$72,700	\$8,600
Task 3.1.2 <i>Create the process for assessing if teachers are meeting the standards</i>	\$164,500	\$54,800
Task 3.1.3 <i>Monitor teachers and address discrepancies</i>	\$38,200	\$26,000
Area 3.2 <u>Ensure High Quality Paraprofessionals</u>	\$226,300	\$355,900
Task 3.2.1 <i>Define the standards associated with high quality paraprofessionals</i>	\$71,700	--
Task 3.2.2 <i>Create the process for assessing if paraprofessionals are meeting the standards</i>	\$114,000	\$70,600
Task 3.2.3 <i>Monitor paraprofessionals and address discrepancies</i>	\$40,600	\$285,300
Area 3.3 <u>Ensure High Quality Administrators</u>	\$77,300	\$864,500
Task 3.3.1 <i>Define the standards associated with high quality administrators</i>	\$15,000	--
Task 3.3.2 <i>Create the process for assessing if administrators are meeting the standards</i>	\$22,500	\$162,400
Task 3.3.3 <i>Monitor administrators and address discrepancies</i>	\$39,800	\$702,100

TABLE 7 (Continued)

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
4. Supplemental Education Services	\$137,000	\$162,300
Area 4.1 <u>Design Program and Establish Guidelines</u>	\$66,000	\$65,200
Area 4.2 <u>Identify Eligible Students</u>	\$36,200	\$29,600
Area 4.3 <u>Select Providers and Establish Services</u>	--	\$16,000
Area 4.4 <u>Match Students with Providers</u>	\$26,900	\$27,900
Area 4.5 <u>Evaluate Supplemental Education Services Programs and Service Providers</u>	\$7,900	\$23,600
5. Safe and Drug-Free Schools	--	--

6. Data Management Projects. In this component, the focus is on providing the infrastructure needed to manage the data that are used to evaluate whether NCLB requirements are being met. This infrastructure includes the new student information system, the system for tracking high-quality educators, as well as the place where student assessment data, student eligibility data and school status data can be integrated and analyzed. It is also true that several of these projects are related to the state accountability system. HDOE staff created the list of projects and estimated the percent of those projects attributable to NCLB.

From these estimates, it is clear that managing data is an important component of NCLB. The development costs associated with this component are high, and as of the writing of this report, the development activities may not be finished. In addition, the costs associated with these projects per year are also significant and are considered to be an ongoing cost through 2007-2008.

TABLE 7 (Continued)

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
6. Data Management Projects	\$14,597,400	\$3,984,200
Area 6.1 <u>New Student Information System</u>	\$9,547,500	\$2,386,900
Area 6.2 <u>Student Information Data Mart Prototype</u>	\$135,500	\$27,100
Area 6.3 <u>Special Education System</u>	\$1,760,000	\$352,000
Area 6.4 <u>ESLL Interim System</u>	\$77,500	\$15,500
Area 6.5 <u>Teacher Professional Development Web Application</u>	\$177,300	\$44,300
Area 6.6 <u>Educational Assistants - Web Application to Survey Education and Qualifications</u>	\$36,900	--
Area 6.7 <u>NCLB School Choice Web Application (Student Priority and School Capacity)</u>	\$63,400	\$31,700
Area 6.8 <u>Statewide Testing - Student Roster Capture and Verification</u>	\$21,300	\$15,900
Area 6.9 <u>HOUSSE Application</u>	\$55,400	\$27,700
Area 6.10 <u>Human Resources Applicant Tracking System</u>	\$23,300	\$7,000
Area 6.11 <u>Human Resources Imaging/Document Management System</u>	\$83,300	\$25,000
Area 6.12 <u>Human Resources - Position Control and Personnel Transactions System</u>	\$940,500	\$282,200
Area 6.13 <u>Data Warehouse</u>	\$1,107,000	\$498,200
Area 6.14 <u>NCLB Data Marts</u>	\$247,500	\$123,800
Area 6.15 <u>Teacher Qualifications vs Teaching Assignment</u>	\$50,000	\$15,000
Area 6.16 <u>eSIS On-line Equipment Readiness Survey</u>	\$18,000	\$5,400
Area 6.17 <u>Network Capacity Upgrade</u>	\$253,000	\$126,500

TABLE 7 (Continued)

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
7. Title Programs	\$8,938,400	\$9,018,300
Area 7.1 <u>Title 1</u>	\$681,500	\$580,400
Task 7.1.1 <i>Title 1, Part A (Basic Programs)</i>	\$403,900	\$415,700
Task 7.1.2 <i>Title 1, Part B (Reading First/Even Start Family)</i>	\$261,800	\$102,000
Task 7.1.3 <i>Title 1, Part C (Migrant)</i>	--	\$39,400
Task 7.1.4 <i>Title 1, Part D (NDAR)</i>	\$8,500	\$8,500
Task 7.1.5 <i>Title 1, Part F (Comprehensive School Reform)</i>	\$7,300	\$14,800
Area 7.2 <u>Title 2, Part D</u>	\$2,780,700	\$2,497,200
Area 7.3 <u>Title 3, Part A</u>	\$67,200	--
Area 7.4 <u>Title 4, Part B</u>	\$39,300	\$19,800
Area 7.5 <u>Title 5, Part A</u>	\$1,437,800	\$1,561,100
Area 7.6 <u>Innovative Programs</u>	\$3,931,900	\$4,359,800
STATE-LEVEL TOTA	\$24,607,900	\$20,660,300

7. Federal Title Programs Supporting Technical Assistance and Choice. This area was the most difficult for APA to outline prior to our visit in March. The state has a well thought out support program for “status” schools and for staff development but HDOE staff viewed their contributions to these efforts through the eyes of their federal title programs. In the end, it was more effective for staff to describe the activities they contributed to the interventions using the framework of their particular federal title. APA modified its data collection strategy and collected information by federal title. Federal titles I and II activities contributed the most to NCLB. Altogether, the federal title programs contributed approximately \$9 million worth of activities to NCLB cost.

Table 7 indicates that the state should have spent about \$24.6 million in one-time, developmental costs attributable solely to NCLB. Of this amount, \$14.6 million, or about 59 percent, was associated with data management activities. There are no complex area-

level developmental costs. In 2003-04, the cost of ongoing activities was \$20.7 million at the state level, nearly 43 percent of which was associated with title programs.

Complex Area Costs

Table 8 reports the complex area-level NCLB costs. Only three of the seven cost components were judged to have NCLB cost implications at the local level.

Accountability. The state takes the assessment results and creates school and student reports as part of its accountability system. These reports generate consequences for students, teachers, schools, and the state. In response, Hawaii is making a strategic investment in helping complex area staff, principals, and teachers understand how to use the data generated by the assessment system. A significant portion of these professional development activities is undertaken locally and recorded in this component. These activities are a multi-year investment.

Supplemental Education Services. The focus of this component at the local level is on matching eligible and interested students with supplemental education service providers, paying the providers and keeping track of student and provider progress. The costs associated with NCLB depend in this case on the number of eligible students interested in taking advantage of the service. The cost of paying providers is recorded in this component. The costs associated with running this program and resolving questions raised by families who, students and providers are modest. HDOE staff provided estimates of the number of eligible students who will participate in the program through 2007-2008. Using those estimates, we were able to calculate the cost of payments to providers over the five-year period as more students participate in program.

Providing Technical Assistance and Choice. At the local level, the focus of this component was on providing technical assistance to "status" schools and on providing the choice option to eligible students. For complex area staff, this section was easy to outline and straightforward to estimate. Participating complex area staff were able to generate estimates of the staff resources and the expenses needed to assist schools at various AYP "status" levels (from "in need of improvement – year 1" to "preparing for restructuring"). We used the number of schools in each "status" level provided by HDOE staff in our estimate. We used the number of schools in each "status" level for each year times the per school cost for each level of AYP status to generate the cost estimate for technical assistance.

Complex area staff were also able to generate a per student cost for implementing the school choice option, though few students were reported to be exercising that option. We used the number of students that the HDOE staff expect to use the school choice option in our estimate. See Appendix C for the numbers of schools and students that drive costs in 2003-2004 and in the future.

The costs in this component are expected to rise significantly between 2003-2004 and 2007-2008 because of the following: (1) almost every school is expected to be a status school by 2007-2008; (2) it is expected that all schools will move from one status level to the next every year (rather than meeting NCLB expectations); and (3) the cost rises significantly as schools move from “needing improvement” to being “restructured.”

TABLE 8

**ESTIMATED DEVELOPMENT COSTS AND 2003-04 COSTS OF COMPONENTS,
AREAS, AND TASKS AT THE COMPLEX AREA LEVEL ASSOCIATED WITH
IMPLEMENTING NO CHILD LEFT BEHIND**

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
2. Accountability	--	\$1,344,900
Area 2.1 <u>Create a Single, Comprehensive Accountability System that Meets the Requirements of NCLB</u>	--	\$42,600
Area 2.3 <u>Determine Annual AYP Status of District and Schools</u>	--	\$9,700
Area 2.4 <u>Create School Report Cards</u>	--	\$4,300
Area 2.5 <u>Train Complex Area Superintendents, Principals, and Teachers</u>	--	\$1,288,300
4. Supplemental Education Services	--	\$2,563,800
Area 4.2 <u>Identify Eligible Students</u>	--	\$707,200
Task 4.2.1 <i>Identify eligible students</i>	--	\$489,900
Task 4.2.2 <i>Identify participating students</i>	--	\$217,300
Area 4.3 <u>Select Providers and Establish Services</u>	--	\$28,500
Area 4.4 <u>Match Students with Providers</u>	--	\$867,300
Task 4.4.1 <i>Review provider information and student requests</i>	--	\$55,800
Task 4.4.2 <i>Accept agreements and keep records</i>	--	\$46,700
Task 4.4.3 <i>Manage the logistics of the agreements</i>	--	\$524,300
Task 4.4.4 <i>Maintain an accurate and timely flow of data</i>	--	\$240,500
Area 4.6 <u>Make Payments and Conduct Audits</u>		\$960,800
Task 4.6.1 <i>Make payments to providers</i>	--	\$946,700
Task 4.6.2 <i>Audit payments to providers</i>	--	\$14,100

TABLE 8 (Continued)

	<u>One-time Development Costs</u>	<u>On-Going Costs for 2003-04</u>
7. Provide Technical Assistance for School Improvement	--	\$6,954,900
Area 7.7 <u>Notify Parents of Schools' AYP Status</u>	--	\$63,000
Area 7.8 <u>Provide Technical Assistance to "Status" Schools</u>	--	\$6,849,800
Task 7.8.1 <i>Provide to schools "in need of improvement-year 1"</i>	--	\$17,900
Task 7.8.2 <i>Provide to schools "in need of improvement-year 2"</i>	--	\$353,100
Task 7.8.3 <i>Provide to schools in "corrective action"</i>	--	\$2,347,400
Task 7.8.4 <i>Provide to schools "planning for" and "in" restructuring</i>	--	\$4,131,400
Area 7.9 <u>Implement School Choice</u>	--	\$42,100
TOTAL COMPLEX AREA-LEVEL	--	\$10,863,600

Ongoing NCLB Costs Over Time

Table 9 reports the state and local NCLB costs between 2003-2004 and 2007-2008. At the state level, the costs of each of the seven NCLB major cost components, are projected to be consistent during the 2003-2004 to 2006-2007 time period. The cost hovers between \$19.3 and \$20.6 million in constant 2003-2004 dollars (that is, discounting the impact of inflation). Two items may need to be added to these future cost estimates when they become available. The first is the cost of creating or adjusting the science assessment. The second is the cost in 2007-2008 of the assessment contract that is not available. The only other movement in cost that is worth noting at the state level is the slight increase in the federal Title program costs in 2004 through 2006 and the subsequent slight downturn in those same costs in 2006 through 2008.

At the complex area level, the costs of accountability are consistent over time but the costs of supplemental education services and technical assistance for school improvement rise dramatically, 300%, across the time period. It is possible that the costs for technical assistance may be somewhat overstated because it has been assumed that significant investment in schools will not affect their NCLB status. As the state's experience with NCLB deepens, these cost drivers should to be monitored to see if they reflect what is actually occurring in the field.

TABLE 9

**ESTIMATED ONGOING COSTS OF COMPONENTS 2003-04
THROUGH 2007-08 AT THE STATE AND COMPLEX AREA LEVELS
ASSOCIATED WITH IMPLEMENTING NCLB**

	<u>ON-GOING COSTS FOR 2003-04</u>	<u>ON-GOING COSTS FOR 2004-05</u>	<u>ON-GOING COSTS FOR 2005-06</u>	<u>ON-GOING COSTS FOR 2006-07</u>	<u>ON-GOING COSTS FOR 2007-08</u>
<u>STATE-LEVEL</u>					
1. Standards and Assessment	\$5,626,000	\$4,662,800	\$4,662,800	\$4,662,800	\$1,384,700*
2. Accountability	\$559,700	\$559,700	\$559,700	\$559,700	\$559,700
3. High Quality Educators	\$1,309,800	\$1,299,800	\$1,222,300	\$1,139,800	\$1,139,800
4. Supplemental Education Services	\$162,300	\$162,300	\$162,300	\$162,300	\$162,300
5. Safe Schools	--	--	--	--	--
6. Data Management Projects	\$3,984,200	\$3,984,200	\$3,984,200	\$3,984,200	\$3,984,200
7. Title Programs	\$9,018,300	\$9,146,800	\$9,152,900	\$8,865,800	\$8,921,600
STATE TOTAL	\$20,660,300	\$19,815,600	\$19,744,200	\$19,374,600	\$16,152,300
<u>COMPLEX AREA-LEVEL</u>					
1. Accountability	\$1,344,900	\$1,344,900	\$1,344,900	\$1,344,900	\$1,344,900
2. Supplemental Education Services	\$2,563,800	\$2,511,900	\$5,699,800	\$7,548,700	\$8,124,700
3. Technical Assistance for School Improvement	\$6,954,900	\$6,296,100	\$9,502,900	\$17,625,600	\$22,004,400
COMPLEX AREA TOTAL	\$10,863,600	\$10,152,900	\$16,547,600	\$26,519,200	\$31,474,000
TOTAL STATE AND COMPLEX AREA LEVELS	\$31,523,900	\$29,968,500	\$36,291,800	\$45,893,800	\$47,626,300

* This figure decreased because the assessment contract does not extend through the 2007-2008 school year. However, it is likely that another contract will be entered into, which will raise costs to levels comparable to earlier years.

V. CONCLUSION

In summary, this study focused on the new, marginal costs of NCLB, which are those costs that are associated with NCLB's accountability requirements and its new ESEA requirements, such as those related to personnel qualifications, and that are distinct from costs that would otherwise be incurred to implement the state's own accountability system. The costs reflect the resources needed to implement the activities associated with fulfilling Hawaii's federally-approved Consolidated Plan. These costs exist because NCLB was enacted. Had NCLB not been enacted, there would have been costs associated with implementing Hawaii's education accountability system and costs associated with continuing to fulfill ESEA programs.

The templates were organized to gather resource information for sets of "activities" (some of which APA specified and some of which HDOE staff specified) directly related to NCLB, that were associated with "tasks," which were summarized into "areas," which were combined into seven major cost "components." In some cases, costs only exist at the "task" or "area" level because activities were not specified. We used the templates to obtain information about resources that needed to be incurred at the state level and at the complex area level. Resource costs were divided into those that are developmental, one-time expenditures the majority of which have already been incurred, and those that are ongoing; in the case of ongoing resources, the templates sought information about each year from 2003-04 through 2007-08. In cases where total cost figures existed (e.g., contracts) staff was asked to divide the total into what the state would have undertaken independent of NCLB and what was directly attributable to NCLB. In cases where HDOE staff built a cost figure, they were asked only to cost out activities attributable to NCLB.

The total state and local estimate of NCLB cost in 2003-2004 constant dollars for Hawaii using the above definition of NCLB costs were: \$31.5 million in 2003-2004; \$30.0 million in 2004-2005; \$36.3 million in 2005-2006; \$45.9 million in 2006-2007; and \$47.6 million in 2007-2008 (excluding the assessment contract). In addition, the state should have spent close to \$24.6 million on developmental activities that should not have to be repeated. If those developmental costs had been spread across the 12 years of implementation (2002-03 through 2013-14), they would have added about \$2 million annually to ongoing costs; however, the vast majority of such costs had to be incurred at the front end of the period.

These cost figures exist in a variety of contexts. For example, our estimate is that the new, marginal costs of NCLB are about \$170 per student in 2003-2004, rising to about \$260 per student in 2007-2008; this means that such costs represent between 2 and 3.5 percent of per student spending in Hawaii. Also, the cost of providing technical assistance to NCLB "status" schools grows from about \$6,000 per school "in need of improvement - year 1" to \$29,400 per school "in need of improvement - year 2" to almost \$94,000 per school in "corrective action" or "preparing for restructuring." The cost of providing supplemental education services drops from about \$1,800 per student in

2003-2004 to about \$1,300 per students in 2007-2008 as more students participate in the program. The cost of school choice is modest at about \$300 per student over the period.

These estimates are based on the methodology of the study which was built on several critical assumptions:

- The methodology was designed to focus on the new, marginal costs of NCLB – costs do not include the operation of traditional ESEA programs. The methodology was not designed as an adequacy study, which would have taken into consideration the costs of taking steps to increase the chance that all students could meet the student performance expectations of NCLB.
- The costs are based on undertaking activities associated with NCLB, not on revenues, HDOE budgets, or HDOE personnel assignments. This activity-based approach required that activities be identified and that the resources needed to carry them out be specified.
- The activities are consistent with Hawaii’s federally-approved Consolidated Plan and the state’s Accountability Workbook.
- The HDOE and complex area staff that helped us define the activities and specify resources work on education accountability and school improvement, as well as NCLB, on a daily basis and are very familiar with what work needs to be done and how to get the work done.

We discovered several things in completing the study.

- The processes we put in place to capture the resource costs associated with NCLB in Hawaii did not work exactly as we planned, especially in the data management component and in the areas of technical assistance to “status” schools and the federal title programs. In those cases, we relied on HDOE staff to collect information themselves after receiving guidance from us.
- We had to deal with the fact that HDOE staff reported working considerably more than eight-hour days. We felt that the real costs incurred by HDOE should recognize the cost of the time effectively being donated by staff – therefore, we costed out the actual time spent even though staff are not being paid for some of that time. Our sense was that staff cannot continue to work long days too much longer without facing both a loss of some highly qualified personnel and difficulty in replacing them.
- We believe that people typically underestimate the time they spend on specific activities, thereby causing costs to appear relatively low. That is, when people think about how they spend their time, they tend not to think in terms of activities; they may have staff meetings, crises to deal with, and other things to do that take away from the time that can actually be devoted to activities of

the sort the study focused on. Our use of an “overhead” rate may account for some of the other things that consume people’s time but probably not all of them.

Finally, there are two questions this study does not address. The first question is: What amount of resources is needed to ensure that each student will meet AYP and state accountability requirements? To answer this question, the state would need to undertake a school finance adequacy study. The second question is: does the state have the revenue needed to implement the costs of NCLB identified in this study? The analysis required to answer that question is complicated and can only be undertaken by the HDOE and/or the legislature.

APPENDIX A: DETAILED STATE & COMPLEX AREA COSTS OF NCLB

TABLE A-1: ESTIMATED COSTS OF COMPONENTS, AREAS, AND TASKS AT THE STATE LEVEL FOR ACTIVITIES ASSOCIATED WITH THE IMPLEMENTATION OF NCLB

State-Level Costs							
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
1.	Standards and Assessment	\$237,000	\$5,626,000	\$4,662,800	\$4,662,800	\$4,662,800	\$1,384,700
	<u>Area 1.1: Create Grade Level Standards for Reading</u>	\$41,600	\$241,900	\$147,200	\$146,700	\$146,500	\$146,500
	<u>Area 1.2: Create Grade Level Standards for Math</u>	\$195,400	\$395,500	\$425,600	\$425,600	\$442,100	\$442,100
	<u>Area 1.3: Create Grade Band Standards for Science</u>	n/a	n/a	n/a	n/a	n/a	n/a
	<u>Area 1.4: Create Grade Level Assessments for Reading</u>	--	\$91,200	\$91,200	\$91,200	\$91,200	\$91,200
	<u>Area 1.5: Create Grade Level Assessments for Math</u>	--	\$91,200	\$91,200	\$91,200	\$91,200	\$91,200
	<u>Area 1.6: Create Grade Band Assessments for Science</u>	--	\$91,200	\$91,200	\$91,200	\$91,200	\$91,200
	<i>Component-wide</i>	--	\$4,715,000	\$3,816,400	\$3,816,400	\$3,816,400	\$538,300

TABLE A-1 (Continued)

	<u>State-Level Costs</u>						
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
2.	Accountability	\$119,200	\$559,700	\$559,700	\$559,700	\$559,700	\$559,700
	<u>Area 2.1: Create a Single, Comprehensive Accountability System that Meets the Requirements of NCLB</u>	114,800	\$119,000	\$119,000	\$119,000	\$119,000	\$119,000
	<u>Area 2.2: Create Reports for the Accountability System Using Data from the Assessment System</u>	--	\$18,600	\$18,600	\$18,600	\$18,600	\$18,600
	<u>Area 2.3: Determine Annual AYP Status of District and Schools</u>	--	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000
	<u>Area 2.4 Create School Report Cards</u>	\$4,400	\$66,600	\$66,600	\$66,600	\$66,600	\$66,600
	<u>Area 2.5: Train Complex Area Superintendents, Principals and Teachers</u>	--	\$43,500	\$43,500	\$43,500	\$43,500	\$43,500
	<i>Component-wide</i>	--	\$158,000	\$158,000	\$158,000	\$158,000	\$158,000

TABLE A-1 (Continued)

<u>State-Level Costs</u>							
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
3.	High Quality Educators	\$579,000	\$1,309,800	\$1,299,800	\$1,222,300	\$1,139,800	\$1,139,800
	<u>Area 3.1: Ensure High Quality Teachers</u>	\$275,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400
	Task 3.1.1 <i>Define the standards associated with high quality teachers</i>	\$72,700	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600
	Task 3.1.2 <i>Create the process for assessing if teachers meet the standards</i>	\$164,500	\$54,800	\$54,800	\$54,800	\$54,800	\$54,800
	Task 3.1.3 <i>Monitor teachers and address discrepancies</i>	\$38,200	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
	<u>Area 3.2: Ensure High Quality Paraprofessionals</u>	\$226,300	\$355,900	\$345,900	\$268,400	\$185,900	\$185,900
	Task 3.2.1 <i>Define the standards associated with high quality paraprofessionals</i>	\$71,700	--	--	--	--	--
	Task 3.2.2 <i>Create the process for assessing if paraprofessionals meet the standards</i>	\$114,000	\$70,600	\$70,600	\$70,600	\$70,600	\$70,600
	Task 3.2.3 <i>Monitor paraprofessionals and address discrepancies</i>	\$40,600	\$285,300	\$275,300	\$197,800	\$115,300	\$115,300
	<u>Area 3.3: Ensure High Quality Administrators</u>	\$77,300	\$864,500	\$864,500	\$864,500	\$864,500	\$864,500
	Task 3.3.1 <i>Define the standards associated with high quality administrators</i>	\$15,000	--	--	--	--	--
	Task 3.3.2 <i>Create the process for assessing if administrators meet the standards</i>	\$22,500	\$162,400	\$162,400	\$162,400	\$162,400	\$162,400
	Task 3.3.3 <i>Monitor administrators and address discrepancies</i>	\$39,800	\$702,100	\$702,100	\$702,100	\$702,100	\$702,100

TABLE A-1 (Continued)

	<u>State-Level Costs</u>						
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
4.	Supplemental Education Services	\$137,000	\$162,300	\$162,300	\$162,300	\$162,300	\$162,300
	<u>Area 4.1: Design Program and Establish Guidelines</u>	\$66,000	\$65,200	\$65,200	\$65,200	\$65,200	\$65,200
	<u>Area 4.2: Identify Eligible Students</u>	\$36,200	\$29,600	\$29,600	\$29,600	\$29,600	\$29,600
	<u>Area 4.3: Select Providers and Establish Services</u>	--	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
	<u>Area 4.4 Accept Agreements for Services and Keep Records</u>	\$26,900	\$27,900	\$27,900	\$27,900	\$27,900	\$27,900
	<u>Area 4.5: Evaluate Supplemental Education Services Programs and Service Providers</u>	\$7,900	\$23,600	\$23,600	\$23,600	\$23,600	\$23,600
5.	Safe and Drug-free Schools	--	--	--	--	--	--

TABLE A-1 (Continued)

<u>State-Level Costs</u>							
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
6.	Data Management Projects	\$14,597,400	\$3,984,200	\$3,984,200	\$3,984,200	\$3,984,200	\$3,984,200
	Area 6.1 <u>New Student Information System</u>	\$9,547,500	\$2,386,900	\$2,386,900	\$2,386,900	\$2,386,900	\$2,386,900
	Area 6.2 <u>Student Information Data Mart Prototype</u>	\$135,500	\$27,100	\$27,100	\$27,100	\$27,100	\$27,100
	Area 6.3 <u>Special Education System</u>	\$1,760,000	\$352,000	\$352,000	\$352,000	\$352,000	\$352,000
	Area 6.4 <u>ESLL Interim System</u>	\$77,500	\$15,500	\$15,500	\$15,500	\$15,500	\$15,500
	Area 6.5 <u>Teacher Professional Development Web Application</u>	\$177,300	\$44,300	\$44,300	\$44,300	\$44,300	\$44,300
	Area 6.6 <u>Educational Assistants - Web Application to Survey Education Qualifications</u>	\$36,900	--	--	--	--	--
	Area 6.7 <u>NCLB School Choice Web Application (Student Priority and School Capacity)</u>	\$63,400	\$31,700	\$31,700	\$31,700	\$31,700	\$31,700
	Area 6.8 <u>Statewide Testing - Student Roster Capture and Verification</u>	\$21,300	\$15,900	\$15,900	\$15,900	\$15,900	\$15,900
	Area 6.9 <u>HOUSSE Application</u>	\$55,400	\$27,700	\$27,700	\$27,700	\$27,700	\$27,700
	Area 6.10 <u>Human Resources Applicant Tracking</u>	\$23,300	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
	Area 6.11 <u>Human Resources Imaging/Document Management System</u>	\$83,300	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	Area 6.12 <u>Human Resources - Position Control and Personnel Transactions System</u>	\$940,500	\$282,200	\$282,200	\$282,200	\$282,200	\$282,200
	Area 6.13 <u>Data Warehouse</u>	\$1,107,000	\$498,200	\$498,200	\$498,200	\$498,200	\$498,200
	Area 6.14 <u>NCLB Data Marts</u>	\$247,500	\$123,800	\$123,800	\$123,800	\$123,800	\$123,800
	Area 6.15 <u>Teacher Qualifications vs Assignment</u>	\$50,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	Area 6.16 <u>eSIS On-line Equip. Readiness Survey</u>	\$18,000	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
	Area 6.17 <u>Network Capacity Upgrade</u>	\$253,000	\$126,500	\$126,500	\$126,500	\$126,500	\$126,500

TABLE A-1 (Continued)

	<u>State-Level Costs</u>						
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
7.	Title Programs	\$8,938,400	\$9,018,300	\$9,146,800	\$9,152,900	\$8,865,800	\$8,921,600
	<u>Area 7.1: Title 1</u>	\$681,500	\$580,400	\$571,900	\$578,200	\$590,300	\$593,800
	Task 7.1.1 <i>Part A (Basic Programs)</i>	\$403,900	\$415,700	\$415,700	\$423,200	\$437,700	\$442,900
	Task 7.1.2 <i>Part B (Reading First /Even Start Family)</i>	\$261,800	\$102,000	\$99,900	\$97,700	\$95,800	\$94,100
	Task 7.1.3 <i>Part C (Migrant)</i>	--	\$39,400	\$32,900	\$32,900	\$32,900	\$32,900
	Task 7.1.4 <i>Part D (NDAR)</i>	\$8,500	\$8,500	\$8,500	\$9,500	\$9,000	\$9,000
	Task 7.1.5 <i>Part F (Comprehensive School Reform)</i>	\$7,300	\$14,800	\$14,900	\$14,900	\$14,900	\$14,900
	<u>Area 7.2: Title 2, Part D</u>	\$2,780,700	\$2,497,200	\$2,633,500	\$2,769,800	\$2,799,900	\$2,936,200
	<u>Area 7.3: Title 3, Part A</u>	\$67,200	--	--	--	--	--
	<u>Area 7.4: Title 4, Part B</u>	\$39,300	\$19,800	\$20,600	\$21,000	\$21,800	\$22,000
	<u>Area 7.5: Title 5, Part A</u>	\$1,437,800	\$1,561,100	\$1,561,100	\$1,470,800	\$1,291,200	\$1,248,900
	<u>Area 7.6: Innovative Programs</u>	\$3,931,900	\$4,359,800	\$4,359,800	\$4,313,100	\$4,163,600	\$4,120,800
	<i>STATE-LEVEL TOTAL</i>	\$24,607,900	\$20,660,300	\$19,815,600	\$19,744,200	\$19,374,600	\$16,152,300

**TABLE A-2: ESTIMATED COSTS OF COMPONENTS, AREAS, AND TASKS AT
THE *COMPLEX AREA LEVEL* FOR ACTIVITIES ASSOCIATED
WITH THE IMPLEMENTATION OF NCLB**

<u>Complex Area-Level Costs</u>							
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
2.	Accountability	--	\$1,344,900	\$1,344,900	\$1,344,900	\$1,344,900	\$1,344,900
	<u>Area 2.1: Create a Single, Comprehensive Accountability System that Meets the Requirements of NCLB</u>	--	\$42,600	\$42,600	\$42,600	\$42,600	\$42,600
	<u>Area 2.3: Determine Annual AYP Status of District and Schools</u>	--	\$9,700	\$9,700	\$9,700	\$9,700	\$9,700
	<u>Area 2.4: Create School Report Cards</u>	--	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300
	<u>Area 2.5 Train Complex Area Superintendents, Principals and Teachers</u>	--	\$1,288,300	\$1,288,300	\$1,288,300	\$1,288,300	\$1,288,300

TABLE A-2: (Continued)

	<u>Complex Area-Level Costs</u>						
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
4.	Supplemental Education Services	--	\$2,563,800	\$2,511,900	\$5,699,800	\$7,548,700	\$8,124,700
	<u>Area 4.2: Identify Eligible Students</u>	--	\$707,200	\$725,600	\$1,131,300	\$1,367,100	\$1,440,500
	Task 2.1.1 <i>Identify eligible students</i>		\$489,900	\$489,900	\$489,900	\$489,900	\$489,900
	Task 2.1.2 <i>Identify participating students</i>		\$217,300	\$235,700	\$641,400	\$877,200	\$950,600
	<u>Area 4.3: Select Providers and Establish Services</u>	--	\$28,500	\$21,500	\$58,400	\$79,900	\$86,600
	<u>Area 4.4: Match Students with Providers</u>	--	\$867,300	\$729,600	1,693,000	\$2,249,400	\$2,422,800
	Task 4.4.1 <i>Review provider information and student requests</i>		\$55,800	\$42,000	\$114,300	\$156,300	\$169,400
	Task 4.4.2 <i>Accept agreements and keep records</i>		\$46,700	\$50,700	\$137,900	\$188,600	\$204,400
	Task 4.4.3 <i>Manage the logistics of the agreements</i>		\$524,300	\$396,400	\$1,067,800	\$1,457,900	\$1,579,400
	Task 4.4.4 <i>Maintain an accurate and timely flow of data</i>		\$240,500	\$240,500	\$373,000	\$446,600	\$469,600
	<u>Area 4.6 Make Payments and Conduct Audits</u>	--	\$960,800	\$1,035,200	\$2,817,100	\$3,852,300	\$4,174,800
	Task 4.6.1 <i>Make payments to providers</i>		\$946,700	\$1,024,600	\$2,788,300	\$3,812,900	\$4,132,100
	Task 4.6.2 <i>Audit payments to providers</i>		\$14,100	\$10,600	\$28,800	\$39,400	\$42,700

TABLE A-2: (Continued)

<u>Complex Area-Level Costs</u>							
		One-time Development Cost	On-going Cost for 2003-04	On-going Cost for 2004-05	On-going Cost for 2005-06	On-going Cost for 2006-07	On-going Cost for 2007-08
7.	Provide Technical Assistance for School Improvement	--	\$6,954,900	\$6,296,100	\$9,502,900	\$17,625,600	\$22,004,400
	<u>Area 7.7: Notify Parents and Schools' AYP Status</u>	--	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000
	<u>Area 7.8: Provide Technical Assistance to "Status" Schools</u>	--	\$6,849,800	\$6,177,300	\$9,373,700	\$17,494,700	\$21,873,500
	Task 7.8.1 <i>Provide to schools "in need of improvement-year 1"</i>	--	\$17,900	\$643,000	\$362,200	\$113,100	\$0
	Task 7.8.2 <i>Provide to schools "in need of improvement-year 2"</i>	--	\$353,100	\$88,300	\$3,001,100	\$1,794,800	\$559,000
	Task 7.8.3 <i>Provide to schools in "corrective action"</i>	--	\$2,347,400	\$563,400	\$281,700	\$9,577,400	\$5,727,700
	Task 7.8.4 <i>Provide to schools "planning for" and "in" restructuring</i>	--	\$4,131,400	\$4,882,600	\$5,727,700	\$6,009,400	\$15,586,800
	<u>Area 7.9 Implement School Choice</u>	--	\$42,100	\$55,800	\$66,200	\$67,900	\$67,900
	COMPLEX AREA TOTAL		\$10,863,600	\$10,152,900	\$16,547,600	\$26,519,200	\$31,474,000
	STATE-LEVEL AND COMPLEX AREA-LEVEL TOTAL	\$24,607,900	\$31,523,900	\$29,968,500	\$36,291,800	\$45,893,800	\$47,626,300

APPENDIX B

TABLE B-1: PRICES, BENEFIT RATE, AND OVERHEAD RATE USED IN THE HAWAII NCLB COST STUDY

State Level

Superintendent	\$150,000
Assistant Superintendent	\$100,000
Director	\$72,069
Education Officer	\$72,069
Clerical Support	\$22,024
Programmer	\$46,824
Resource Teacher	\$51,166

Complex Area, District, and School Level

CA Superintendent	\$110,000
Principal	\$73,991
Vice Principal	\$58,468
Teacher	\$47,641
Para-professionals	\$25,000
Personnel Regional Officer	\$70,701

Benefit Rate **33%**

Overhead Rate **10%**

APPENDIX C: COST DRIVERS FOR THE HAWAII NCLB STUDY

**TABLE C-1: The Number of Status Schools and Students Involved
in School Choice and Supplemental Education Services**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
<u>NUMBER OF AYP STATUS SCHOOLS</u>					
1. In need of improvement, year 1	3	108	61	19	0
2. In need of improvement, year 2	12	3	102	61	19
3. Corrective Action	25	6	3	102	61
4. Preparing for restructuring					
	44	8	6	3	102
5. Restructuring	0	44	55	61	64
<i>STATE TOTAL</i>	84	169	227	246	246
<u>NUMBER OF SCHOOLS AND STUDENTS INVOLVED IN THE CHOICE OPTION</u>					
1. Schools	27	37	45	47	47
2. Students	157	185	198	188	188
<u>NUMBER OF SCHOOLS AND STUDENTS INVOLVED IN SUPPLEMENTAL SERVICES</u>					
1. Schools	81	61	166	227	246
2. Students	1,406	1,525	4,150	5,675	6,150