THE IMPACT OF CHAPTER TWO
OF THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT
IN EIGHT VIRGINIA SCHOOL DISTRICTS

by

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Dissertation submitted to the Faculty of the
Virginia Polytechnic Institute and State University
in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

in

Educational Administration

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December, 1984
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(ABSTRACT)

This study investigated the impact of the ECIA Chapter 2 Block Grant program and the extent to which the legislative intent was realized in a sample of eight local education agencies (LEAs) in Virginia. Specifically, three research questions were investigated: Did the implementation of ECIA Chapter 2 affect formerly funded categorical programs in the LEAs?; Did the implementation of ECIA Chapter 2 result in the reduction of administrative costs and paperwork burden for the LEAs?; and, Did the implementation of ECIA Chapter 2 provide increased LEA responsibility for the design and implementation of local education programs?

The study included data collection at eight Virginia LEAs, Amelia, Arlington, Charlottesville City, King George, Powhatan, Rappahannock, Richmond City and Suffolk City. Administrative, programmatic and fiscal effects associated with ECIA Chapter 2 implementation for the 1982-83 school year were examined with the aid of a semi-structured interview guide. Data were analyzed through the use of the
constant comparative method developed by Glaser and Strauss. Data were analyzed across study sites and in case study format.

Study findings indicated that the implementation of ECIA Chapter 2 had a detrimental effect on the local programs previously supported with federal categorical program funds. Seventy-six percent of the local programs in study sites were diminished in some way with the implementation of Chapter 2. New local programs supported with Chapter 2 funds in study sites differed from those supported with categorical funds in significant ways. Second, the study found that three study sites experienced reduced administrative costs and paperwork, one experienced no difference, and one-half of the study sites experienced increased administrative costs and paperwork under Chapter 2. Finally, across all study sites, it was found that the implementation of ECIA Chapter 2 did not result in an increase of LEA involvement in program planning and development activities.
DEDICATION

This study is dedicated to my family, for without their many years of support and encouragement this work would never have been completed. Since my childhood, my mother, , and my father, , stimulated my interest in education and learning. My three sons, , allowed me to study and write with only a few of their important interruptions. Finally, and most significantly, my wife, , was my advocate and friend who constantly reassured and stimulated me to continue on until the finish.
ACKNOWLEDGMENTS

With the help and assistance of several individuals, I was able to complete this study. Therefore, I would like to acknowledge their contributions and express my appreciation for their help.

My sincere thank you is extended to:
Dick Salmon, who served as my committee chairperson and advisor. In his calm and easy-going style, he helped guide me through the dissertation process and provided encouragement along the way.

, who during my externship at the Library of Congress, provided reassuring guidance and professional expertise in school finance that I very much appreciated.

Jimmie Fortune, who assisted me in selecting a research design and methodology. His research expertise strengthened the quality of the investigation.

Dave Parks, who willingly provided positive feedback and demonstrated a genuine interest in my study.

Dave Alexander, who made appropriate suggestions and constructive criticism that enhanced the quality of the study.

Finally, a very special and loving thanks to , my wife. Throughout this dissertation process, she understood, encouraged, inspired,
sacrificed and supported my endeavor. She not only provided invaluable comments and suggestions, but spent many hours of her leisure time reading, editing, typing and retyping my manuscript. Most of all, she provided me with the confidence and encouragement that I have so much appreciated throughout the long and seemingly endless process.
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CHAPTER 1

INTRODUCTION

My administration's program for economic recovery has four pillars: budget cuts, deregulation, monetary control, and tax reduction... This program is a first phase in our effort to revitalize federalism... Our budget is more than a slowing of the growth rate of government; it reorders national priorities, seeking to return discretion, flexibility, and decision making to the State and local level. With our economic proposals, we are staging a quiet federalist revolution. It is a revolution that promises to be one of the most exciting and noteworthy in our generation... A major aspect of our federalism plan is the eventual consolidation of categorical grants into block grants... Block grants are designed to eliminate burdensome reporting requirements and regulations, unnecessary administrative costs, and program duplication. Block grants are not a mere strategy in our budget as some have suggested; they stand on their own as a federalist tool for transferring power back to the State and to the local level.¹

For the last three years, we have heard this executive message proclaimed on numerous occasions by President Ronald Reagan. To many Americans, this message has become the now familiar New Federalism. The concept of New Federalism recognizes and protects diversity.² The basic intent is to transfer the power associated with centralized federal authority back to the state and local levels of government. Other goals of New Federalism are to reduce federal inefficiency and federal influence by deregulating federal aid programs. The results of New Federalism, the administration maintains, will be greater state and local control over how federal funds are utilized to meet state and local needs and greater state and local responsibility and involvement in planning how to deploy resources.³
The main vehicle for transferring power back to state and local governments is through the block grant funding strategy. While the Administration has placed tremendous faith in the possible outcomes of this instrument, some observers of federal policy are not as confident in the ultimate outcomes of the block grant strategy.

According to the Advisory Commission on Intergovernmental Relations (ACIR), the block grant strategy is neither a new nor a well-defined component of the federal assistance system. Although it occupies a middle ground position between categorical aid and general revenue sharing, the particular characteristics of this instrument often are not well recognized and, therefore, administrative goals may not be reflected in programs bearing the block grant label. Moreover, conflict and confusion may be generated when the results are assessed against original objectives. Results also may lead to disappointment with the block grant approach to dispensing federal aid.

The Administration's block grant strategy became a legislative reality on July 31, 1981, as Congress authorized the mammoth Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35). This public law made substantive changes in over two hundred and fifty existing laws. P.L. 97-35 introduced changes in program administration, client eligibility and reduced funding levels. It combined seventy-five categorical grants and three block grants into one law that was subdivided
into nine separate blocks. Four of the blocks are for health, three for social services and cash payments for the poor, one for community development and one for education.5

The one newly created block grant for education was Subtitle D, the Elementary and Secondary Education Block Grant, often referred to as the Education Consolidation and Improvement Act of 1981 (ECIA). Defined in ECIA are two major program areas: Chapter 1, Financial Assistance to Meet Special Needs of Disadvantaged Children, and Chapter 2, Consolidation of Federal Programs for Elementary and Secondary Education. Chapter 1 revises but keeps separate Title I of the Elementary and Secondary Education Act of 1965 (ESEA), the single largest federal education program. Chapter 2 merges forty-two small, separately authorized categorical grant programs into one block grant. Only twenty-eight of these forty-two programs received appropriations during the 1981 fiscal year. Those programs consolidated into a single grant to each state under Chapter 2 include: Titles II, III, IV, V, VIII and IX (except part C) of the Elementary and Secondary Education Act of 1965; the Alcohol and Drug Abuse Education Act; Part A and Section 592 of Title V of the Higher Education Act of 1965; the Follow Through Act (on a phased basis); Section 8 (a)(1) of the National Science Foundation Act of 1950 relating to precollege science teacher training; and the Career Education Incentive Act.
Congress had a specific purpose and intent for enacting ECIA Chapter 2 which is stated in the legislation itself:

It is the further purpose and intent of Congress to financially assist state and local education agencies to improve elementary and secondary education (including preschool education) for children attending both public and private schools, and to do so in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of their ability to educate children. (b) The basic responsibility for the administration of funds made under this chapter is in the State educational agencies, but it is the intent of Congress that this responsibility be carried out with a minimum of paperwork and that the responsibility for the design and implementation of programs assisted under the chapter shall be mainly that of local education agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents.

The Administration's belief in ECIA as an instrument to bring forth the goals of New Federalism has been voiced by Terrell Bell, U.S. Secretary of Education. Bell views the passage of ECIA, particularly Chapter 2, as a significant change in the course of the nation's education affairs. He has stated that ECIA illustrates a point in history where control of education stops flowing toward Washington and begins to flow back to the states and communities. In his view, the essential conditions for this historic reversal of authority are contained in Chapter 2 of ECIA.

Given that Chapter 2 consolidated numerous categorical programs that were formerly administered separately, one obvious question or con-
cern is what happens to the previously funded categorical programs that have been collapsed into one large block? To what extent are the programs set up under previous categorical funds affected? Do previously funded programs continue to receive funds under ECIA? Are funding levels increased or decreased? Which programs receive increased or decreased funds? Are increases or decreases in funding determined by size of LEA?

A second concern about ECIA is the extent to which it meets its stated goal of reducing the administrative and paperwork burden formerly associated with the categorical programs now consolidated in the block. The Reagan Administration maintains that the block grant would simplify and reduce the enormous paperwork requirements imposed on several levels of government. These requirements were previously associated with the administration of the categorical programs now consolidated in the block. Moreover, the Administration assumed that reducing administrative requirements should further serve to reduce costs associated with program administration.

An examination of these issues by a Government Accounting Office (GAO) study does not appear to support these expectations. A study conducted by the GAO on the effects of pre-1981 block grants failed to identify a conclusive pattern of effects on the administrative costs for state and local grantees. GAO examined administrative costs before and after consolidation, and comparisons of administra-
tive costs between block grants and categorical programs did not reveal conclusive evidence to support the claim that block grants lead to sizable reductions in administrative costs, cost savings of 10 percent or more.

In addition to raising questions about the probability that ECIA Chapter 2 will in fact reduce administrative costs and paperwork burden, this report also calls into question the administration's assumption that a 20% reduction in the budget could be accommodated by savings from the conversion of categorical programs to block grants.

A third concern regarding ECIA Chapter 2 is the extent to which local education agencies' responsibility and involvement in the design and implementation of programs under the chapter are actually enhanced. The intent of ECIA Chapter 2 was to provide local education agencies with more authority for programmatic decisions. Theoretically, ECIA is supposed to provide opportunities for localities to exercise their own preferences for education programs and operating procedures to a greater extent than possible under previous federal program structures. However, in the legislation, Congress delegated the responsibility for allocation of funds and the funding formula to the state education agency. The SEA can retain up to 20% of the funds for administration and special projects. Further, the SEA selects a state advisory panel and sets guidelines for audit procedures. Upon
the LEA's completion of an application form, the remaining 80% of the funds are distributed to LEAs based on the SEA formula which considers the enrollment of public and private school high-cost children. These procedures and requirements raise the question of whether the LEAs actually have the major responsibility for the design and implementation of programs under the new legislation.

STATEMENT OF THE PROBLEM
As noted above, enactment of the ECIA legislation was for the expressed purpose of transferring decision-making for education programs to state and local education authorities. Further, ECIA is viewed as an instrument for reducing the administrative costs and paperwork burden associated with former categorical programs now consolidated under ECIA Chapter 2, and as a way of increasing local responsibility for the planning, design and implementation of education programs.

The potential of ECIA Chapter 2 for achieving these goals, however, remains uncertain. Indeed, several concerns have been raised regarding the ability of ECIA to meet its intended outcomes. Whether ECIA Chapter 2 actually achieves its legislative purpose and intent is a question that has not been answered. In particular, three research questions deserve further study:

1. Did the implementation of ECIA Chapter 2 affect formerly funded categorical programs in LEAs?

2. Did the implementation of ECIA Chapter 2 result in the reduction of administrative costs and paperwork burden for LEAs?
3. Did the implementation of ECIA Chapter 2 provide increased LEA responsibility for the design and implementation of education programs?

To answer each of these research questions, related sub-issues or questions also must be addressed. That is, each research question is actually comprised of a number of related questions. For example, for question one above some sub-issues are: 1) Have programs changed in terms of number, size, quality, funding and personnel?; 2) Are the same students served or has the target group changed? Sub-issues or questions related to research question two above include: 1) What are the fiscal effects of ECIA Chapter 2 on LEAs?; 2) Did LEA funding patterns change?; 3) What are the administrative and operational effects of Chapter 2 in terms of the application, planning, reporting, monitoring, auditing, and evaluation procedures? For research question three above some related issues are: 1) Who decides which programs to fund?; 2) How has the program planning and decision making process changed?; 3) Is there a greater emphasis on local program development?; 4) What is the extent of the influence of the local advisory council on program decisions?

PURPOSE OF THE STUDY

The overall purpose of the study is to investigate the impact of the ECIA Chapter 2 block grant program and determine the extent to which its legislative intent is realized in a sample of eight Virginia LEAs.
To address the first question, the study will examine whether preferences for funding previous categorical programs are altered by the sample of Virginia LEAs under the new block grant program. The study will ascertain which programs these LEAs funded during the first year of ECIA implementation. Programs funded under the new ECIA Chapter 2 legislation will be compared to the programs funded under the previous grant programs.

To address the second question, the study will examine the extent to which the new block grant program actually reduces administrative costs and paperwork burden for the sample of Virginia LEAs. Finally, the study will investigate the extent to which the new block grant program increases these LEAs' responsibility for and involvement in the design and implementation of local educational programs.

SIGNIFICANCE OF THE STUDY

This study is significant for several reasons. First, this study is an important and a timely investigation of the effects of the reformulated intergovernmental grant system as embodied in the ECIA Chapter 2 block grant program. The findings from this study could have significant implications for future block grant proposals and legislation in education.

Second, this study investigates the impact of ECIA Chapter 2 at the LEA level. Other studies in progress are focused upon the federal
and state levels. This study's focus on the LEA level is somewhat unique because the interaction of students, educators, programs and funds occur at the local level and it is at this level that the goals and objectives of this legislation are translated into actual practice. Thus, this is the level where assessments of the true impact of the ECIA Chapter 2 legislation can and should be made.

Finally, this study examines the impact of ECIA Chapter 2 on selected LEAs in a particular state, Virginia. Because it employs a case study approach in a sample of LEAs, it will provide a more in-depth analysis of the implementation effects of ECIA Chapter 2 on local education programs. Moreover, the study will provide current information on how the LEAs are sorting out and understanding their responsibilities and where there are problems. The information should be of interest to state education officials in Virginia.

LIMITATIONS OF THE STUDY
There are several limitations of this study that should be noted at the outset. First, this study examines the impact of ECIA Chapter 2 in a sample of LEAs in only one state, Virginia. Therefore, the findings of this research are not necessarily generalizable to other LEAs in other states. Second, the group of Virginia LEAs included in this study is not a random sample of all LEAs in Virginia. Thus, the findings are not necessarily generalizable to other Virginia LEAs.
Third, the study intentionally examines a prespecified set of possible effects of the block grant legislation under ECIA Chapter 2. Therefore, the findings cannot be used to determine, in a summative fashion, the overall impact of the ECIA Chapter 2 legislation. Finally, it should be mentioned that all funding data are based on revenue allocation patterns rather than expenditures.

DEFINITION OF TERMS

The following list defines a number of important terms that will be referred to in this study:

1. **Block grant**: An intergovernmental transfer of funds provided to general purpose governmental units according to a statutory formula. Funds are to be used in a broad functional area, largely at the recipient's discretion.10

2. **Categorical grant**: An intergovernmental transfer of funds for specified aid programs which are usually limited to narrowly defined activities. Legislation generally details the parameters of the program and specifies the types of funded activities. There are four types of categorical grants: formula grants, project grants, formula-project grants, and open-ended reimbursement grants.11

3. **General revenue sharing**: An intergovernmental transfer mechanism which allows money to be distributed by formula to 39,000 general purpose units in government with few specifi-
cations on how the money should be used.\textsuperscript{12}

4. \textbf{Education Consolidation and Improvement Act of 1981 (ECIA)}: The education block grant under Subtitle D, the Elementary and Secondary Education Block Grant of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) which was passed on July 31, 1981. Chapter 2 of ECIA consolidates forty-two categorical grants.\textsuperscript{13}

5. \textbf{New Federalism}: A political concept coined by Michael Reagan that stresses the actual interdependence and sharing of functions among federal, state and local levels of government. It focuses on the mutual leverage that each level is able to exert on the other.\textsuperscript{14} The objectives of New Federalism are decentralization, grant consolidation, strengthening the power and capacity of local governments, reduction of red tape, strengthening rational planning and innovative structural change.\textsuperscript{15}

\textbf{SUMMARY AND ORGANIZATION OF THE DISSERTATION}

The passage of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) on July 31, 1981, marked an important event and historic moment in the federal intergovernmental grant system. The legislation included the ECIA Chapter 2 program which authorized the consolidation of forty-two small, separately authorized categorical grant programs into one block grant for education. This investigation examines the
implementation and selected impacts of ECIA Chapter 2 in a sample of Virginia LEAs. The study, the findings and the conclusions are described in five chapters and two appendices.

In the first chapter, an introduction to this study is provided with an outline of the problem and the overall purpose of the investigation including the specific research questions, the significance and limitations of the study, and the definition of terms. In chapter two the related literature concerning the federal intergovernmental grant system, the evolution of the federal granting mechanisms, and ECIA Chapter 2 are reviewed. In chapter three the research design and methodology employed for this study are described. A summary of the entire study is provided in Chapter 4 along with detailed study findings. In chapter five a discussion of the study findings and conclusion is provided. Finally, Appendix A contains the semi-structured interview guide employed in this study, and Appendix B includes the eight case study reports.
REFERENCES

2. Ibid., p. 490.
CHAPTER 2
LITERATURE REVIEW

In this chapter, the literature related to the federal intergovernmental granting system, the block grant mechanism and ECIA Chapter 2 are reviewed. It begins with an overview of the history of the federal grant-in-aid system. This history describes the experience with both categorical grants and with block grants in order to convey the nature of the differences between the two forms of federal aid and the issues surrounding each. Following the historical overview sections are several sections which focus upon block grants and ECIA Chapter 2. In one section the characteristics of block grants and their intent are outlined. Because most block grant programs enacted actually have been a consolidation of previous categorical programs, in another section grant consolidation and the studies that have been done in the area of education are discussed. The chapter is continued with a presentation of the literature, including the findings of eight recent studies, on ECIA Chapter 2. The chapter is concluded with a summary.

HISTORY OF THE FEDERAL GRANT-IN-AID SYSTEM

The federal system is not accurately symbolized by a neat layer cake of three distinct and separate planes. A far more realistic symbol is that of the marble cake. Wherever you slice through it you reveal an inseparable mixture of differently colored ingredients. There is not neat horizontal stratification. Vertical and diagonal lines almost obliterate the horizontal ones, and in some places there are unexpected whirls and
imperceptible merging of colors, so that it is difficult to tell where one ends and the other begins. So it is with federal, state and local responsibilities in the chaotic marble cake of American government.

To a large extent the relationships between the federal government and state and local levels of government are determined by the federal intergovernmental revenue transfer system. Federal grants-in-aid are essentially money paid to state and local governments.

Over the last one hundred years, the federal intergovernmental grant-in-aid system has evolved into an expensive, complex and fragmented system that affects all levels of state and local government throughout the United States. In 1902 slightly over one percent of the total federal budget was allocated as federal grants-in-aid to state and local governments. This federal aid amounted to less than one percent of all state and local expenditures. This minor financial investment by the federal government was limited to land grants that were financed by public domain sales. Fifty years later, the federal financial investment and policy involvement increased tenfold.

By 1950 federal grants-in-aid to state and local governments had risen to 5.3 percent of the total federal budget or $2.25 billion. This federal aid now amounted to 10.4 percent of all state and local expenditures. Further, by 1970, 12.2 percent of the federal budget or $24
billion was allocated as federal grant-in-aid to state and local governments. This $24 billion in federal aid was more than 19.4 percent of all state and local expenditures. By 1975, the amount of federal aid had doubled to $49.8 billion, which accounted for 15.3 percent of the total federal budget and 23.1 percent of state and local expenditures. This dramatic and accelerating trend in federal aid to state and local governments brought about increasing state and local dependence on federal funds which continued through 1980 when the amount of federal aid nearly doubled again to reach $491.4 billion. This was 15.8 percent of the total federal budget and 26.3 percent of the state and local expenditures.

Over the last eighty years, while many state and local government officials argued that the federal grant-in-aid system was becoming too large, too expensive, too complex and too fragmented, state and local governments increasingly accepted federal grants and programs to the point where federal aid became the largest single source of revenue for the states. Only in recent years has the growth in the number of federal grants-in-aid been curtailed. For example, in 1980, the federal government provided over 500 types of general grants-in-aid to over 80,000 units of government. By 1982, the Reagan Administration eliminated numerous grant programs that resulted in a net reduction of 141 grants and reduced the total to about 360 types of grants-in-aid.
Federal grants-in-aid to state and local governments are generally classified by their design. There are three basic designs of federal grants-in-aid—categorical grants, block grants, and general revenue sharing grants. A useful way of illustrating the differences among these three types of grant-in-aid structures is provided by the Advisory Commission of Intergovernmental Relations (ACIR). ACIR outlined the following three criteria that distinguish the three grant structures: the extent of federal control; the extent of recipient discretion (concerning activities funded); and the extent of performance conditions specified.

Each federal grant-in-aid structure can be portrayed on a continuum. At one extreme, the categorical grants have maximum federal control, a minimum of recipient discretion, and the greatest specification of performance conditions. At the other extreme, the general revenue sharing grants have minimum federal control, the maximum of recipient discretion, and the least specification of performance conditions. Block grants comprise the center area of the continuum with a balance of federal control, recipient discretion and performance conditions.

In 1975, the proportion of federal grants-in-aid awarded under each of the three basic structures were: general revenue sharing - 14 percent; block grants - 11 percent; and categorical grants - 75 percent.

Categorical grants are the predecessor of block grants. To better
understand how the federal grant-in-aid system led to the creation of the first block grant in education--ECIA--a brief history of categorical and block grants follows.

EXPERIENCE WITH CATEGORICAL GRANTS

Categorical grants, first introduced in 1862, were the original and predominant form of federal intergovernmental assistance. As mentioned previously, categorical grants still dominate in terms of how federal funds are distributed to State and local levels of government. While this type of federal grant accounts for the largest number of individual programs covered and the largest portion of federal aid funds, it is also the type of federal grant that has the greatest number of administrative problems. The categorical grant mechanism is designed for federal aid programs that have narrowly defined purposes which are specified by the Congress.

There are four types of categorical grants--formula grants, project grants, formula-project grants and open-ended reimbursement grants. This classification is chiefly based upon an analysis of the means by which funds are distributed. Under the first type, formula grants, funds are distributed by prescribed factors according to a formula established by legislative statute or administrative regulation.
Project grants, the second type, are not based upon a formula. Instead, potential recipients apply to the federal grantor for project grants, submitting specific individual applications by particular deadlines. Examples of this type of categorical grant are the Emergency School Aid for Minority Children grants and Civil Rights Technical Assistance of Schools grants.

The third type, formula-project grants, combines features of formula and project grants, just as the name of this category suggests. Initially, the funds are distributed to geographic regions based upon a formula specified by the statute or regulations and then, within each geographic region, they are further distributed as project grants i.e., they are then awarded on the basis of project applications submitted.

The fourth type of categorical grant, the open-ended reimbursement grant, is a type of formula grant, but it operates such that the federal government reimburses a specified portion of State and local program costs. This arrangement eliminates the need for competition among recipients as well as the need for an allocation formula.

The use of categorical grants by the federal government began with the passage of the Morrill Act in 1862. Under this legislation, Congress authorized the sale of public domain land and specified that the proceeds should be used for the support of land grant colleges and
universities. Under this law, the federal government directed states to invest the principal from the land sales in approved securities, to provide for the construction of the universities and to make annual reports on their expenditures to Congress. These specific directives embodied in the legislation established a precedent and provided the fundamental elements of the present categorical grant mechanism.

While created in 1862, the further development of categorical grants occurred in five different time periods: the Formative Period (1911-1932); the Depression and New Deal Period (1933-1938); the World War II and Post-War Period (1939-1963); the Categorical Explosion Period (1964-1968); and the New Federalism Period (1969-present). The Formative Period (1911-1932) was significant because during this period the basic elements of categorical grants were formulated. In addition, a new federal source of funds was created with the adoption of the federal income tax in 1913. It was also a time of major increase in both the number and the magnitude of categorical grants.

During the Formative Period, the use of categorical grants was expanded with the passage of four major pieces of legislation. The first was the Weeks Act of 1911. Its purpose was to promote state forestry. It was an important piece of legislation because for the first time, grants were allocated according to a predetermined formula. It was also the first grant to impose the requirement of advance approval
of state plans.

The second piece of legislation of this period which provided categorical grants, the Smith-Lever Act of 1914, established the agricultural extension system. It is notable because it incorporated several modern features of the categorical grant mechanism: fund distribution among the states using an apportionment formula that was based, in part, on the size of the rural population; a matching requirement; and advance approval of state plans.

The third piece of legislation during this period, the Smith-Hughes Act of 1917, offered categorical grants to aid vocational education and was the first form of federal aid to public secondary education. The Smith-Hughes Act also required detailed planning and administrative requirements.

The fourth program providing categorical grants enacted at this time was the largest and most extensive --the Highway Construction Act of 1916. While it provided large amounts of federal funds for state highway construction, it also imposed many rigid conditions and stringent controls. The highway grants used a 50-50 matching ratio, distributed funds through the use of a formula, and required the states to establish a highway department or commission.

The financial effects of the Great Depression were felt keenly by state and local governments during the Depression and New Deal Periods.
The significance of this period was that it was a time when state and local governments actually welcomed and sought federal grant-in-aid assistance with their problems. Their eagerness to participate in federal funding provided an opportunity for the federal government to broaden and increase its involvement in state and local fiscal management. Sixteen grant-in-aid programs were established during this period. Two of the most significant laws enacted at this time were the Federal Emergency Relief Act (FERA) of 1933 and the Social Security Act of 1935 (SSA).

FERA authorized the allocation of $.5 billion. It was the first attempt to distribute funds in accordance with each State's fiscal capacity and financial burden. It also established the precedent for extensive federal involvement with state and local governments in areas of national concern.

The SSA established the foundation of the federal welfare system. As a result of this legislation, categorical programs were established to provide aid for the aged, the blind, dependent children, the unemployed, maternal and child health, crippled children and child welfare.

During the World War II and Post-War Period (1939-1963), there was a movement away from the 50-50 matching grants to "low-match" programs. Matching ratios also became more varied. As in the previous periods, new categorical programs were instituted and federal aid increased.
The categorical grant mechanism became recognized and accepted as the major instrument of national policy. Many of the categorical grant programs enacted during this period assisted urban areas, e.g., airport construction (1946), urban renewal (1949), urban planning (1954), open space preservation (1961) and air pollution (1963). Perhaps the most notable legislation of the period was the Highway Act of 1956 which established the interstate highway system through federal grants that provided 90 percent of the funding for construction.

The Categorical Explosion Period (1964-1968) was responsible for an increased federal involvement in state and local concerns and brought about many new developments in the grant-in-aid system; e.g., a proliferation of grants, an expanded use of project grants, an increasing variety of matching ratios, the development of incentive grants, the development of multifunctional grants, the diversification of eligible grant recipients, an increase of grants to urban areas, the use of inflexible administrative and fiscal requirements, an expansion of planning requirements, and variation in regional office structures. This period also was characterized by the rapid increase in the total number of categorical grants, from over 100 in 1962 to over 500 by 1969. In 1965 alone, some 109 grant programs were enacted, most were project grants. Many other changes characterized this period. Direct federal to local government grants were used more frequently, and administrative and planning require-
ments were increased significantly. Recipient matching requirements were lowered to encourage local participation in federal initiatives and federal interests. The most substantial increases during this time were in the areas of education, training/employment and social services, health and community and regional development.

The New Federalism Period (1969-present) focused on alternatives and improvements to the categorical granting mechanism. It emphasized broader and more flexible grant-in-aid forms, such as, block grants and general revenue sharing grants. Although block grants and revenue sharing grants were introduced during this period, categorical grants still dominated the federal grant system with 75 percent of all grants being categorical in nature.13

CHARACTERISTICS OF BLOCK GRANTS

The block grant mechanism is a program by which funds are provided chiefly to general purpose governmental units in accordance with a statutory formula for use in broad functional areas, largely at the recipient's discretion.14 Five basic design characteristics differentiate block grants from the other two grant designs, categorical and general revenue sharing.15 First, the federal block grant is authorized for a wide range of activities within a broadly defined functional area. Second, the recipients have substantial discretion in identifying problems and designing programs and allocating revenues to deal with them. Third, the administrative,
fiscal reporting, planning, and other federally imposed requirements are kept to the minimum amount necessary to ensure that national goals are being accomplished. Fourth, federal aid is distributed on the basis of a statutory formula, which results in narrowing federal administrators' discretion and providing a sense of fiscal certainty to recipients. Finally, the eligibility provisions for participating in block grants are statutorily specified and favor general purpose governmental units as recipients and elected officials and administrative generalists as decisionmakers.

Closely allied, although sometimes conflicting with the five basic design characteristics of the block grant mechanism are its seven objectives or purposes—economy and efficiency, program enlargement, decentralization, coordination, targeting, innovation, and generalist control. 16

It is argued that economy and efficiency are increased under the block grant mechanism because it provides funds under a broadly defined functional area rather than in many narrowly specified categorical grants. Second, program enlargement is often a result when categorical programs are folded into a block grant. To protect the interests of all and to remain politically viable, the appropriation for a new block grant program generally is increased over the previous categorical funding level.
Decentralization of decision making from the federal to the state and local level is the third block grant objective. The intent is to significantly reduce and transfer to the proper level the previous federal role in making decisions.

The fourth objective is to enhance the coordination among functionally related agencies. Since the block grant is designed for broadly defined functional areas, it forces several functionally related agencies to cooperate and work together to meet the goals of their various programs, thereby eliminating duplication of effort.

The fifth objective of block grants is to use them in broadly defined functional areas in order that funds can be targeted to localities having the greatest need. This is achieved by including a specified funding formula or by listing priorities for particular target groups in the legislation. The desired result is that the federal government targets a particular group while the local government develops and designs the appropriate program to serve this group.

Stimulating innovation is the sixth purpose of block grants. The concept is that the local government would use federal funds to begin programs that otherwise would not have been started.

The last objective of the block grant mechanism is that of generalist control. Generalists are considered elected chief executives, legislative officials and administrative types. The intent of the block
grant structure is to transfer control from functional specialists and interest groups, usually associated with categorical grants, to the generalists who are elected by the people and responsible directly to them.

After reviewing these seven purposes of the block grant mechanism, the ACIR Commission report suggested that in general, the goals of decentralization, economy and efficiency, generalist control and coordination appear to be best suited to the block grant mechanism. The goals of targeting, innovation and program enlargement are better achieved through the other grant mechanisms, i.e., categorical and general revenue sharing.¹⁷

EXPERIENCE WITH BLOCK GRANTS

Prior to the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), which authorized and included ECIA Chapter 2, there were only five operational block grants; Partnership for Health (1966), Omnibus Crime Control and Safe Streets (1968), Comprehensive Employment and Training (1973), Housing and Community Development (1974), and Title XX Social Services (1974).¹⁸ According to ACIR, this low adoption rate of block grants by Congress was due to the philosophical, pragmatic, and political differences among members of federal, state and local governments.¹⁹

As early as 1949, the need for grants consolidation was apparent.
The Hoover Commission recommended that a system of federal grants needed to be established based upon broad categories, such as, highways, education, public assistance, and public health. Similarly, in 1955, the Kestenbaum Commission on Intergovernmental Relations urged that the federal government use more general grants to avoid the defects of highly specialized grants. According to the Kestenbaum Commission, federal funds should be allocated for broad objectives such as public health and welfare. Each state would then determine what emphasis to give within each broad field—thereby greatly simplifying the tasks of supervision, record keeping and reporting.

During the 1950's, the Eisenhower Administration supported the recommendations of the Hoover and Kestenbaum Commissions for the broad category block grants and a block grant proposal was introduced into the Congress. This early effort at categorical grant consolidation was unsuccessful mainly because the states and their affected constituent groups were not given adequate assurances that the passage of block grants would not reduce the funding levels for their particular interest groups. Perhaps soured by this attempt to agree on block grant funding levels, Congressional attitude toward block grants remained unfavorable.

Congressional attitude toward federal aid, however, was very positive during the 1950's and 1960's. The amount of federal aid to State and
local governments increased nearly fivefold. Since the categorical grant mechanism is interest group specific, it became the major and almost exclusive federal funding mechanism. By 1967, Congress had approved no revenue sharing grants, 379 categorical grants, and only one block grant, the Partnership for Health in 1966.23

It was not until 1966 before the attitude of Congress toward block grants began to change. In 1966, the Johnson Administration was critical of the proliferation of individual categorical grants in the health field. The Johnson Administration charged that categorical grants were inefficient, rigid and unable to meet the nation's health needs. As a result, the Johnson Administration submitted a block grant for health services to Congress that was designed to reorganize the federal categorical health programs by consolidating nine grant programs into one. The first contemporary block grant became the Partnership for Health Act of 1966 (P.L. 89-749 PHA).24

Although the States used PHA funds to support many kinds of activities, the breadth and goals of PHA were never realized. PHA authorizations dropped from $90 million in fiscal year 1972 to $23 million in fiscal year 1981.25 This dramatic reduction in expenditures was due largely to PHA's failure to achieve an effective operational balance between the concerns of states and those of the federal government. Moreover, the decrease in funding served to limit the types of activities and services states were able to provide. This
then meant that the original purpose of the act, to provide for the funding of a wide range of activities within this particular field, was not achieved.

In short, PHA became a program with meager funding, limited activities and an uncertain future. The uneven balance between state and federal interests which triggered the reduction in PHA funding, also produced a program with only a few really powerful supporters--mainly state and local health officials. Such state dominance ultimately fostered federal disinterest.26 Thus, as could be expected PHA (later renamed Health Incentive Grants for Comprehensive Public Health Services) was abolished with the enactment of the new block grants in the Omnibus Budget Reconciliation Act of 1981. Under this legislation, the program was combined with seven other programs in the new Preventive Health and Health Services Block Grant.

A second block grant program was enacted under the Johnson Administration, the Omnibus Crime Control and Safe Streets Act of 1968, P.L. 90-351 (LEAA).27 LEAA was the first and only federal program originally designed to operate as a block grant from its outset as opposed to being a consolidation of previously separate categorical programs like PHA. The LEAA block grant provided decentralized aid to state and local governments for a variety of activities to promote crime control. 'LEAA definitely authorized federal aid for a wide range of activities within the broad law enforcement and crim-
inal justice areas. Yet, similar to PHA, the federal funds appropriated amounted to less than 5 percent of the state and local expenditures for crime reduction purposes. The meager funding of LEAA undoubtedly limited its effectiveness. Limited funding and other difficulties created problems for the LEAA.

As the LEAA program evolved, Congress added more and more requirements and additional provisions. The mandatory annual comprehensive plans that states submitted for federal review and approval became voluminous and were perceived as compliance documents. Many states considered the LEAA guidelines for their comprehensive plans to be restrictive, incomplete, repetitive and overly detailed. The constant criticism of LEAA and factors, such as persistently high crime rates, clearly affected perceptions of LEAA's success or more accurately its lack of success. Consequently, LEAA received no appropriations after fiscal year 1980.

One of the major goals of the Nixon Administration was to reverse the direction of the Great Society trend of the previous thirty years and to return power back to state and local government. The Nixon Administration tried to generate interest and momentum in Congress for its general revenue sharing plan. As a result of compromise, Congress enacted some general revenue sharing and three additional block grant programs, one each in 1973, 1974 and 1976.
The first of these three block grants was the Comprehensive Employment and Training Act of 1973 (CETA) (P.L. 93-203). CETA was designed to coordinate planning and delivery of services for the unemployed. CETA transferred substantial authority from federal agencies to more than 400 prime sponsors, most of which were city and county governments. The prime sponsors were to design and administer flexible systems of employment and training services that would match the needs of the unemployed with program resources. However, allegations of fraud and abuse contributed to the demise of CETA and the program was phased out in 1981.

Another block grant program was enacted in 1974, the Community Development Block Grant (CDBG) (P.L. 93-383). CDBG replaced Urban Renewal, Model Cities, and four other related categorical programs that had been administered by the Department of Housing and Urban Development. CDBG was the first block grant to completely bypass the states in allocating funds. CDBG has not been criticized by the Congress to the same extent as other block grants. This may explain its growth in budget authorizations from $1.8 billion in fiscal year 1976 to $3.7 billion in fiscal year 1981. This also may explain why the CDBG entitlement program is the only block grant that continues intact and similar to its original form.

The third block grant program initiated during the Nixon years was
Title XX of the Social Security Act of 1976. Title XX was enacted to help control the vast growth of federal spending for social services which increased from $282 million in 1967 to $1.7 billion in 1972. Title XX provided federal reimbursement to states for providing services to eligible working parents for child care, training disabled adults in rehabilitation centers, and for providing homemaker help for elderly people living alone. As part of the Omnibus Budget Reconciliation Act of 1981, Title XX was amended and the Social Services Block Grant Act was enacted in its place. The primary purpose of this block grant was to consolidate federal funding assistance for Title XX Social Services and to increase the flexibility the states have in using the funds. Many requirements that had been imposed on states were eliminated by this legislation, including the specification that a portion of funds be used for services for welfare recipients and that most services be limited to families with incomes below 115 percent of their state's median income. Under the new Omnibus Reconciliation Act of 1981, appropriations were reduced from $2.9 billion in fiscal year 1981 to $2.0 billion in fiscal year 1982.

GRANT CONSOLIDATION IN EDUCATION

Often in the past the shift from a series of categorical education programs into a block grant program proved politically unwise or infeasible. Many perceived grants consolidation, the merger of
existing programs into a larger categorical grant, as a reasonable compromise between restrictive categorical grants and broad block grants. In fact, most of the legislation mentioned earlier in the block grant section was actually grant consolidation legislation with the exception of the LEAA program.

The shift from categorical to consolidated programs involves a change in both the nature of authority for the program and in the focus of decision making. This grants consolidation compromise is referred to as the decategorization or decentralization strategy. In grant consolidation, the distinction among categorical programs are removed and power to decide how program funds are spent is transferred from the federal to the state and local levels. Hence, the broad theoretical objectives of grant consolidation are first, simplification of administrative procedures; second, coordination and flexibility; and third, delegation of decision-making authority.

The important distinction between grant consolidation and block grants is that grant consolidation does not possess all five of the essential traits and characteristics of the block grant mechanism. As an example, a grant consolidation program could establish a broad functional entitlement program, similar to a block grant; but, unlike a block grant, it might not increase recipient discretion nor reduce funding conditions imposed by the federal government.
Consolidation, as a strategy for reforming federal grant-in-aid programs is both deceptively simple and extraordinarily complex. Its simplicity lies in the presumed benefits of merging many functionally related, narrow-purpose programs into a single grant. Its complexity stems from the political forces at the federal level and in the intergovernmental system that condition such changes. As a result, proponents of consolidation often overstated its positive effects while they underestimated the ability of its opponents to preserve the program status quo.40

Many recent federal attempts to consolidate categorical education programs have encountered the political complexities of grant consolidation and they have failed to become law, e.g., the Educational Revenue Sharing Act of 1971 (S. 1669), The Better Schools Act of 1973 (S. 1319) and the Financial Assistance for Elementary and Secondary Education Act of 1976 (S. 3166).41 Prior to the political climate of ECIA only two federal education consolidation efforts survived and became law, the Education Amendments of 1974 (P.L. 93-380) which consolidated Title IV of the Elementary and Secondary Education Act and the Vocational Education Amendments of 1976 (P.L. 94-482).

The Title IV consolidation was a popular, well run program that merged eight categorical grants into two programs; one, IV-B, for libraries and learning resources and another, IV-C, for educational
innovation and support. It was praised for its flexibility and ease of administration. However, it did not result in a consolidated management of former categorical programs. Most states and LEAs managed IV-B and IV-C independently, as they did the categorical programs replaced by Title IV. The few that consolidated Title IV management and program activities did so because their preexisting management style favored program integration. However, little or no consolidation occurred because neither the Title IV legislation nor the federal program response contained incentives for state officials to make more than pro forma response to the Title IV consolidation. Title IV is currently part of ECIA Chapter 2.

The Vocational Education Amendments of 1976 required that states take into consideration the fiscal capacity of LEAs and required that 65 percent of the funds provided to the states be earmarked to serve national priority purposes. These included service to the handicapped, disadvantaged, limited-English speaking and postsecondary vocational training. The Vocational Education Amendments also added a federal requirement that states develop a comprehensive state plan for vocational education.

However, the above two education grant consolidations have not adequately tested the concept of grant consolidation for education programs. The main reasons why both of the above grant consolidations are not appropriate tests of the concept are: the narrowness
of the content of the legislation, the lack of simplifying administrative procedures, the lack of focus and clarity in the legislation, and the absence of administrative consolidation at the federal level.44

PRELIMINARY RESPONSES TO ECIA
One of the major early concerns of ECIA was its fiscal and distributive effects, particularly in terms of the ECIA Chapter 2 formula on high cost students. Because Chapter 2 funding replaced the previous categorical allocation strategy with a formula-based block grant, where the formula is determined by the SEA, ECIA Chapter 2 distributive effects were predicted to be significant.45 Two initial problems were anticipated with regard to the distribution formula for the block grants. First, was the question of whether the formula, established by the SEA, would be established to benefit high cost students and second, whether LEAs that receive ECIA funds from the SEA formula for high cost students, would actually employ the funds to benefit high cost students.

With limited guidance from Congress and the U.S. Department of Education (ED), high cost students are defined by each individual SEA. To define high cost students, some SEAs have utilized a combination of the following factors: low income, sparse population, tax effort, low achievement, desegregation, handicapped, gifted and talented.
Some researchers have suggested that high cost students, particularly the disadvantaged students, are currently a low priority in most states and such students are likely to incur the most severe losses under an unrestricted block grant program like ECIA. Other observers have predicted that the overall effect of the distribution formula would be that education block grants would wipe out the emphasis to serve poor children and eliminate special treatment for bilingual education and desegregation efforts. A study conducted by the National Urban League showed that block grant programs prior to ECIA failed to reach the poor and that poor students were helped more by categorical programs in which funds are earmarked for special purposes.

Similarly, the Council of Great City Schools and the Lawyers Committee for Civil Rights Under Law contend that where the Chapter 2 funds end up is the crux of the matter. They suggest that Congress expected the funds to flow where the need was greatest, in the inner cities. Inner cities were once the most successful competitors for categorical aid programs that are now merged into ECIA Chapter 2. In FY 1983, ECIA block grants were expected to cost the typical big city LEA $835,000. The findings of a study conducted by D. Hedge confirmed this prediction. This study concluded that the distribution of federal aid is not, overall, responsive to local needs since America's poorer cities do not receive more federal aid.
The evidence reported in the study suggested that formula grants, such as the CDBG block grant, are no more successful at targeting aid to those cities with the greatest need than project grants and that formula grants are more susceptible to administrative and political influence. According to ECIA legislation, the funds are supposed to be distributed by the federal government to the SEAs based on school-aged population as measured by the 1980 census. The SEA may retain 0 to 20 percent for administrative costs, but must distribute the remaining funds based upon its particular formula that considers high-cost school-aged students. However, in the absence of strong and clear federal guidelines, there are no assurances that the SEA and LEA recipients of ECIA Chapter 2 funds will apply them to the areas of greatest need. For FY 1983, all except four states claimed their 20 percent allotment: Alabama claimed 10 percent, California 19.5 percent, Florida 17.5 percent, and Pennsylvania 17 percent. The National Committee for Citizens in Education (NCCE) found that after keeping its 20 percent of Chapter 2 funds, the typical state sent 70 percent of the remaining money to the LEAs based upon the number of students. The other 30 percent was distributed according to the number of students considered more costly to educate, such as those from low income families, with physical handicaps, and with limited proficiency in English. Mississippi was the state that distributed the largest amount of its Chapter 2 funds on school-aged population (95 percent), and the
least of its block grant money on high cost students (5 percent). Meanwhile, Connecticut was the state that distributed the largest amount on high cost students (79 percent) and the least on school-aged population (21 percent). Only five states distributed more than 50 percent of their Chapter 2 block grant money to LEAs based on high cost students, while the remaining 45 states chose to distribute most of their funds on the basis of school-aged population.54

The purpose of the formula appears to be to generate funds for LEAs, but there are no statutory requirements that the extra funds generated for high cost children be spent on those children.55 Therefore, an LEA may allocate the entirety of its funds to a single program activity, e.g., gifted and talented or metric education. This gifted and talented program may only be beneficial to a small segment of students and could conceivably be spent on a single school in an LEA. So while disadvantaged, handicapped, poor, and other high cost students will help pull ECIA Chapter 2 funds into an LEA, the high cost students may not necessarily receive and reap the benefits of ECIA legislation.56

Generally the early distribution effects of various SEA formulas are resulting in large-scale redistribution of funds among LEAs.57 Funds are being shifted from urban to suburban and rural LEAs, from desegregating to nondesegregating LEAs, from public to private schools and from LEAs accomplished in the art of grantsmanship to LEAs that
have never received a significant amount of federal funds. Overall at the LEA level, ECIA Chapter 2 formulas for the distribution of funds will produce modest winners and big losers. The winners often will be smaller, wealthy, suburban districts that have never competed for Title IV-C innovative project grants and did not receive Emergency School Aid Act (ESAA) funds to assist in school desegregation. These LEAs, which constitute the majority of LEAs in any state, will realize a net gain as a result of Chapter 2. Speculation prior to the establishment of formulas was that politically-wise states would develop formulas to accommodate the greatest number of LEAs. This would result in diluting the interests of cities and their concerns because it would be difficult for them to generate much support in state legislatures. The big losers will be large, urban LEAs. Primarily because of the withdrawal of ESAA funds, these LEAs will suffer large and disproportionate cuts in federal support for local activities.

The fiscal 1983 federal education budget reductions and the 1980 census figures will further affect not only the internal shift of funds among LEAs in each state, but also the shift of funds among SEAs. Estimates were that under ECIA Chapter 2, 25 SEAs will lose large amounts of money, 13 SEAs will gain significantly and 12 SEAs will receive about the same amount of funds.
RECENT RESEARCH FINDINGS

Eight recent studies have examined some of the effects of the ECIA Chapter 2 legislation. Four investigations used case study methodology to evaluate the initial impact of ECIA Chapter 2. Included in this section are the findings of these eight recent studies. However, none of these investigations included the Commonwealth of Virginia in their sample.

An early study, sponsored by the U. S. Department of Education (ED), was conducted by the Rand Corporation.\textsuperscript{61} The purpose of the study was to examine the ECIA legislation and to assess selected states' initial reactions and predictions regarding the immediate and potential effects of ECIA Chapters 1 and 2 prior to their implementation. The investigation included case studies in nine states, Alabama, California, Colorado, Georgia, Kansas, Massachusetts, Minnesota, Missouri and Pennsylvania. Interviews with state officials in each SEA centered around determining state-level changes in responsibilities, decision-making processes, and policies.

The initial effects identified fell into three categories: fiscal, program and political. The findings suggested that funds would be redistributed under ECIA, away from cities, older urbanized states with declining populations and numbers of public school children. Programmatic effects would vary from state to state. ECIA Chapter 2
programs would reflect state priorities, perhaps better than previous federally funded activities; but they would also serve some federal purposes like research and development less well in most states.

Finally, the study found that the federal role in supporting desegregation would largely disappear. From a political perspective, it was anticipated that constituent groups, which formerly focused on influencing the federal government, would shift their attention to applying pressure on state level actors.

A second study, conducted by the American Association of School Administrators (AASA), attempted to discern how LEAs were spending Chapter 2 funds. AASA surveyed a random sample of 2500 LEAs which included LEAs of large, medium, and small size. Survey results indicated that LEAs are using Chapter 2 funds primarily for the purchase of books and materials, computer hardware and software and for audiovisual equipment. The AASA survey reported two other findings. First, the fiscal effect of the ECIA legislation is to disburse federal funds across a larger number of LEAs. Overall, there was a 51 percent increase in the number of LEAs receiving federal funds. Second, the study reported that 67 percent of the LEAs surveyed experienced an increase in federal funds under ECIA.

The third study, conducted by the Council of the Great City Schools (CGCS), a coalition of thirty of the nation's largest urban school
systems, is perhaps best described as a progress report.63 The CGCS investigation illustrated the effects of ECIA Chapter 2 on urban education. It found that the thirty largest urban school systems lost $42 million (45 percent) in the change from categorical grants to block grants in the 1982-83 school year. As an example, Buffalo was cut from over $7.6 million to $.95 million and St. Louis' funds were reduced from over $5 million to $.65 million.

A fourth study of ECIA Chapter 2 effects was reported by the National Committee for Citizens in Education (NCCE).64 The NCCE study examined the experiences of seven states with Chapter 2: California, New Jersey, Ohio, Rhode Island, South Carolina, South Dakota and Washington. In particular, the fiscal effects and the influence of the State Advisory Council (SAC) on the distribution formula were examined in these seven states. NCCE conducted interviews with the SAC in each state and found that the degree of influence varies a great deal.65 This variation among SAC's influence is due in part to the fact that the Governor and not the Chief State School Officer appoints the SAC. NCCE found that clearly those states experiencing the greatest change from categorical grants to Chapter 2 grants used their SACs to mediate and manage the upheaval that resulted. States that were not greatly affected tended to treat their SACs as a pro forma exercise. NCCE observed that the key result of the federal formula for the distribution of Chapter 2 funds was the massive re-
distribution of federal funds away from states serving large numbers of poor, non-white children. The winners tended to be the more sparsely settled states with few minority children and more healthy economies.

The fifth major study to examine ECIA Chapter 2 was sponsored by ED and was conducted by Advanced Technology, Inc. (AdTech). The major purpose of the AdTech study was to examine how administrative and paperwork requirements for LEAs were affected by the ECIA Chapter 2 consolidation. This study collected data from the SEA and three LEAs in each of three states: Ohio, Montana and North Carolina. Six major findings were reported from an analysis of the data on nine LEAs and three states. First, all three SEAs and seven of the nine LEAs reported noticeable reductions in the staff time required to administer the Chapter 2 program when compared to that required to administer the antecedent programs. Second, eleven of the twelve Chapter 2 administrators interviewed agreed that Chapter 2 had reduced the administrative and paperwork burden for LEAs and had transferred more authority to SEA and LEA officials. Third, five of the nine LEAs identified the simplification of the application procedures as the change that contributed the most to the reduction in administrative and paperwork burden. Fourth, most officials interviewed agreed that the Chapter 2 program is being administered by the states in a fashion strikingly similar to the old ESEA Title IV-B program.
Fifth, the two most positive aspects of the program, according to those interviewed, were the simplified application procedures and the discretion that is afforded LEAs. Finally, five of the nine LEAs, especially the larger LEAs, felt that these two positive effects of Chapter 2 have not been accomplished without some costs. The three most frequently mentioned drawbacks are: the loss of funds directed specifically at innovative local research and demonstration projects; the weakening of controls to ensure that funds are expended according to the law and for purposes that are in the national interest; and the loss of incentives to plan projects carefully, set objectives, and evaluate results.

The sixth major study was also sponsored by ED and conducted by Advanced Technology Inc. The purpose of this study was to determine the fiscal effects of ECIA Chapter 2 on the largest LEAs and cities in the country. The investigation compared funding patterns under ECIA Chapter 2 to funding levels for the two years preceding the block grant for twenty-eight of the nation's largest LEAs. This study reported three major findings. First, in the sample of 28 LEAs, ESAA funds constituted an average of about 65 percent of the antecedent program funding level. Second, sixteen of the LEAs received less funding under Chapter 2. The total loss for the sixteen LEAs between fiscal years 1981 and 1982 was $29 million. This reduction accounts for approximately 40 percent of the total reduction in appropriations.
under the block grants to states. Third, due to the large size of many ESAA grants under the predecessor program, LEAs in the sample that had previously received large ESAA grants tended to lose the most federal funding under the block grant.

The seventh study reviewed was jointly sponsored by the National Institute of Education and the U.S. Office of Planning, Budget and Evaluation. The nine state case study effort attempted to gather some preliminary information about the effects of ECIA Chapter 2 on SEAs. The study included the following states: Maine, Pennsylvania, South Carolina, Tennessee, Texas, Colorado, Washington, Nebraska and Michigan. For several reasons the findings of this study are limited. The nine case studies focused on effects at the SEA level and examined the preliminary work devoted to establishing the Chapter 2 program in each state. LEAs cited two limitations in attempting to address the issues of Chapter 2 flexibility and local decision making. First, by the time formulas were developed and LEA applications approved, many LEAs had very little time to plan in any systematic way for how they would use their funds. For example, Nebraska did not accept LEA applications for the 1982-83 school year until January 1983. Second, there was a large degree of skepticism and anxiety about Chapter 2. LEAs were skeptical about whether funding actually would be continued past the first year; and LEAs were anxious about the lack of regulations which they felt left
them open to some future federal accountability demands. However, the federal study found some general trends across the nine states in the sample. First, there was virtually no involvement of parents or community groups in Chapter 2 planning except in those places where existing structures already existed. Second, the overwhelming majority of Chapter 2 funds in each of the sample states was designated for Subchapter B activities, "Improvement and Support Services". Under Subchapter B, the largest share of funds was spent on instructional equipment and library resources, including the purchase of mini-computers. In the sample states, anywhere from 25 to 60 percent of Chapter 2 funds are being used for the purchase of minicomputers and software. Third, there was one commonality among winners and losers across the sample states. That is, private schools, especially Catholic schools, were clearly advantaged under Chapter 2 while schools which formerly received ESAA funds for desegregation purposes were just as clearly disadvantaged. This is because funds available for service to school aged children in private schools increased in every state, doubling in Pennsylvania, tripling in Colorado and quadrupling in Michigan and Washington. Conversely, desegregating LEAs which heretofore received desegregation funds, e.g., Seattle, Memphis, Omaha, Philadelphia, Detroit, Dallas, and Denver, lost funds under ECIA Chapter 2. In some cases the losses were extensive. Seattle dropped from $4.2 million to $.9 million; Philadelphia from $8.4 million to $3.6 million; ESAA cities in Michigan went from
$7.1 million to $4.9 million; Denver and Memphis received about 30 percent less under their Chapter 2 program. Fourth, the study found that the degree to which an SEA made use of the high cost factors in their distribution formula for allocating funds to LEAs was related to how well, overall, the SEA did under Chapter 2. Hence, the less funding an SEA received compared to funding under previous categorical programs, the more weight that was given to high cost factors in the formula. Conversely, those SEAs that received more block grant funds than they had received under individual categorical programs used formulas more heavily weighted to enrollment. Thus, losers like Michigan and Washington adopted a 58 percent and 60 percent enrollment based formula while winner SEAs like Colorado and Texas adopted an 80 percent and 73 percent enrollment based formula.

Fifth, almost without exception, LEAs were pleased with the simplicity of Chapter 2 and the flexibility available to them without a lot of paperwork.

One interesting finding in the Nebraska case study was that since the Nebraska state constitution has been interpreted to mean that private schools generally may not receive public funds and since the relationship between public and private schools is an uneasy one, the Nebraska Board of Education authorized use of the by-pass provision of the ECIA legislation.

Finally, the last study examined the distributional and programmatic
impact of ECIA Chapter 2 to determine how it measured up to meeting the goals for which it was enacted. Using data from the federal, state and local levels, obtained through field methodology techniques, the study concentrated on Wisconsin LEAs. The study found that Milwaukee, Wisconsin's only large urban area, accounted for the total loss of aid to the state, while the other LEAs gained an average of $86 each. Also, it was found that although LEAs were given increased choice in the use of their funds under Chapter 2, their options were, in fact, severely restricted because of the small amount of funds available. The study concluded that neither the promises regarding block grants nor the goal for which Chapter 2 was enacted were met.69

EARLY INDICATIONS OF ECIA CHAPTER 2 EFFECTS IN VIRGINIA

The purpose of this study is to investigate the impact of ECIA Chapter 2 on LEAs in Virginia. Accordingly, this section reports what is known about ECIA's initial progress in Virginia. While there are no reported studies that specifically examine the allocation of ECIA Chapter 2 funds in Virginia LEAs, there is some general information on the funds allocated by the program for the Commonwealth of Virginia, on the SEA formula for distribution of funds to LEAs and some general observations about the effects of the distribution formula.

In terms of total funds allocated to Virginia under ECIA Chapter 2, Virginia is one of the big losers.70 Based upon a comparison of
funds received under Chapter 2 and funds received under the last year of categorical program allocations, thirty-two (32) out of the fifty (50) states did better than Virginia. Thirty-two states did not experience as drastic a reduction in percentage of federal funds as Virginia under the new ECIA Chapter 2 block grants. Virginia experienced a loss of 16 percent, or $1.9 million, from the previous year's total federal categorical grants. In FY 1982 Virginia received $11.7 million in categorical grants and in FY 1983 Virginia received only $9.8 million in block grant funds. This $9.8 million loss experienced by Virginia was 2.25 percent of the total $442 million that the federal government distributed during the initial year under ECIA Chapter 2. Among the fifty states, Virginia's share was fourteenth largest for FY 1983.

Virginia established a formula for distributing ECIA Chapter 2 funds to LEAs which was approved by the Virginia State Board of Education and the State Advisory Council on Block Grants. Based upon the formula, the funds were distributed as follows: 65 percent was distributed on the basis of the school-aged population and 35 percent was distributed on the basis of high cost students. The high cost students factor (35 percent) was divided into two categories: 18 percent for students from low income families and 17 percent for students with low achievement. Early indications suggest that the Virginia distribution formula may create a windfall for some wealthy
LEAs while poorer LEAs will suffer serious program reductions and budget cuts. 73

SUMMARY
This chapter was begun with an historical overview of how the federal grant-in-aid system has evolved over the last one hundred years. It was continued with a description of the experience with two types of grant programs, categorical and block grant, over this period. Categorical grants, the original and still predominant form of federal assistance, have been used widely for a number of specific and narrowly defined purposes, including the construction of universities, establishment of the agricultural extension system, education for disadvantaged children, establishment of the federal welfare system, and highway construction. Over the years, categorical grant programs have introduced new requirements (e.g., planning and evaluation activities, approval of state plans) and funding distribution formulas (e.g., those based on matching ratios or state fiscal capacity). In addition, categorical programs introduced a greater amount of federal influence at the local government level.

The history of blocks grants is shorter and more controversial. Congressional attitude toward block grants has ranged from neutral to unfavorable. Consequently, only five block grant programs have been operationalized. All but one of these programs really began as grant
consolidation legislation rather than as block grant proposals. Problems with this form of federal aid have been: the lack of powerful supporters for the program; relatively meager funding to support a rather wide range of activities; and balancing federal and state interests. For public education, shifts away from categorical programs most often meant the consolidation of existing programs under one piece of legislation rather than the creation of a true block grant program. Most of the grant consolidation efforts have encountered political complexities and have failed to become law.

Then the experience to date of ECIA Chapter 2 is described. Initial responses to Chapter 2 have raised several concerns. First, significant changes in funding distribution were predicted. LEAs with large proportions of disadvantaged children and with desegregating schools were predicted to experience severe losses. Second, was the question of whether distribution formulas established by SEAs would benefit high cost students and whether funds would actually be spent on these children.

Results from early and recent studies indicate some consensus on several points regarding the effects of ECIA Chapter 2. First, most states distribute the major portion of their Chapter 2 funds on the basis of school-aged population rather than high cost students. Thus, the overall effect is that federal funds are being dispersed across a larger number of LEAs.
Second, SEA formulas for distribution of funds have resulted in causing a massive redistribution of funds among LEAs. Essentially there are modest winners and big losers. Winners are typically smaller suburban districts that formerly did not receive ESAA funds. Private schools have also proven to be large winners. Losers invariably have been the large urban LEAs that previously had large ESAA grants.

Third, programmatic effects have varied from state to state, but it appears that many LEAs believe that they have more discretion in terms of program planning. Concurrently, LEAs have spent their Chapter 2 funds on instructional materials and computer hardware and software and relatively little on innovative research and program development efforts.

Fourth, the major administrative effects noted are that less time and paperwork are required to administer the Chapter 2 program, primarily because of the simplified application procedures.

Finally, major drawbacks to ECIA Chapter 2 noted by recent studies are: a loss of funds; weakening of controls to ensure that funds are being used to benefit target groups of students; and a loss of incentives to carefully plan projects, set objectives and evaluate results.
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34. GAO (U.S. General Accounting Office), IPE-82-8, op. cit., p. 7.


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CHAPTER 3
METHODOLOGY

This chapter contains a discussion of the methodology and procedures employed in the conduct of this study. Included are descriptions of the methodology and design of the study, the sampling procedures, the data collection methods and instrumentation; and, finally, a description of the procedures used for the analysis of the data.

The purpose of this study was to obtain an in-depth understanding of the impact of ECIA Chapter 2 legislation at the LEA level in the Commonwealth of Virginia. Initially, fiscal information was gathered from all 141 Virginia LEAs regarding their formerly funded categorical programs for school years 1979-1982 and their funded block grant programs for school year 1982-1983. After gathering and analyzing the quantitative data, a sample of eight LEAs was selected for study. For each of the selected LEAs, the study examined the administrative, programmatic and fiscal effects of the ECIA Chapter 2 implementation for the 1982-1983 school year.

METHODOLOGY AND STUDY DESIGN

To examine the effects of the ECIA Chapter 2 legislation at the LEA level in Virginia, this study used a qualitative approach, the case study method. Case studies were used to obtain an in-depth understanding of the local situation and the process employed in im-
plementing federal law. The case study method provides a check on how federal intentions of the ECIA Chapter 2 legislation are being realized.1

The case study method used in this study enabled the researcher to use local education officials as a direct source of descriptive data. Accordingly, local education officials' perceptions and reactions to the federal legislation were explored. Interviews were conducted with LEA division superintendents, directors of finance and federal programs, and members of local block grant advisory councils.

The study included data collection at eight LEAs utilizing the constant comparative method; an adaptation of the case study method also known as the Grounded Evaluation Theory approach developed by Barney Glaser and Anselm Strauss.2 With the three research questions in mind, the researcher utilized this Grounded Evaluation Theory approach. This approach allows the researcher to conduct the investigation with a flexible research design that evolves with the addition of each new study site.3 The qualitative research strategy is primarily a process which is oriented toward the systematic collection, coding and analysis of descriptive data for the development of theory. Its central focus is the task of theory construction and verification. The grounded evaluation theory approach to research is inductive, pragmatic and highly concrete.4

This investigation was patterned after the four stages of the constant
comparative method as described by Glaser and Strauss. First, each incident in the data was examined in relationship to each category or outcome of interest. After examining the properties of the incidents in this manner, those that appeared to explain an outcome were integrated to form a theory or finding. Third, through comparison and analysis of the categories, properties and incidents, the theory was modified, reduced and delimited. Finally, the major patterns identified across study sites were integrated so that the findings could be formally expressed.

According to Glaser and Strauss, this joint collection, coding and analysis of data are the underlying operations in generating theory. The generation of theory, coupled with the notion of theory as process, requires that all three operations be performed together as much as possible. They should blur and intertwine continually throughout the investigation. During this study, findings were generated by combining all three processes as much as possible. While this constant comparative method begins with data collection, it is designed so that analysis and data collection occur in an interactive fashion: first, the site interview; then the analysis and theory development; another interview and then more analysis, and so on, until the research is completed.

The above approach was followed in this study. The first LEA site was visited, the data were analyzed and theory was developed on the
basis of the information. The second site was then visited, data analyzed, and the theory modified. This approach continued until all eight sites were visited and the data from each analyzed in a cumulative fashion which yielded the final results.

SAMPLE

The first step in selecting the study sample of Virginia LEAs was to obtain and examine descriptive data for all 141 LEAs in the state. LEA descriptive statistics (characteristics) were then used as the basis for sample selection. The LEA characteristics considered in selecting the sample LEAs included the following: the size of the LEA in terms of student population, the LEAs' local composite index, i.e., the measure of fiscal capacity used to appropriate equalization aid, the number of categorical grant programs prior to consolidation, the number of block grant programs under ECIA Chapter 2, the total amount of the 1981-82 categorical grant funds, the change in funds from categorical to block grants, the amount and percentage of funds devoted to private school participation, the percent of minority enrollment, and the factors used in determining how funds are distributed for ECIA Chapter 2.

Because it was expected that Chapter 2 would have different effects in LEAs with very different characteristics, the sample was selected to provide a cross section of Virginia LEAs. The eight LEAs selected represented variations in the characteristics deemed most important.
The sample LEAs selected were: Amelia County, Arlington County, Charlottesville City, King George County, Powhatan County, Rappahannock County, Richmond City and Suffolk City. The characteristics of these LEAs are presented in Table 1.

In row one, the size of the LEAs based on the average daily membership for the 1981-82 school year is shown. In the second row, an indication of the wealth of each LEA is shown in the form of the local composite index. Local composite index figures are a measure of the LEAs' fiscal capacity. Figures are arrived at through a formula which takes into account three elements: true values of real estate and public service corporations, personal income tax revenue and retail sales that are subject to state general sales and use tax. A local composite index of 1.0 indicates an LEA with the highest ability to pay for education while an LEA with a 0.0 local composite index theoretically would have no ability to pay for education. In row 3 the number of categorical grants each LEA had in school year 1981-82 is shown. In row 4 the number of programs each LEA decided to fund from its Chapter 2 allocation for the first year of the block grant, 1982-83, is indicated. In row five the total amount of funds the LEAs received under categorical programs for 1981-82 is shown, while in row six, the block grant funds received for the first year of ECIA Chapter 2, 1982-83 are shown. In row seven the difference in funds between rows five and six is expressed as a percentage increase or decrease. The amount
<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>AMELIA</th>
<th>ARLINGTON</th>
<th>CHARLOTTESVILLE</th>
<th>KING GEORGE</th>
<th>POWHATAN</th>
<th>RAPPAHANNOCK</th>
<th>RICHMOND</th>
<th>SUFFOLK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Size of student population Rank (N = 141)</td>
<td>1,527 115</td>
<td>14,536 14</td>
<td>4,766 58</td>
<td>2,290 95</td>
<td>2,351 91</td>
<td>1,044 129</td>
<td>28,716 7</td>
<td>8,635 31</td>
</tr>
<tr>
<td>2. Local composite index Rank (N = 141)</td>
<td>.4466 69</td>
<td>1.000 1</td>
<td>.6837 8</td>
<td>.4179 84</td>
<td>.4428 72</td>
<td>.6541 14</td>
<td>.6642 12</td>
<td>.4205 82</td>
</tr>
<tr>
<td>3. No. categorical grants 1981-82</td>
<td>5 5</td>
<td>5 1</td>
<td>1 1</td>
<td>1 6</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. No. block grant programs 1982-83</td>
<td>1 5</td>
<td>2 7</td>
<td>8 6</td>
<td>2 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Categorical funds 1981-82</td>
<td>$98,793 $288,039</td>
<td>$270,962 $9,215</td>
<td>$8,661</td>
<td>$5,163 $12,525</td>
<td>$449,352 $22,629</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Block grant funds 1982-83</td>
<td>$12,718 $88,254</td>
<td>$61,970 $11,538</td>
<td>$23,048 $12,525</td>
<td>$394,476 $114,371</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. % difference in funds 1981-82 to 1982-83</td>
<td>-87%</td>
<td>-69%</td>
<td>-77%</td>
<td>25%</td>
<td>166%</td>
<td>143%</td>
<td>-12%</td>
<td>405%</td>
</tr>
<tr>
<td>8. Private school funds in 1982-83 block grant</td>
<td>0</td>
<td>$16,043</td>
<td>$2,580</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$46,437</td>
<td>0</td>
</tr>
<tr>
<td>9. % block grant to private schools</td>
<td>0%</td>
<td>18%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>10. % minority enrollment</td>
<td>48%</td>
<td>42%</td>
<td>25%</td>
<td>25%</td>
<td>22%</td>
<td>12%</td>
<td>85%</td>
<td>65%</td>
</tr>
<tr>
<td>11. SEA formula weighting factor</td>
<td>Title I None</td>
<td>Title I &amp; SRA None</td>
<td>SRA</td>
<td>Title I &amp; SRA Title I &amp; SRA Title I &amp; SRA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
of Chapter 2 funds allocated to private schools is shown in row eight and this figure is expressed as a percent of the LEAs' total Chapter 2 funds in row nine. The LEA percent of minority enrollment is shown in row ten. The SEA formula weightings in the last row of the table indicate the factors considered for distributing funds to the LEAs. The Virginia State Board of Education established two factors or weighting variables for purposes of distributing funds to its LEAs, economic deprivation and low student achievement. Economic deprivation for an LEA is defined as one with more than 21 percent of its public and non-public enrollment identified as Title I eligible students. LEAs with low student achievement for funding purposes are those with 25 percent or more public eighth grade students achieving below the sixth grade level on the SRA achievement test. In row eleven factor weightings which were applied to each LEA are included. An LEA with a double weighting, i.e., economic deprivation and low student achievement, receives the largest per-pupil amount of block grant funds.

As can be seen by a quick review of the table, the LEAs selected include LEAs that are large money winners and large money losers, those that were the greatest program consolidators and the greatest program expanders and those that did not change. Some LEAs were chosen because they represent extreme cases and would provide the
best illustration of impacts and changes that have resulted from ECIA Chapter 2 legislation.

DATA COLLECTION AND INSTRUMENTATION

Utilizing the premises of Grounded Evaluation Theory and the constant comparative method, data were collected during eight site visits. The site visits were arranged at the completion of the 1982-1983 school year, the first implementation year of the ECIA Chapter 2 legislation. Prior to the site visits, each LEA was contacted by telephone to set up a schedule for the site visit. At that time each LEA also was asked to provide the researcher with a general descriptive profile about their LEA and any pertinent information about their ECIA Chapter 2 program. After reviewing the information received and preparing for the visit, the site visit was conducted. Each site visit required from one to three days, depending on the schedule of LEA respondents, geographic location, travel requirements, size of the district and accessibility of the information.

Sources of data included LEA records, SEA correspondence, field notes, official documents, memoranda, program applications, financial reports and site interviews. The major source of data was the interviews conducted. Where appropriate, interviews were conducted with four main local officials: the LEA district superintendent, the director of finance, the director of federal programs, and a member of the local block
grant advisory council.

The instrument used during the site interviews was a semi-structured interview guide which included questions about topics of concern related to ECIA Chapter 2 implementation. Interviews focused on four areas of inquiry which emerged from an analysis of the quantitative data gathered from all 141 LEAs in Virginia. The four areas of inquiry were: general LEA effects, fiscal effects, administrative and operational effects and program effects. A general listing of the questions asked each local respondent by category is included in Appendix A.

During each site visit, field notes were taken. Within three days after the completion of the site visit, field notes were studied and reviewed and utilized to write the case study, while the site information was still fresh in the mind of the researcher. In preparation for the next field visit, the researcher analyzed and reviewed prior field notes and case reports. Case reports for all eight sites are included in Appendix B.

ANALYSIS OF THE DATA

After each site visit, data collected from the interviews and other sources were examined and analyzed in order to identify patterns within the LEA. Data were then interpreted and ordered with consideration to the particular source of the data. As patterns arose
from interviews, documents and observations, data were cross-checked with other sources for the purpose of verifying the accuracy of the information and testing the perceptions of various LEA officials about the ECIA Chapter 2 program. This verification process is referred to as triangulation. Then, the categories and their properties that emerged and the relationships that were observed were identified and compared for patterns across other LEAs.

In other words, after the first site visit, the Grounded Evaluation Theory process was employed and a particular pattern was identified. This pattern or theory was continually reviewed and reformulated after each site visit. Finally, upon review of all eight sites, the findings and implications were identified and reported.

SUMMARY

This chapter presented the procedures and methodology utilized in the conduct of this study. The design of the study employed semi-structured interviews with representatives in a selected sample of eight LEAs. Interview data were supplemented with other LEA documentation to obtain the information necessary for a more comprehensive picture of the impacts of ECIA Chapter 2 on Virginia LEAs. Data were analyzed utilizing the Grounded Evaluation Theory approach as described. The selection of the sample of LEAs for this study and analysis of the data also were described. Chapter 4 contains the results and findings of this investigation.
REFERENCES


CHAPTER 4
FINDINGS

Reported in this chapter are the efforts of eight Virginia school districts in implementing programs and activities supported by the ECIA Chapter 2 block grant program and the outcomes associated with Chapter 2 implementation in the districts. The effects of the new federal block grant program are summarized in terms of the funds available to the LEAs and the programs and planning processes employed. What was sought were well-founded conclusions about the nature of the changes (fiscal, programmatic and administrative) brought about by the implementation of ECIA Chapter 2.

A brief overview of the sites and how the data were collected and analyzed is presented first. In the second section, a brief history of what happened at each site is given. Then the findings are presented.

In sections three, four and five the findings or outcomes in terms of the three research questions underlying the investigation are described. For each research question, explanations were sought for the outcomes and the patterns observed across the sites. In section three the local site contexts are presented; the effects of the Chapter 2 block grants on the programs which were formerly funded by federal categorical grants also are described. In section four,
the effects of Chapter 2 on administrative costs, effort and paperwork are discussed. In section five, whether ECIA Chapter 2 increases local autonomy and responsibility for the design and implementation of quality education programs is addressed. Sub-issues related to each major research question are presented under the relevant section. For each of these findings sections, an overview and brief summary is presented, then findings are described in more detail.

OVERVIEW OF SITE SELECTION, DATA COLLECTION AND ANALYSIS

Choosing the Sample of Sites

As described in the previous chapter, one general concern dictated the choice of the eight school districts to be studied. Sites were selected to represent a diversity of characteristics deemed important in determining the impact of ECIA Chapter 2 implementation. It was anticipated that sites with very different (often extreme) setting characteristics would experience different outcomes brought about by the change from federal categorical to Chapter 2 block grant funding. Thus, the intent was to include LEAs that represented not only diversity in characteristics, but extreme cases in some instances.

The study sample varied along the nine following dimensions: size (small, medium, or large student population), wealth (wealthy, average or poor, based upon the local composite index), number of past federal
categorical programs; number of block grant programs; categorical grant funding; change in funding (between categorical and block grants); private school participation (under Chapter 2); percent of minority students; and weighting factors determining Chapter 2 funding. Some of the more salient characteristics of the sites included in the study are given in Table 2. (See Table 1 in the previous chapter for further details of the site characteristics.)

A look at Table 2 gives an overall picture of the study sites. Some general comments may help the reader draw meaning from the table. The distribution of the district settings represents a range from rural to suburban and city. Setting descriptors were provided by the sites. Four of the case study sites are rural settings, one is a combination of a city and outlying rural area, two are cities and one is considered suburban. District size, as indicated by the total number of students in the district, shows a range from 1,044 to 28,716. Four of the LEAs were considered small in size, one medium and three large. District wealth, determined by the LEA's local composite index, also varied across sites. Four sites had indexes of .4179 to .4428 and were considered poor. Four sites with indexes between 6.541 and 1.0 were better able to finance their education programs.

Funding changes (the difference between categorical and Chapter 2
TABLE 2

SALIENT CHARACTERISTICS OF STUDY SITES
FY 1982

<table>
<thead>
<tr>
<th>SITE</th>
<th>SETTING</th>
<th>SIZE</th>
<th>FISCAL CAPACITY</th>
<th>PERCENT FUNDING CHANGE</th>
<th>CHANGE IN PROGRAM NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>rural</td>
<td>1,527</td>
<td>.4466</td>
<td>-87</td>
<td>-4</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>suburban</td>
<td>14,536</td>
<td>1.0000</td>
<td>-69</td>
<td>0</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>city</td>
<td>4,766</td>
<td>.6837</td>
<td>-77</td>
<td>-3</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>rural</td>
<td>2,290</td>
<td>.4179</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>rural</td>
<td>2,351</td>
<td>.4428</td>
<td>166</td>
<td>7</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>rural</td>
<td>1,044</td>
<td>.6541</td>
<td>143</td>
<td>5</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>city</td>
<td>28,716</td>
<td>.6642</td>
<td>-12</td>
<td>-4</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>rural/city</td>
<td>8,635</td>
<td>.4205</td>
<td>405</td>
<td>4</td>
</tr>
</tbody>
</table>
funds received) ranged from a loss of 87 percent in Amelia to a gain of 405 percent in Suffolk. Four sites (Amelia, Arlington, Charlottesville, and Richmond) lost federal funds while the other four sites (King George, Powhatan, Rappahannock and Suffolk) gained federal funds.

As might be expected, increases in funds received by LEAs led to expansion in the number of LEA programs. The four LEAs with increased funding under the Chapter 2 block grant program added from four to seven programs or activities. Three LEAs that lost funds reduced the number of programs and activities under Chapter 2, cutting out three or four programs. One study site, Arlington, allocated Chapter 2 funds to the same number of programs or activities.

Site Access
Once the sites were identified, each superintendent was contacted to obtain consent to participate in the study. The researcher explained the purpose of the study, the major research questions to be addressed and the procedures involved. Once the superintendent agreed to participate, the site visits were scheduled. In all cases the superintendents had few if any reservations about contributing to the study, and in most cases they indicated an interest in sharing their experiences and perspectives.
Data Collection Methods

The main body of data was generated from field notes taken during site visits which were conducted between November 1983 and April of 1984. Several weeks prior to each field visit, the superintendent was contacted by telephone and asked to provide any relevant documentation. This included general descriptive and demographic information and information about ECIA Chapter 2 and the district's plans and programs associated with it. Sites varied considerably in terms of the documents they had (or made) available. Prior to each visit, materials were reviewed by the researcher to avoid coming in cold to the site. During each site visit, the researcher took extensive notes which were reviewed and expanded upon following the site visit. Each visit was typically conducted over a two-day period with follow up contact by telephone to clarify issues or questions when needed.

Data were collected primarily through interviews and documents relating to the school district's ECIA Chapter 2 plans, projects and budgets.

Interviews. Interviews turned out to be of two types. First, a semistructured interview guide (see Appendix A) was developed to answer the main research questions. Interviews were conducted at each site with the superintendent, finance director, federal programs director, and, where available, a member of the local block grant advisory council. Second, further information was gained from more
informal interviews (talks and discussions). The questions depended upon the person being interviewed, but often were elaborations of issues included in the semi-structured guide. These more informal interviews often dealt with reflections on the problems and experiences with implementing ECIA Chapter 2.

Documents. Documents were collected and reviewed prior to, during and after site visits. As mentioned above, any information provided by the district prior to a site visit was reviewed so the researcher had a basic understanding of the district and its ECIA Chapter 2 experiences before arrival. During visits, when any paper surfaced that appeared important, the researcher either examined it immediately or requested a copy. Study sites generally were willing to share such information. Such papers included correspondence with the SEA, memoranda, applications, fiscal reports and other assorted materials.

Data Analysis Methods
The main purposes of the data analysis activities were first to develop descriptions of what happened at the sites after federal categorical funds changed to block grants. Second, the researcher sought explanations for what happened that were relatively comparable across the eight, diverse sites. In other words, the researcher wanted to identify the least number of factors that powerfully ex-
explained the outcomes. Thus, the analysis task was one of reducing the explanatory factors down to those that were operative across the various sites.

To accomplish these objectives, two strategies were employed. First, the set of research questions was investigated through the use of the interview instrument in the field visits. Second, working from the research questions and using the field notes, the information was considered under two categories, descriptive and explanatory statements. After completing each site visit, particular attention was paid to the elements that explained what had happened at the LEA. After several site visits were completed, the researcher began to identify the explanatory factors that were operative across sites.

Writing the case reports. Before proceeding with the cross-site analysis (reported in the following sections), the dynamics in each site were important to consider. Moreover, the basic data for each site had to be consolidated and arrayed together. Thus, a case report for each site using a common framework was developed. (See Appendix B.) The case reports included the following sections:

1. Selection factors that determined the site's inclusion.
2. Contextual features of the school district, experience with federal categorical programs and how the funds were
3. Major effects of implementing ECIA Chapter 2. Fiscal effects, program effects and administrative effects in contrast to the earlier categorical grant structure are included.

4. Summary and conclusions of the site's experiences with Chapter 2.

In assembling each site report, pertinent information was incorporated after scanning field notes and documents available. Responses to the research questions were synthesized and presented in the appropriate effects sections of the case report.

Methods for cross-site analysis. With a thorough understanding of Chapter 2 experiences in the eight sites, well-founded explanations were sought. Thus, patterns of factors, families of sites, and general elements that interacted were identified. Data reducing and displaying devices were employed in the form of tables or matrices. These tables were used to consolidate the data across sites and to compare common and contrasting profiles.

The first step involved the development of several general matrices in which data were displayed from all eight sites on a range of program, funding and setting issues. Studying the cells in this
type of matrix helped to identify factors that appeared important across sites. For example, by using this matrix it was possible to note that site perceptions of Chapter 2 funds as small or uncertain were associated with little to no effort in program development.

The next step was to develop other smaller and more focused matrices, each dealing with descriptive information about a particular issue. An example is Table 6 which shows the target population of LEA efforts. These tables served to reveal the similarities and differences in descriptive elements across the sites. General patterns across sites were then identified by comparing tables of specific elements associated with categorical funding with comparable tables describing the same elements associated with Chapter 2.

The final step was to develop explanations for the common patterns that emerged across sites. There were site exceptions to the patterns identified and to the explanations offered (which are described in the sections that follow), but the search focused upon explanations that were applicable to most cases.

Summary. The study was based upon a case study method that would provide an in-depth understanding of the experiences of eight LEAs as they attempted the shift from federal categorical to block grant
funding structures. The sites had varied community settings and experiences with previous categorical programs. Data were collected through two-day visits at each site through the use of semi-structured interviews and analysis of data of record.

The research questions emphasized the fiscal, programmatic and administrative changes associated with the shift from categorical to Chapter 2 block grant structure. The study focused upon the resulting outcomes, in particular, the effects on former programs and new program development.

Data analysis continued over time, beginning with the first site visit. With the completion of additional site visits, the process of identifying important factors that determined outcomes began. Data analysis continued with the preparation of eight case reports, focusing on the major research questions and sub-issues. The cross-site analysis used cross-site matrices or tables, displaying data from all eight sites, to develop explanations for the trends or patterns of outcomes identified.

EIGHT CASE HISTORIES
A brief account of what happened in each school district as the federal funding changed from the categorical to ECIA Chapter 2 block grant structure is presented. The purpose is to provide an overview and an overall account which serves as the basis for the cross site
analyses that follow.

AMELIA COUNTY

The Amelia county school district is a small rural LEA in the central agricultural region of Virginia. The school enrollment is comprised of a large percentage of black (48 percent) and low achieving students. Most of the county's students (64 percent) do not continue their education beyond high school.

In school years 1980-81 and 1981-82, Amelia received about $100,000 under federal categorical programs. The district secured several federal categorical grants and devoted an atypical amount of time and effort in preparing grant applications. With the funds secured under various categorical programs, the district established a number of what it believed to be exemplary programs for its students. Categorical funds were used to support two large efforts, a remedial program for economically deprived students and a computer literacy program. Three smaller activities also were supported with categorical funds: a basic skills program, a career education program and a materials acquisition program.

School district officials believe that these programs provided many benefits not only to their students, but to their teachers as well.
Low achieving students benefited from the additional remedial and basic skills instruction and all students generally benefited from the career awareness effort and additional library and instructional materials purchased. In short, district staff believed students were well served by the programs established through the support of federal categorical funds.

Categorical funds also made it possible for the district to begin to develop a computer literacy program which was a new and apparently well-planned initiative. The district planned and began to implement the computer literacy program gradually and systematically. Teacher training was the first objective. With several years of federal categorical money, teachers at all grade levels (K through 12) had been trained in the use and applications of computer technology. After teachers were trained the district purchased a small number of computers. Acquisition of additional computers and software was to be the next objective, prior to the full scale planned implementation of the program.

School administrators, teachers and parents were particularly proud of the remedial and computer literacy programs and district officials generally described their experience with federal categorical programs in a highly positive way. Despite the accounting and reporting requirements associated with the categorical grant struc-
ture, district officials indicated that these requirements were a small price to pay in exchange for the funds received and the benefits experienced by the district's teachers and students through the programs established.

The implementation of the new block grant structure under ECIA Chapter 2 brought about dramatic and mostly negative consequences for the district. Most importantly, the district lost 87 percent of its federal funds as a direct result of the application of the funding formula. The district's reaction was to establish a committee to pressure the State to change the formula. However, of more immediate concern was deciding the fate of the programs previously supported with the now lost categorical funds.

The decision was painful but obvious; federal funds could not be replaced with local money. Hence, antecedent programs were discontinued and personnel, whose salaries depended upon federal funding, were dismissed.

The next decision, how to spend Chapter 2 funds, was simple and obvious to local education officials. Since the total amount of Chapter 2 money was minimal and viewed as a short term and decreasing resource, all Chapter 2 funds were allocated to the purchase of materials. No consideration was given to planning new programs for students nor was consideration given to using Chapter 2 funds to
continue any programs. For example, funds might have been used to purchase computer hardware and software to implement the computer literacy program that was planned during previous years. However, uncertain that the computer literacy program could be appropriately implemented over time with decreasing Chapter 2 funds, district officials decided to abandon the hope of implementing the program.

Thus, for Amelia county Chapter 2 brought about the total demise of previously established efforts with the exception of the continued purchase of library instructional materials.

The district had no difficulty administering the Chapter 2 program. District officials agreed that the amount of time, effort, paperwork and associated costs were greatly reduced under Chapter 2. Application procedures were simpler as were reporting and accounting procedures. The reduction of administrative requirements, paperwork, and costs introduced by Chapter 2 is primarily why district officials prefer the block grant structure over the former categorical grant structure.

In summary, the district favors the new federal grant structure of ECIA Chapter 2 for two reasons: first because of its future potential for introducing greater local discretion and autonomy in program planning; and second, because of the positive administrative effects (i.e., reduced program requirements, administrative burden and costs)
introduced by Chapter 2. Despite the belief in the potential of ECIA Chapter 2 as an improved federal funding structure, program effects experienced by the Amelia county school district have been mainly negative.

ARLINGTON COUNTY

The Arlington county school district is a large, wealthy, suburban district in northern Virginia. Forty-two percent of the school enrollment is minority, 15.9 percent black, 14.9 percent Asian, and 11.1 percent Hispanic students. On standardized tests, students achievement scores range from the 62nd to the 73rd percentile. Ninety-six percent of the students complete high school, and 82 percent of the graduates continue their education after high school.

Quite skilled in proposal writing, the district officials secured $288,039 in 1981-82 under federal categorical programs. Surprisingly, Arlington (with its large number of minority students) did not receive any ESAA funds. With its categorical money the district installed a number of programs that the district took pride in. A career education program made students in grades K through 12 aware of vocational opportunities. Two other programs provided for the purchase of a large variety of materials, equipment and books.
A fourth program was in the planning stages. Soon to be implemented was a comprehensive gifted and talented program. Finally, the largest program, a bilingual instruction program provided services to the county's growing Asian and Hispanic student population. The program also provided training for teachers and aides in helping the county's large proportion of foreign born students adjust to school and learn English.

District education officials characterized the county's experience with federal categorical programs as exceptionally positive and beneficial to its instructional program. Teachers and parents alike considered these programs exemplary, particularly the bilingual program. Moreover, the funds received alleviated the need to increase local taxes to provided services to a growing student population that required instruction in English as a second language. While the categorical programs did have numerous associated administrative requirements, these were viewed as negligible in comparison to the advantages of the five programs supported with the funds.

The implementation of Chapter 2 block grants resulted in surprisingly positive and advantageous effects for the district, despite of a reduction in funds. When ECIA Chapter 2 was implemented, Arlington lost 87 percent of federal funds; their funding was reduced from $288,039 to $88,254. This result was not disconcerting for the coun-
ty, however. District officials had excellent policy and program planning capabilities. Foreseeing the termination of federal categorical programs, district decision makers planned for the continuation of all federally supported efforts, largely with local resources. Thus, the district experienced no real loss in programs or personnel and experienced little disruption in the shift from categorical to block grants. The two largest efforts supported by categorical funds, the bilingual and career education programs, were continued with local resources. Planning for the gifted and talented program continued under the block grant as did the materials acquisition program. Three new efforts supported with Chapter 2 funds were: a teacher training program in the use of computers, a language arts program and a program to provide compensation for overtime work of teachers. Most block grant money, however, was spent on instructional materials and equipment including computers.

Decisions regarding how to spend block grant funds were determined by the superintendent and his staff. During the second year of Chapter 2 an advisory council was established because it was recommended in the legislation, but it served only to rubber stamp decisions that were already made.

Chapter 2 also introduced a great reduction in administrative burden and costs for the district when compared to previous categorical programs. District officials related that block grant requirements were
fewer and generally the program was simpler to administer and manage. Less time was involved in planning, officials commented, because program priorities were well established in advance of Chapter 2 implementation. Private school participation was extensive; under Chapter 2 Arlington had the highest private school participation in the State. This involved added administrative time and costs for the district; but it was generally viewed as a service and not a burden.

In summary, the district favors the new block grant structure. This is primarily because former programs were not disrupted. Arlington officials planned in advance for the continuation of programs supported by categorical funds and had sufficient local resources to supplement block grant funds. In addition, Chapter 2 not only reduced administrative requirements, but it simplified the grant application process, an activity that previously had consumed a great deal of district staff time. Local decision making and autonomy in planning programs in the Arlington district was not enhanced by ECIA Chapter 2. The Arlington district exercised a large degree of autonomy in defining local needs and program priorities in the days of federal categorical programs; and, the district was unusually resourceful and successful in identifying and in securing federal categorical funds to apply to the needs and program priorities they had defined locally. Thus, with already well developed program planning skills, Arlington officials saw the new
block grant structure as a convenient way of simplifying administrative procedures and requirements.

CHARLOTTESVILLE CITY

Charlottesville is a medium sized, moderately wealthy school district in an area best known for its historic tourist attractions. Its school enrollment is characterized as slightly above average, as measured by national achievement test scores with a sizable number (25 percent) of minority, mostly black, students. Charlottesville students typically complete high school and 62 percent continue their education in a post-secondary institution.

In 1981-82, the district received $270,962 under federal categorical programs. Similar amounts were received for five years prior to ECIA Chapter 2. Federal categorical funds made it possible for the LEA to fund five programs. Two programs were materials acquisition efforts. The third was a career education program which introduced children in grades K through 12 to a variety of careers. The fourth program was a community education program which encouraged parent involvement in their child's education and helped to reduce absenteeism, drop out rates, and discipline problems. Another program, funded by ESAA money, focused on developing reading skills, parent involvement and teacher skills in instructing disadvantaged students. The district's experience with categorical programs was characterized
as beneficial and positive. The funds were viewed as the district's major vehicle to provide services to disadvantaged students. While administrative requirements were viewed as extensive, district officials believed the requirements were a fair price to pay in exchange for the benefits experienced by the district.

Chapter 2 reduced the district's federal funds from $270,962 to $61,970. This 77 percent reduction in funds meant that efforts previously supported with federal categorical dollars had to be scaled down or terminated. Following are the district's decisions regarding the fate of these programs.

The community education program was terminated and perceived as a great loss by school officials. Not only were personnel lost, but for the district the greater loss was the diminished involvement of parents. The career education program also was terminated along with the personnel associated with the program. The ESAA program, which provided remedial reading instruction for disadvantaged low achieving students, was terminated and the twelve staff members associated with this program were dismissed. Materials acquisition programs were eliminated except for $68. The only major activity to be funded with Chapter 2 funds was one component of the ESAA program, a student discipline effort. Thus, nearly all Chapter 2 funds supported the salaries of three teachers who worked with students who were
discipline problems in the junior and senior high schools.

No consideration was given to planning new programs in Charlottesville for several reasons. First, there was an overall reaction of shock, disappointment and distress on the part of officials, school board and parents. Everyone was disturbed by the loss of funds and the consequential loss of programs. Second, options were severely restricted due to the dramatic decrease in funds. Finally, because Chapter 2 funds were viewed as short term, small and decreasing, there was little motivation to devote serious efforts to program planning. Thus, the district felt that the best alternative was to try to salvage one piece from a number of previously successful efforts. These decisions were made without input from an advisory council which was not formed until the second year and its role remains uncertain.

District officials agreed that administratively, much less time, effort and paperwork is required by Chapter 2 and associated administrative costs were reduced. However, the savings in administrative time and costs were not viewed as a tremendous benefit. Despite the simpler procedures and requirements introduced by Chapter 2, district officials did not experience more autonomy or discretion in local program planning. Consequently, district officials favor the prior categorical grant structure to the block grant.
In summary, Charlottesville experienced drastic funding reductions as a result of the implementation of Chapter 2. This led to the loss of many highly regarded programs and a sizable number of staff. No serious effort was devoted to program planning given the view of Chapter 2 as a small and decreasing resource. Reduced administrative requirements were not viewed as a benefit which made the block grant a superior funding structure. In short, district officials did not believe there can be increased discretion with a severe curtailment of funding under Chapter 2.

KING GEORGE COUNTY

King George county is a small, poor district located in the eastern, rural and agricultural area of Virginia. Its students typically score between the 56th and the 58th percentile on measures of achievement. Ninety-six percent of the students complete high school and 49 percent of the graduates continue their education. Twenty-five percent of the students are minority, mostly black.

For several years prior to Chapter 2, the district received an amount of federal categorical dollars nearly equal to its 1980-81 amount of $60,178. With the funds received under two categorical programs, the district implemented a computer assisted instructional program for grades K through 12 and operated it for several years. Enthusiasm for the program was evidenced by the over one thousand software programs developed by teachers and students. In 1981-82, the
district received $9,215. Funds were not needed to continue the computer program so the money was used to buy materials.

Categorical funds made it possible for this small school system to develop expertise and a leadership role in computer assisted instruction that it could not have done without federal resources. Thus, the district sentiment is that federal categorical grant funds have had a major positive impact on the district's instructional program. Categorical program reporting and administrative requirements were described by district officials as reasonable given the positive benefits accruing to the district.

The shift from categorical to block grant funding brought about both positive and some negative effects for the district. Under the block grant the district received a funding increase of 25 percent. District education officials were quite satisfied with this outcome and decided to take full advantage of the local decision making autonomy offered by Chapter 2. Decisions about how to spend the $11,538 were to be determined at the school building level. Each of the county's four principals established a separate advisory council to decide how to spend "their share" of the money. The result was the establishment of seven funding categories under Chapter 2. In reality most of these efforts were for the purchase of materials, although some funds were spent on staff development or inservice training.
The added administrative burden in bookkeeping and record keeping was increased greatly given the separate accounts employed for allocation purposes of Chapter 2 funds. Accordingly, administrative costs also were increased over former categorical structures. However, this increase in administrative burden was not a function of Chapter 2 requirements, but a result of how the district chose to implement the intent of the legislation. Time devoted to planning and decision making also was increased greatly because of the establishment and involvement of building-level advisory groups. Thus, the block grant was much more difficult to administer in the initial year in comparison to the former categorical grant. During the second year of Chapter 2, funding categories were reduced from seven to two which simplified the administration of the block grant tremendously.

In summary, Chapter 2 brought an increase in funds for King George and an opportunity to employ a building level decision-making process. While an added administrative burden resulted, this was due to the self-imposed accounting process the district employed rather than any requirements imposed by Chapter 2. Even after the district streamlined its accounting procedures in Chapter 2's second year, education officials favored the categorical grant structure. For the most part, this was because a larger amount of money was associated with the categorical grant in earlier years and because of the pos-
itive program outcomes the district had experienced with its categorical program.

POWHATAN COUNTY

Powhatan is a small, poor, rural, predominantly agricultural district in the central region of Virginia. Twenty-two percent of the school enrollment is minority, mostly black. Student achievement scores on standardized tests range from the 44th to the 49th percentile. About 95 percent of the students complete high school, and 58 percent of the graduates continue their education.

Lacking resources to devote to grant application writing, the county received $8,661 of federal categorical funds. With its federal categorical program dollars, the district purchased library equipment, books and materials. The superintendent did not believe that the funds made more than a minimal difference in the county's education offerings. In addition, application and administrative requirements also were minimal under the categorical structure.

The implementation of the block grant structure under ECIA Chapter 2 brought a 166 percent increase in federal funds for Powhatan. With the $23,048 received under Chapter 2 and little time to plan, program decisions were made by the superintendent. Eight new activ-
ities were supported with an intention of distributing the funds to as many desired activities as possible.

Three major programs were supported. The first was a remedial math program. Two part-time tutors were hired to provide low achieving students with additional help. The second was an art education program. One part-time art teacher provided art instruction for students in two schools. The third program was a materials acquisition effort.

Five smaller activities also were supported. A part-time gifted and talented program coordinator was hired to plan a program emphasizing critical thinking skills for students in grades K through 12. A part-time bookkeeper was hired to maintain Chapter 2 accounts. Guidance, counseling and testing materials were purchased under another account. Inservice training for teachers in dealing with gifted and talented students was supported and gifted and talented materials were purchased for the teachers.

Second year Chapter 2 funds were allocated somewhat differently. The major efforts funded the previous year were continued and the gifted and talent program planning and bookkeeper were supported for a total of five activities. An advisory council was established the second year of Chapter 2 which essentially endorsed the program priorities established the previous year.
Administrative responsibilities increased over the previous categorical program structure as did associated costs. To deal with these added paperwork and bookkeeping tasks, Powhatan hired a bookkeeper with a portion of its Chapter 2 funds. District officials did not take on these added responsibilities. District officials agree that the block grant is relatively easy to apply for and administer. This fact combined with the increase in funding received in contrast to the categorical grant program led district education officials to favor the block grant structure.

In summary, Powhatan school district officials favor the block grant over previous categorical programs. The district experienced an increase in funding and program offerings. Administrative and reporting procedures were simplified, and the block grant structure generally received high praise from all.

RAPPAHANNOCK COUNTY

The Rappahannock county school district is a small, rural, moderately wealthy LEA located in the foothills of the Blue Ridge Mountains. Twelve percent of the school enrollment is minority, mostly black. School students score between the 52nd and 58th percentile on standardized achievement tests. About 97 percent of the students complete high school and 34 percent of the graduates continue their education beyond high school.
Prior to ECIA, the district received a small amount of federal categorical dollars which was used for the purchase of books and library equipment. Because categorical funds provided no instructional services for the students "nobody paid much attention to the categorical funds except the librarian". Administering and accounting for categorical program funds posed no problem or burden for the district.

With the implementation of Chapter 2, the district received a 143-percent increase in federal funds for a total of $12,525. The superintendent decided to "spread the funds around" by spending Chapter 2 funds on as many district priorities as possible. Thus, the funds were used to support five activities and the purchase of general library materials.

Career education and gifted and talented efforts were the first year's priorities. Two guidance counselors were trained in career education and career awareness materials were purchased for use by other staff. Nine teachers were trained in instructional techniques for gifted and talented students, new curriculum materials were purchased and other materials for use with gifted and talented students were purchased. The next year, funds were concentrated on the gifted and talented program. More teachers were trained and materials purchased. In addition, career education units continued to be developed and more teachers received training.
in career education.

The superintendent made the programmatic decisions and believes that the block grant strategy gave him greater discretion. No advisory council was formed because it was not viewed as necessary for such a small district given that numerous other advisory groups existed.

Administrative burden for the district was greater under the block grant program than for the categorical program. However, the superintendent did not view this as particularly troublesome given that the flexibility offered by the block grants far outweighed the added administrative effort in his judgment.

In summary, the district favors the block grant structure introduced by Chapter 2 because of the funding increase, the perceived increase in discretion for program planning and the ease of administration.

RICHMOND CITY

Richmond is a large, moderately wealthy, city school district in the central section of the state. The school enrollment is 85 percent minority, mostly black. On standardized achievement tests, students score between the 33rd and 40th percentile. Eighty-nine percent of the students complete high school and 48.2 percent of the graduates continue their education beyond the twelfth grade.

Prior to ECIA in 1981-82, the district received a total of $449,352
funds under six categorical programs. Two programs provided for the purchase of library materials. A gifted and talented program was in the planning stages. Two other programs supported a civil rights effort which provided assistance to schools with students experiencing problems. Finally, an exemplary parent/teacher partnership program for the early elementary grades was established to train parents in supporting the educational activities of their children.

In general, district officials were proud of the programs supported with categorical funds and felt that they have served to strengthen the district's instructional programs. Categorical program administrative requirements were viewed as minimal in comparison to the benefits enjoyed by the school system.

With the implementation of Chapter 2, Richmond's federal funds were reduced by 12 percent to $394,476. In addition, 12 percent of this amount were then passed on to private schools in the area. Left with decisions of how to spend reduced funds, Richmond discontinued some efforts and modified others. In most cases, the district attempted to continue efforts that provided instructional services while cutting expenses for materials and equipment. Thus, very few dollars were put into materials. The gifted and talented program, which was in the planning stages, was not implemented. The three other programs were consolidated to better utilize resources and the district was able to retain all personnel. District staff
and teachers agree that the changes associated with consolidating the former separate programs represent improvements in organization and management.

Program funding decisions were made by district officials during the first year of Chapter 2, but an advisory council was established early in the first year to influence future decisions. Richmond officials view Chapter 2 funds as a stable and long term source of funding and, therefore, see an increase in local responsibility for program planning.

While administrative time and costs did not substantially decrease for the district with the implementation of Chapter 2, procedures have been simplified in the view of district officials. Administrative burden associated with private school participation did not decrease because 17 of the area's 23 private schools decided to participate. Primarily because of the amount of administrative effort and time associated with private school participation, Richmond district officials favor the categorical funding mechanism to the block grant.

In summary, Richmond had mixed reactions to the block grant structure. Administrative burden increased, and for this reason the categorical funding structure was preferred. However, Chapter 2 brought funding cuts that forced Richmond officials to make better use of their re-
sources. The program changes which resulted were seen as major improvements and for this reason the district has positive feelings toward Chapter 2 block grants, the structure has enhanced local responsibility for program choices.

**SUFFOLK CITY**

The Suffolk school district is a large, poor LEA which includes both city and rural areas located in the southeastern part of the state. Sixty-five percent of the school enrollment is minority, mostly black. Average student achievement is reported between the 26th and 36th percentile on standardized tests. Nearly 93 percent of the students complete high school and 45.2 percent of the graduates continue their education.

In 1981-82, before the implementation of Chapter 2, Suffolk schools received $22,629 of federal categorical program funds. With a small central office staff, the district could not devote much time or effort to writing grant proposals to secure federal funds. Thus, the district applied for only one type of categorical funding, the easiest one to secure, ESEA Title IV-B. These funds were used exclusively for the purchase of instructional materials. The federal categorical funds had only a marginal impact on the district's educational program, but, the school staff viewed the funds favorably because they provided additional materials. Administrative requirements were minimal.
The implementation of ECIA Chapter 2 brought an unexpected increase of 405 percent in federal funds. Federal funding changed from $22,629 to $114,371. District officials were unfamiliar with how to administer and manage federally supported programs and this led to some confusion about how to spend the funds. Thus, during the first year of Chapter 2, the district had spent only one-third of their funding allocation, district officials had thought the grant was a three year award. Unspent funds were carried over to the next year which meant the district had an even larger amount to administer.

For the first year of Chapter 2, the superintendent made the decisions on how to spend the block grant funds. Five activities were supported with Chapter 2 funds under two categories. A remedial reading program and a remedial math program for students in grades K through 8 were supported along with a remedial writing and communication program for grades K through 12. All remedial programs had a similar design, students received two hours of extra instruction in the subject per week from teacher aides whose salaries were funded by block grant money. Five aides and a teacher were hired. Other funds were used for the purchase of materials and a separate budget for equipment.

With a much larger budget the second year, the remedial programs were expanded. Ten additional teacher aides were hired. Also,
materials budgets were decreased in favor of increasing the instructional service programs.

District education officials view Chapter 2 funds as uncertain and short term. This view had effects on the program choices made and the planning process employed. For example, they intentionally chose instructional programs that could readily be put in place (e.g., remedial tutoring) which required little program planning. Decisions as to which programs are to be funded will be made on a year-to-year basis. Also in keeping with this view, no advisory council was established. Instead, input was obtained from the Chapter 1 parent advisory council, which explains the heavy, basic skills thrust of the programs.

Administrative burden increased moderately for the district in keeping with the increase in funds and programs. This was not viewed unfavorably by district officials. In addition, because the parents, superintendent and school board agreed on funding priorities the amount of effort devoted to planning and decision making was minimal.

In summary, the district officials favored the block grant structure and believed that it provides greater benefits to the district than did the categorical program. This is hardly surprising given the district's limited funding and experience with categorical programs. While administrative burdens increased, Chapter 2 provided the dis-
strict with a positive perception of this federal grant program.

EFFECTS ON FORMERLY FUNDED PROGRAMS

This section is concerned with portraying how the implementation of ECIA Chapter 2 affected former categorical programs in the eight school districts studied. In effect, the purpose of this section is to provide an answer to the first research question the study was designed to address: Did the implementation of ECIA Chapter 2 affect formerly funded categorical programs in LEAs?

To obtain an overall picture of program changes brought about by Chapter 2 it was necessary to look more specifically at the changes in a number of basic characteristics that describe the programs in the set of LEAs. Important program characteristics examined included their number, size, personnel, funding, quality and target group served. The study examined these program characteristics for former categorical programs in the districts and again after the implementation of the ECIA Chapter 2 block grant program. Important differences were identified, patterns that emerged across districts were noted and explanations for the differences and patterns were developed. This section begins with a brief summary of the study's findings on the first research question. The summary provides a preview to the more detailed discussion of the findings that follows. The more detailed discussion begins with a description of the local programs funded under former categorical programs in the study sites.
This is followed by a description of the programs funded under Chapter 2 in the study sites. Finally, a comparison of program characteristics under the two funding structures is presented.

DID THE IMPLEMENTATION OF ECIA CHAPTER 2 AFFECT FORMERLY FUNDED CATEGORICAL PROGRAMS IN LEAS?

ECIA Chapter 2 brought about numerous changes in local programs supported. First, the implementation of Chapter 2 had a major effect on the local programs supported previously with categorical dollars. Seventy-six percent of the local programs supported with categorical funds were diminished (i.e., eliminated or scaled down) in some way with the implementation of Chapter 2. Second, new local programs supported with Chapter 2 dollars differed from those supported with categorical dollars in significant ways. Chapter 2 promised more local discretion; for study sites, this translated into the funding of many more local activities with an overall reduction of 38 percent in the total amount of federal dollars. Increased local activities with decreased funds resulted in many more smaller programs with fewer associated personnel. Seventy-two percent of Chapter 2 local programs were relatively small compared to 44 percent under former categorical programs. Personnel associated with Chapter 2 funded local activities decreased by 35 percent from categorical programs. Perhaps more important were the changes in local program quality introduced by Chapter 2. Under the categorical funding struc-
ture, 24 percent of the local programs were considered high quality efforts, under Chapter 2, 2.7 percent of the local activities were judged of high quality according to criteria used in the study. The target group served by local programs supported with Chapter 2 dollars did not change substantially from local categorical programs.

Categorical Grant Program Characteristics

Number and Funding

The amount of funds each of the eight school districts received under former federal categorical programs and the number of categorical program grants each LEA received is shown in Table 3.

Prior to ECIA Chapter 2 each LEA had to compete for federal categorical grant funds. To compete successfully, an LEA needed an understanding of the federal grant system, skilled proposal writers or personnel with considerable time to devote to grant preparation. There were no guarantees that the considerable time and effort devoted to grant preparation would result in the receipt of a grant. Table 3 shows the amount of categorical funds received and the number of programs supported with those funds in each study site.

The eight study sites indicate two patterns based on the number of categorical grants received and the total grant amount for each LEA. One group received several categorical grants and large amounts of
TABLE 3
NUMBER OF CATEGORICAL PROGRAMS AND TOTAL FUNDING FOR STUDY SITES
FY 1982

<table>
<thead>
<tr>
<th>SITE</th>
<th>NUMBER CATEGORICAL PROGRAMS</th>
<th>TOTAL FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>5</td>
<td>$98,793</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>5</td>
<td>$288,039</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>5</td>
<td>$270,962</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>1</td>
<td>$9,215</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>1</td>
<td>$8,661</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>1</td>
<td>$5,163</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>6</td>
<td>$449,352</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>1</td>
<td>$22,629</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>$1,152,814</strong></td>
</tr>
</tbody>
</table>
federal funds. Study sites in this group include Amelia, Arlington, Charlottesville, and Richmond. Aside from their willingness to devote time and effort into preparing grant proposals, they had groups of high need students for which they pursued federal funds as a vehicle for meeting the needs of these students. For example, the federal program director in Richmond explained that his district had personnel with a comprehensive understanding of federal categorical programs and a high concentration of minority students with special needs. The district was willing to spend the money, time and effort to prepare the applications and compete for funds because district officials felt that the funds could improve the district's educational offerings for these needy students. The story is similar in the cases of Amelia, Arlington and Charlottesville. In short, these four LEAs were committed to actively seeking federal grants for locally identified needs and they were successful in securing a number of categorical program grants.

The second group of LEAs includes King George, Powhatan, Rappahannock and Suffolk. These LEAs did not actively pursue federal categorical grants and were satisfied in receiving a small amount of funds under ESEA Title IV-B, the easiest grant to obtain. This was a formula grant based on the size of the LEA. It required very little effort to apply for and obtain. Interestingly, Suffolk is an
LEA that has students with similar needs to those LEAs who were active grant seekers (i.e., school districts with a large concentration of minority and low achieving students). However, the district applied for only Title IV-B funding. According to the superintendent, this was because the district had a small staff and could not devote the time and effort to grant writing. This general attitude of seeking the uncomplicated, easy to apply for grants was found in Powhatan and Rappahannock. King George is an exception in this group of LEAs. Several years prior to ECIA, a few enthusiastic central office personnel in the district wrote a grant proposal under ESEA Title IV-C for a computer assisted instruction program. Their proposal was funded for a period of five years. However, the year just prior to ECIA the district applied only for the IV-B grant.

In summary, the setting prior to Chapter 2 in terms of the number and funding of categorical programs was that the study sites exhibited two general patterns— the multiple, large grant seekers, and the single, formula-based grant seekers. Multiple, large grant seeking LEAs had skilled grantsmen who identified local needs that could be addressed with funding from specific categorical grant programs. Single, formula-based, grant seeking LEAs did not have personnel with grant writing skills and decided not to spend the necessary time and effort to secure the federal categorical grants.
Type, Size and Personnel

How large were the educational programs in study sites and what were the personnel requirements? Answers to these questions provided a fuller picture of how the categorical grant funds were used. Displayed in Table 4 are the sizes of each categorical grant and the personnel supported with the categorical grant funds. Identified in column 1 are the specific categorical programs under which funds were received for each study site. Provided in column 2 are estimates of the sizes of the programs and contained in column 3 are the number of personnel supported by the program.

The size descriptors used in column 2 are based upon the overall amount of the specific grant. The following scale was used: small (projects under $10,000), medium ($10,000 to 49,999), large ($50,000 to $100,000), and very large (over $100,000).

An examination of Table 4 reveals that of the 25 categorical programs funded in the eight sites, 11 were small, seven medium, two large, and five were very large. Small and most medium sized programs added no additional staff. Across the eight sites, more than 56 positions were funded with federal categorical dollars. One-half of the study sites added personnel with categorical funds and 50 of the added positions were in just four of the 25 programs.

To summarize, districts that sought grants under several programs received at least one large categorical grant and added substantial
TABLE 4

CATEGORICAL PROGRAM SIZE AND PERSONNEL IN STUDY SITES FY 1982

<table>
<thead>
<tr>
<th>SITE</th>
<th>PROGRAM</th>
<th>(1) SIZE*</th>
<th>(2) PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>IV-B</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>large</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Basic Skills</td>
<td>small</td>
<td>1/2</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>small</td>
<td>1/2</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>IV-B</td>
<td>large</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>medium</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Gifted/Talented</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Teacher Corps</td>
<td>very large</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>medium</td>
<td>1/2</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>IV-B</td>
<td>medium</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>medium</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>very large</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Community Ed.</td>
<td>medium</td>
<td>3/4</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>medium</td>
<td>1/4</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>IV-B</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>IV-B</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>IV-B</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>IV-B</td>
<td>very large</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Gifted/Talented</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Civil Rights</td>
<td>very large</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Follow Through</td>
<td>very large</td>
<td>20</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>IV-B</td>
<td>medium</td>
<td>-</td>
</tr>
</tbody>
</table>

* small = under $10,000; medium = $10,000 to $49,999; large = $50,000 to $100,000; and very large = over $100,000.
additional staff (i.e., 9.5 to 24). Meanwhile, simple, formula-based grant seekers generally received small grants (Suffolk's grant was medium), and, because they were used mainly for the purchase of materials, no additional staff were supported.

Educational Program Quality

Program quality typically is very difficult to define and assess. However, for this investigation it was important to try to discern any changes in program quality effected by Chapter 2. Thus, an assessment of program quality was attempted, despite the inherent difficulties. For each categorical program in the study sites, an overall quality rating of high, medium or low was assigned. The rating reflected researcher judgment and was based on site interviews, documents and four criteria thought useful in assigning the overall quality ratings. The four criteria employed were: type of program, the subject focus, potential student impact and potential teacher impact. Each is listed as a separate column on Table 5.

The type of program is defined as the kind of activity that the LEA chose to support with its categorical funds. Five types of activities were identified: materials, teacher inservice, subsystem, pull-out and add-on. A materials activity is one where funds are allocated to the purchase of materials only. An inservice activity is one in which the LEA chose to spend its funds on the training of teachers. A sub-
## TABLE 5
CATEGORICAL PROGRAM QUALITY IN STUDY SITES FY 1982

<table>
<thead>
<tr>
<th>SITE/PROGRAM</th>
<th>TYPE</th>
<th>SUBJECT</th>
<th>STUDENT IMPACT</th>
<th>TEACHER IMPACT</th>
<th>QUALITY POTENTIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>inservice</td>
<td>comp.lit.</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>subsystem</td>
<td>b. skills</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>B.Skills</td>
<td>pull-out</td>
<td>b. skills</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>add-on</td>
<td>career ed.</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>inservice</td>
<td>comp.lit.</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td>GT</td>
<td>add-on</td>
<td>gifted/tal.</td>
<td>low</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>Tchr.Cps</td>
<td>subsystem</td>
<td>bilingual</td>
<td>high</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>add-on</td>
<td>career ed.</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>add-on</td>
<td>comp.lit.</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>subsystem</td>
<td>b. skills</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>Comm. Ed.</td>
<td>subsystem</td>
<td>human rel.</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>add-on</td>
<td>career ed.</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>IV-B</td>
<td>material</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>add-on</td>
<td>comp.lit.</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td></td>
<td>GT</td>
<td>add-on</td>
<td>gifted/tal.</td>
<td>low</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>subsystem</td>
<td>b. skills</td>
<td>medium</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>Civ.Rts.</td>
<td>subsystem</td>
<td>human rel.</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td></td>
<td>Fol. Thr.</td>
<td>subsystem</td>
<td>b. skills</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>IV-B</td>
<td>materials</td>
<td>general</td>
<td>low</td>
<td>low</td>
</tr>
</tbody>
</table>
system activity is one where a semi-autonomous program is created with its own space, curriculum, staff and students. A pull-out activity is one where students leave the regular classroom and go to a resource center or to a tutor for additional instruction or practice. An add-on activity is one where the regular curriculum is enriched with new content and activities.

The subject column on the table describes the area for which the funds were allocated (e.g., gifted and talented.) The student impact column includes a judgment of the potential the program has to improve student learning, behavior and motivation. Ratings for student impact include high, medium and low. For example, a general materials program would be rated low for student impact because materials alone would generally have a very limited or no effect on student progress.

The teacher impact column includes a rating of high, medium or low based upon a judgment of the extent to which the program would effect teacher classroom performance. Thus, a materials program would receive a rating of low for teacher impact because materials would have limited potential for improving teacher classroom performance.

After rating each program for its potential teacher and student impact, an overall rating, estimating each program's potential quality, was assigned. Here, researcher judgment was key since many projects were rated high on one impact and low on another. The reasoning
behind the overall ratings assigned is as follows. Programs that were judged as having the potential for directly improving student performance were usually given an overall quality potential rating of high. A program's potential for directly affecting student outcomes weighed more heavily in the overall ratings than did the other criteria. Potential teacher impact was the second most important criterion used in assigning overall ratings. Programs that received high ratings for teacher impact but low ratings for student impact were usually assigned an overall quality potential rating of medium.

In keeping with this approach, for example, materials programs were assigned a low overall rating on Table 5. This is because a library materials program does not serve a particular target group and would have limited impact on students and teachers.

A close study of the program type and subject columns in the table reveals several patterns. First, all study sites included a materials acquisition program. Second, few district programs (2 of 25) provided classroom teachers with inservice training. Two districts with inservice programs focused their teacher training upon computer literacy skills. Third, basic skills programs almost exclusively used a subsystem approach rather than electing to provide training for classroom teachers or adding new content or methods to the ongoing curriculum. Fourth, districts that sought multiple, relatively large categorical grants established programs which dealt with a
wide range of subjects.

An examination of the overall quality ratings of the programs supported with former categorical dollars indicates the following: 24 percent of the programs (6 of 25) were judged of high quality, 44 percent (11 of 25) medium quality and 32 percent (8 of 25) were evaluated as low quality. High quality programs were identified in the districts that sought multiple, large categorical grants and included Amelia, Arlington, Charlottesville and Richmond. In addition, these districts also had established a variety of programs of varying quality.

Target Groups Served
Study sites spent federal categorical dollars on different target groups, some identified no target group. Shown in Table 6 are target groups served with the categorical funds in each study site just prior to the implementation of ECIA Chapter 2. Four categories of target groups were used: none (where no target group was being served), students that are high achievers (e.g., gifted and talented), students that are low achievers, and teachers (e.g., inservice training).

Generally, study sites were in one of two groups in terms of the target group served under categorical programs. The first group includes four sites: King George, Powhatan, Rappahannock and Suffolk, which
TABLE 6

PERCENT OF CATEGORICAL FUNDS SPENT ON TARGET GROUPS IN STUDY SITES
FY 1982

<table>
<thead>
<tr>
<th>SITE</th>
<th>NONE</th>
<th>HIGH ACH. STUDENTS</th>
<th>LOW ACH. STUDENTS</th>
<th>TEACHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>9.1</td>
<td>0</td>
<td>84.4</td>
<td>6.5</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>28.7</td>
<td>1</td>
<td>61.8</td>
<td>8.5</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>11.5</td>
<td>0</td>
<td>79.3</td>
<td>9.2</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>24.9</td>
<td>.1</td>
<td>73.9</td>
<td>1.1</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
spent all of their categorical funds on no specific target group. Meanwhile, in the second group of four sites, Amelia, Arlington, Charlottesville and Richmond, the largest portion of categorical funds were spent on low achieving students as the primary target group. The next largest portion of funds in these districts was spent on materials or on activities with no particular target group. This second group of LEAs also spent some, albeit only a fraction, of their funds on teachers as a target group. However, a considerably larger share in each district was allocated to materials or no target group than to teacher training. Interestingly, across all sites, practically no funds were spent on high achieving students. Thus, categorical dollars were generally not spent on teachers or high achieving (i.e., gifted) students.

In summary, the largest share of district categorical program money was directed at no particular target group. Low achieving students were the second most popular target for categorical funds. Few categorical dollars were directed at high achieving students or teacher training.

**Block Grant Program Characteristics**

Before considering the characteristics of local programs established under the block grant structure, it is informative to note the status of local programs which were funded formerly with categorical dollars.
With the implementation of Chapter 2, what happened to local programs that operated with categorical support? The disposition of the 25 local programs supported with former categorical dollars is shown in Table 7. Used in Table 7 are five descriptors that portray the status of the program immediately after Chapter 2 was implemented. The descriptors are: expanded, terminated, scaled down, continued with local funds and consolidated.

An examination of Table 7 reveals that 19 of the 25 local programs were diminished in some fashion with the implementation of Chapter 2. Nine were terminated, five were scaled down, three were consolidated into one program, and two were financed with local funds. Six of the 25 programs were expanded with Chapter 2 dollars. Five of these expanded efforts were increased materials purchases and one was for a gifted and talented program. In short, the implementation of ECIA Chapter 2 had a detrimental effect upon the local programs formerly funded with federal categorical dollars.

Number and Funding
Chapter 2 changed the process for obtaining a federal grant. For the block grant, a formula type allocation was used which was based on the number of school-aged children and a high cost factor. Thus, all LEAs needed only to submit the number of their school-aged population to the SEA and they were allocated funds. Each LEA could
### TABLE 7

**DISPOSITION OF FORMER CATEGORICAL PROGRAMS IN STUDY SITES**  
**FY 1983**

<table>
<thead>
<tr>
<th>SITE</th>
<th>PROGRAM</th>
<th>DISPOSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>IV-B</td>
<td>expanded</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>Basic Skills</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>terminated</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>IV-B</td>
<td>scaled down</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>scaled down</td>
</tr>
<tr>
<td></td>
<td>Gifted/tal.</td>
<td>expanded</td>
</tr>
<tr>
<td></td>
<td>Teacher Corps</td>
<td>locally funded</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>locally funded</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>IV-B</td>
<td>scaled down</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>ESAA</td>
<td>scaled down</td>
</tr>
<tr>
<td></td>
<td>Community Ed.</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>Career Ed.</td>
<td>terminated</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>IV-B</td>
<td>expanded</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>IV-B</td>
<td>expanded</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>IV-B</td>
<td>expanded</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>IV-B</td>
<td>scaled down</td>
</tr>
<tr>
<td></td>
<td>IV-C</td>
<td>terminated</td>
</tr>
<tr>
<td></td>
<td>Gifted/tal.</td>
<td>terminated</td>
</tr>
<tr>
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</tr>
<tr>
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<td>Civil Rights</td>
<td>consolidated</td>
</tr>
<tr>
<td></td>
<td>Follow Through</td>
<td>consolidated</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>IV-B</td>
<td>expanded</td>
</tr>
</tbody>
</table>
then decide how to allocate their district's funds (i.e., each LEA
determined the number and type of program activities to be supported
with their block grant funds.)

Shown in Table 8, for each study site, are the number of individual
activities funded and the total amount of block grant funds received
for the first year of Chapter 2. An examination of Table 8 reveals
two prominent patterns. First, three sites, Amelia, Charlottesville
and Richmond, chose to concentrate their funds on one or two activ-
ities. In Amelia, the reason was because the district received a
relatively small amount of funds over prior years. Charlottesville
and Richmond elected to concentrate block grant funds on several
activities continued from the previous year.

A second block grant allocation pattern was noted in three study
sites, King George, Powhatan and Rappahannock. While total Chapter
2 funding in these sites was modest, six to eight activities were
supported. In part because each of these LEAs received substantial
increases in federal funds under Chapter 2, they were interested in
spreading the funds around to as many activities as possible. The
remaining two sites did not fit the two general patterns described
above, although both chose to support a large number of activities
with Chapter 2 funds.

Suffolk supported a large number of activities with its Chapter 2 funds
<table>
<thead>
<tr>
<th>SITE</th>
<th>NUMBER CHAPTER 2 ACTIVITIES</th>
<th>TOTAL FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMELIA</td>
<td>1</td>
<td>$12,718</td>
</tr>
<tr>
<td>ARLINGTON</td>
<td>5</td>
<td>$88,254</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>2</td>
<td>$61,970</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>7</td>
<td>$11,538</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>8</td>
<td>$23,048</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>6</td>
<td>$12,525</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>2</td>
<td>$394,476</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>5</td>
<td>$114,371</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>$718,900</strong></td>
</tr>
</tbody>
</table>
and received a substantial increase over the previous year; but, unlike this second group of LEAs, the district was not interested in spreading its funds around. As described in the case history, Suffolk actually concentrated its resources on basic skills programs for its poor achieving students.

Arlington is the other LEA that does not fit neatly into the two patterns just described. Similar to the second group of LEAs, Arlington allocated Chapter 2 funds to a sizable number of activities. However, Arlington differs from the second group of "program expanders" because it experienced a significant decrease in federal funding. In addition, similar to the first group of LEAs, it continued some previous year programs, but with local not federal dollars.

In summary, in the initial year of ECIA Chapter 2, most study sites (five) chose to allocate the funds to five or more activities. Two LEA allocation patterns were found. Generally, LEAs experiencing increases in the amount of federal funds over the previous year, with the exception of Suffolk, were interested in spreading funds around to support as many activities as possible. This pattern was noted in three sites. Another group of three LEAs elected to concentrate funds on one or two activities which were continuations of activities funded the previous year with categorical funds. The remaining two LEAs shared some of the characteristics of each of the two groups noted, but did not fall neatly into either group
because of other explanatory factors.

Type, Size and Personnel
The types of programs funded under Chapter 2 are displayed in Table 9 along with the amount of funds allocated to each activity and the personnel associated with each activity. Identified in column 1 are the specific activities for which block grant funds were used. Contained in column 2 are estimates of the size of the activities and displayed in column 3 are the number of personnel supported by the particular activity. Size descriptors used in column 2 are the same as those used for Table 4 (i.e., small are those between $1001 and $10,000, medium are those between $10,001 and $49,999, large are those between $50,000 and to $100,000, and very large are over $100,000). An additional descriptor was used in this table: very small activities were those under $1,000.

Data in the table indicate that of the total of 36 block grant activities funded in the eight study sites, one was large and one was very large. There were eight medium sized programs, 13 small, and 13 were very small programs.

Most of the activities LEAs chose to fund were small or very small, in keeping with the "spread the funds around" strategy. This type of funding strategy (i.e., spreading small amounts of funds around to as many activities as possible) seems to be the one encouraged by the
<table>
<thead>
<tr>
<th>SITE</th>
<th>ACTIVITIES</th>
<th>SIZE</th>
<th>PERSONNEL</th>
</tr>
</thead>
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<td>-</td>
</tr>
<tr>
<td>ARLINGTON</td>
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<td>-</td>
</tr>
<tr>
<td></td>
<td>school mngmt., inservice</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>gifted/tal.</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>materials, impr.ed. pract.</td>
<td>very small</td>
<td>3</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>b. skills</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>materials, guidance, inservice</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>art ed., metric ed., career ed.</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>b. skills, materials, impr.ed.</td>
<td>small</td>
<td>1/2</td>
</tr>
<tr>
<td></td>
<td>pract., school mngmt., guidance</td>
<td>small</td>
<td>1/4</td>
</tr>
<tr>
<td></td>
<td>inservice</td>
<td>very small</td>
<td>1/20</td>
</tr>
<tr>
<td></td>
<td>art ed., gifted/tal.</td>
<td>small</td>
<td>1/2</td>
</tr>
<tr>
<td>RAPPANNOCK</td>
<td>materials</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>guidance, inservice, prep.</td>
<td>very small</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>employ., career ed., gifted/tal.</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>materials</td>
<td>small</td>
<td>-</td>
</tr>
<tr>
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<td>impr.ed. pract.</td>
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<td>26</td>
</tr>
<tr>
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<td>medium</td>
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</tr>
<tr>
<td></td>
<td>rem. math</td>
<td>medium</td>
<td>2 1/2</td>
</tr>
<tr>
<td></td>
<td>rem. commun.</td>
<td>medium</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>materials</td>
<td>medium</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>equipment</td>
<td>medium</td>
<td>-</td>
</tr>
</tbody>
</table>
increased local discretion provided for by Chapter 2. For example, in King George, all seven Chapter 2 activities were small or very small in size. A small amount of funds was allocated for basic skills, materials, guidance, inservice, art education, metric education and career education. Rappahannock allocated its funds in a similar fashion, all six programs were small. The "spread the funds around" strategy was deliberate. Powhatan admitted to the same sort of allocation strategy.

A review of column 3, shows that of the 36 personnel positions supported with Chapter 2 funds, 26 were in one very large program in Richmond. Three other study sites increased personnel supported with Chapter 2 funds, adding one and one-half to six positions. No personnel were added in four, or one-half, of the study sites (i.e., in Amelia, Arlington, King George and Rappahannock).

Program Quality

Program quality assessments for the newly funded Chapter 2 programs employed the same procedures as those used in the rating of categorical programs. Looking again at four important features of each program (i.e., type, subject or focus, potential student impact and potential teacher impact), Table 10 was developed to reflect an overall assessment of Chapter 2 local program quality. Presented in Table 10 in separate columns are four program features. (See pages 116 to 120 for a detailed discussion of the descriptors used in the
<table>
<thead>
<tr>
<th>SITE/ACTIVITY</th>
<th>TYPE</th>
<th>SUBJECT</th>
<th>STUDENT IMPACT</th>
<th>TEACHER IMPACT</th>
<th>QUALITY POTENTIAL</th>
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<td>LOW</td>
</tr>
<tr>
<td></td>
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<td>ad.on/pl.out</td>
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<td>high</td>
<td>HIGH</td>
</tr>
<tr>
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<td>gifted/tal.</td>
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<td>low</td>
<td>high</td>
<td>MEDIUM</td>
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<tr>
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<td>low</td>
<td>low</td>
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</tr>
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<td>guidance</td>
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<td>low</td>
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</tr>
<tr>
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<td>low</td>
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</tr>
<tr>
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<td>career ed.</td>
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<td>LOW</td>
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<tr>
<td></td>
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<td>low</td>
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<td>st. skills</td>
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<td>LOW</td>
</tr>
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</tr>
<tr>
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<td>low</td>
<td>LOW</td>
</tr>
<tr>
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<td>math</td>
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</tr>
<tr>
<td></td>
<td>materials</td>
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<td>low</td>
<td>low</td>
<td>LOW</td>
</tr>
<tr>
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<td>gifted/tal.</td>
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<tr>
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<td>finance</td>
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<tr>
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<td>guidance</td>
<td>materials</td>
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<td>low</td>
<td>LOW</td>
</tr>
<tr>
<td></td>
<td>inservice</td>
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<td>low</td>
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<td>gifted/tal.</td>
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<td>low</td>
<td>LOW</td>
</tr>
<tr>
<td>RAPPANNOCK</td>
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<td>LOW</td>
</tr>
<tr>
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<td>guidance</td>
<td>materials</td>
<td>low</td>
<td>low</td>
<td>LOW</td>
</tr>
<tr>
<td></td>
<td>inservice</td>
<td>gifted/tal.</td>
<td>low</td>
<td>low</td>
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</tr>
<tr>
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</tr>
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</tr>
<tr>
<td></td>
<td>gifted/tal.</td>
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<td>career ed.</td>
<td>low</td>
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</tr>
<tr>
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<tr>
<td>SUFFOLK</td>
<td>rem. reading</td>
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<td>b. skills</td>
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<tr>
<td></td>
<td>rem. math</td>
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<td>MEDIUM</td>
</tr>
<tr>
<td></td>
<td>rem. commun.</td>
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<td>b. skills</td>
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</tr>
<tr>
<td></td>
<td>materials</td>
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<tr>
<td></td>
<td>equipment</td>
<td>general</td>
<td>low</td>
<td>low</td>
<td>LOW</td>
</tr>
</tbody>
</table>
For each activity listed on the table, the potential student and teacher impact were rated as high, medium or low. Student and teacher impact ratings appear in separate columns on the table. Finally, in the last column of Table 10, each activity is given an overall quality rating.

An examination of the program type and subject columns in Table 10 indicates the program preferences of the LEAs. First, all sites included a materials acquisition program. In fact, nearly one-half of all LEA activities (17 of 36) supported with Chapter 2 dollars were for the purchase of materials and one-half of the study sites had more than one materials program (2 to 6). The second program or activity preference indicated in the table was teacher inservice training programs. One fourth of all Chapter 2 local programs (9 of 36) were teacher inservice activities. Third, study sites spent Chapter 2 dollars on a great variety of subject areas including: computer literacy, basic skills, guidance, and gifted and talented, art and career education.

An examination of the overall quality ratings of the activities supported with Chapter 2 dollars indicates the following: about six percent of the activities (2 of 36) were judged of high quality generally, 36 percent (13 of 36) were of medium quality and more
than one-half, 58 percent (21 of 36), were low quality efforts. The two high quality activities are in Arlington and Richmond and were developed with federal categorical dollars. Both LEAs chose to continue their high quality programs with block grant funds which were greatly reduced from their previous categorical program funds. Meanwhile, the four study sites that gained substantial dollars under Chapter 2, funded about one-half low quality and one-half medium quality activities. The lack on their part of developing high quality Chapter 2 activities stems from four factors: a lack of planning time, a lack of experience in implementing programs in the past, a desire to spread the funds thinly in order to support as many activities as possible and a belief on the part of local education officials that Chapter 2 funds are short term and uncertain.

Target Group Served
Table 11 shows the target groups served with Chapter 2 funds in each study site during the first year of ECIA Chapter 2. The same categories of target groups were used for this table as those used in the table displaying categorical program target groups presented earlier.

A review of the data displayed in the Table 11 shows that study sites generally spent a large portion of their Chapter 2 dollars on no specific target group, reflecting the heavy emphasis on materials
<table>
<thead>
<tr>
<th>SITE</th>
<th>TARGET GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NONE</td>
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<tr>
<td>AMELIA</td>
<td>100</td>
</tr>
<tr>
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<td>55.6</td>
</tr>
<tr>
<td>CHARLOTTESVILLE</td>
<td>.1</td>
</tr>
<tr>
<td>KING GEORGE</td>
<td>67</td>
</tr>
<tr>
<td>POWHATAN</td>
<td>56</td>
</tr>
<tr>
<td>RAPPAHANNOCK</td>
<td>40.1</td>
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<tr>
<td>RICHMOND</td>
<td>.4</td>
</tr>
<tr>
<td>SUFFOLK</td>
<td>56.2</td>
</tr>
</tbody>
</table>
acquisition activities highlighted in the previous table. Six of the eight study sites spent between 40 to 100 percent of their Chapter 2 funds on no specific target group. Amelia spent all of its Chapter 2 money on materials and Rappahannock was the LEA in this group that allocated the least amount of its funds to the no target group category.

The second thing to notice on the table is that three quarters of the sites (6) spent block grant funds on low achieving students. Two LEAs, Charlottesville and Richmond, spent almost all their block grant funds on low achieving students, 99.9 and 99.6 percent respectively. Less than one percent of the block grant funds in these LEAs were spent on the no target group category. Four other sites, Arlington, King George, Powhatan and Suffolk spent between 16 and 43 percent of their funds on low achieving students. Only two sites, Amelia and Rappahannock, allocated no funds to low achieving students.

A third finding is that Powhatan was the only site to allocate block grant funds for high achieving students, although several sites spent block grant funds to train teachers in instruction for the gifted and talented.

Finally, four sites elected to spend Chapter 2 funds on teacher training, but only in two sites, Arlington and Rappahannock, were the
expenditures a substantial percentage of total block grant funds. An exception was Rappahannock which spent nearly 60 percent of its funds on teacher training.

In summary, the largest share of district block grant money was directed at no particular target group as Chapter 2 money seems to be spent largely on instructional materials. Low achieving students are the second most popular target for block grant funds followed by teacher training.

**COMPARISONS OF PROGRAM CHARACTERISTICS**

The shift from federal categorical program grants to block grants under ECIA Chapter 2 brought about many changes in the nature of local program supported in the study sites. By comparing a series of local program features under former categorical funding with the same program features under block grant funding, differences were noted in local program numbers, size, funding, quality and target group focus. Below, the differences are presented and discussed.

**Funding, Number and Size**

Changes resulted in the amount of federal funds received by each study site between former categorical programs and the Chapter 2 block grants. The changes in federal funds received by each study site under the two funding structures are indicated in Table 12.

As indicated in the table, four sites received a relatively large
TABLE 12
DIFFERENCE BETWEEN FEDERAL CATEGORICAL AND CHAPTER 2 FUNDING IN STUDY SITES

dollars in thousands

<table>
<thead>
<tr>
<th>Site</th>
<th>Categorical funding - FY 1982</th>
<th>Chapter 2 funding - FY 1983</th>
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</thead>
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</tr>
<tr>
<td>ARL</td>
<td>$100</td>
<td>$0</td>
</tr>
<tr>
<td>CHAR</td>
<td>$100</td>
<td>$0</td>
</tr>
<tr>
<td>KG</td>
<td>$100</td>
<td>$0</td>
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<td>POW</td>
<td>$100</td>
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<td>RAP</td>
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<td>$400</td>
<td>$300</td>
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<tr>
<td>SUF</td>
<td>$200</td>
<td>$200</td>
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</tbody>
</table>

Categorical funding - FY 1982

Chapter 2 funding - FY 1983
amount of federal funds under categorical programs. As can be seen in the table, the amount of federal funds these sites received under the block grant program were greatly reduced.

In contrast, four sites received a small amount of federal categorical dollars and received an increased amount of federal dollars under Chapter 2. However, even with the increases in block grant funds, total amounts of federal dollars received under Chapter 2 in these sites remained relatively small.

Under both funding structures, total federal dollars were used to support a number of local programs or activities. Under former categorical programs, a total of 25 programs or activities were supported in the study sites. This number grew to a total of 36 activities supported under Chapter 2. Care must be taken in comparing the two numbers, however, for while it appears that Chapter 2 brought about an increased number of local programs, to some extent this merely reflects an increase in the numbers of accounting categories used in the sites and not the total number of program efforts. For example, Arlington used two accounting categories under Chapter 2 (school management and inservice) for the same teacher inservice program in the area of computer literacy. Similarly, King George used six Chapter 2 accounting categories for one program activity, the purchase of materials: each category represented materials for a different subject area. Powhatan used three accounting categories
for one gifted and talented program. Rappahannock used two accounting categories for the purchase of materials and two for one inservice program in the area of gifted and talented education. Suffolk used two accounting categories for the acquisition of general library materials and equipment. In essence there are fewer identifiable programs in the sites than the number of Chapter 2 accounting categories (36) would suggest. For most analysis purposes in this study the 36 Chapter 2 activities were treated as separate efforts since this is how the study sites chose to have them regarded. As we shall see in a later section of this chapter, the large number of accounting categories used by the study sites under Chapter 2 is related to the administrative effects experienced by the sites.

The general size of the local efforts supported under Chapter 2 has changed from the size of efforts supported by former categorical programs. Less than one-half (44 percent) of the local efforts supported with categorical funds were small (i.e., under $10,000). In contrast, Chapter 2 funds were used to support mostly small activities (72 percent) in study sites. Large efforts (i.e., $50,000 or more) comprised 28 percent of the local programs supported with categorical dollars in the study sites. Under Chapter 2, however, only a small fraction of the local efforts (6 percent) were large-scale activities. Thus, across study sites it appears that the Chapter 2 program
influenced the size of local efforts: fewer large efforts and many more relatively small activities were funded with federal block grant dollars.

Moreover, because large LEA program activities, funded with federal dollars, typically required additional personnel, with a decrease in the number of large local efforts supported by Chapter 2 funds, the number of personnel associated with federally funded efforts decreased dramatically. Prior to the implementation of ECIA Chapter 2, categorical programs supported 56 positions in the study sites; after the implementation of Chapter 2, the number of personnel was reduced to 36 positions.

Program Quality
A rough estimate was made of the quality of local programs established under categorical programs and under Chapter 2 in the study sites. (More detail is provided in the previous sections on program quality.) Here, differences in the quality of local activities under each of the federal funding structures are compared. The differences in local program quality associated with federal categorical programs and with Chapter 2 are illustrated in Table 13. Contrasted in Table 13 are the percentage of high, medium and low quality programs supported by categorical dollars in 1981-82 with those supported by Chapter 2 in 1982-83.

As shown in Table 13, local efforts supported during the first year
TABLE 13

DIFFERENCE IN QUALITY OF LOCAL PROGRAMS SUPPORTED BY CATEGORICAL AND CHAPTER 2 DOLLARS IN STUDY SITES

<table>
<thead>
<tr>
<th>percent of programs</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
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</thead>
<tbody>
<tr>
<td>100</td>
<td>XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX</td>
<td></td>
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<tr>
<td>90</td>
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</tbody>
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Program Quality

<table>
<thead>
<tr>
<th>XXX</th>
<th>Federal categorial program funding - FY 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ECIA Chapter 2 funding - FY 1983</td>
</tr>
</tbody>
</table>
of Chapter 2 are in sharp contrast to those supported the previous year under federal categorical programs. The major differences occurred for low quality programs and for high quality programs. Chapter 2 funds appear to be supporting a major portion of low quality activities and a very small portion of high quality activities in the study sites. The percent of low quality, local efforts has nearly doubled under Chapter 2, while high quality, local efforts have decreased to one quarter of their former total percent.

Target Group
An examination was made of the target groups served by local programs in study sites under federal categorical programs and under Chapter 2. Almost no differences were found in the target groups served under the two federal funding structures in the study sites. Under both federal funding structures, study sites spent the major portion of their funds on materials.

The target group receiving a secondary emphasis was low achieving students. Study sites spent about the same proportion of federal categorical and Chapter 2 funds on low achieving students.

Under both federal programs, teachers as a target group received a relatively small emphasis (5.3 percent of categorical funds and 4.5 percent of Chapter 2 funds) but, a larger share of Chapter 2 funds was devoted to teacher training.
High achieving students received little to no emphasis under either federal funding structure. Slightly more than two-tenths of one percent of all district categorical funds were focused on high achieving students compared to four tenths of one percent of Chapter 2 funds targeted to these students in the study sites.

FISCAL AND ADMINISTRATIVE EFFECTS

Fiscal and administrative effects experienced by study sites as a result of the implementation of ECIA Chapter 2 are described in this section. The purpose is to provide an answer to the second major research question: Did the implementation of Chapter 2 result in the reduction of administrative costs and paperwork burden for the LEAs in the study?

Prior to the implementation of Chapter 2, a common criticism of federal categorical programs was that they were expensive to administer and manage primarily because they required an extensive amount of paperwork and time and effort in application, monitoring, reporting, and evaluation requirements. Thus, the requirements of federal categorical programs were often viewed as burdensome by many LEAs. The intent of ECIA Chapter 2 was to eliminate excessive federal requirements and to streamline the application procedures in order to reduce the LEAs' related administrative costs and paperwork burden. The elimination of excessive requirements also was viewed as a means for encouraging LEAs to concentrate more of their energies on planning
programs to address local needs and more of their funds on operating rather than administering local programs.

To answer the research question, interviews with local officials in each study site were concerned with understanding changes in administrative procedures and practices and the problems associated with the implementation and administration of local Chapter 2 efforts.

In each study site, changes in administrative practices and costs associated with Chapter 2 implementation were identified. Patterns that emerged across districts were noted and explanations for the outcomes and the problems were sought.

This section begins with a brief summary of the study findings regarding this second research question. This overview provides a preview to the more detailed discussion of findings that follows. The more detailed discussion begins with a description of the fiscal effects experienced by study sites because many of Chapter 2's effects on local administrative outcomes were a direct result of fiscal outcomes. It continues with a closer look at the administrative practices and problems identified in study sites.

DID THE IMPLEMENTATION OF CHAPTER 2 RESULT IN THE REDUCTION OF ADMINISTRATIVE COSTS AND PAPERWORK BURDEN FOR THE LEAS IN THE STUDY?

The answer to this question is yes and no. Three study sites exper-
ienced reduced administrative costs and paperwork, one experienced no
difference, and one half of the study sites experienced increased ad-
ministrative costs and paperwork under Chapter 2. The reasons for
these outcomes are mainly due to several factors: the change in
funding from the former categorical program level, the number of
efforts supported under Chapter 2 relative to the number supported
previously under categorical programs, the extent of private school
participation and the level of expertise in program planning and
management on the part of district officials.

Sites experiencing increases were those that received more federal
funds under Chapter 2. The increased dollars were then used to
expand the number of program activities or program accounting cate-
gories which tended to increase administrative costs and paperwork.

In contrast, sites experiencing fewer administrative costs and paper-
work also received less Chapter 2 money than categorical funds.
Fewer funds generally meant fewer local program activities which led
to reduced administrative responsibilities and costs. The increased
private school school participation under Chapter 2 in one of these
sites added some administrative costs and responsibilities such that
no change was the net effect.

Fiscal Effects

A general fiscal effect of Chapter 2 was to provide the study sites
with a smaller total amount of federal dollars than the amount provided under previous categorical programs. Under the last year of federal categorical programs, the eight study sites received a total of $1,152,814. The next year, under ECIA Chapter 2 total federal dollars coming into the sites was reduced by $433,914 to $718,900.

A more important fiscal effect than the overall decrease in the total amount of federal funds was the redistribution of funds across study sites induced by Chapter 2. Individual study sites experienced very different fiscal outcomes with the implementation of the block grant structure. The Chapter 2 distribution formula employed by the State to disperse federal funds to LEAs essentially produced a pattern of winners and losers in the eight study sites. This pattern is immediately seen in Table 14 which compares the amount of federal funds each district received under former categorical programs with the amount received under Chapter 2. Differences displayed in the table are reported in the percentage changes in funds for each study site.

Identified in Table 14 are the four study sites classified as winners (i.e., districts that experienced increases in federal funds under Chapter 2) and the four study sites classified as losers (i.e., districts that experienced decreases in federal funds under Chapter 2). Interestingly, analysis of study sites in each group revealed characteristics that distinguish between the LEA winners and losers. While there were some exceptions in particular features that char-
PERCENTAGE CHANGE IN FEDERAL FUNDS BETWEEN
FEDERAL CATEGORICAL PROGRAMS - FY 1982 AND CHAPTER 2 - FY 1983
IN STUDY SITES

Percentage change

AMEL  ARL  CHAR  KG  POW  RAP  RICH  SUF

STUDY SITES
acterized each group of LEAs, LEA characteristics in each group were strikingly similar.

Study sites in the winner category were King George, Powhatan, Rappahannock and Suffolk. As a group these study sites were different from the loser group in that they were small, poor LEAs with a small percentage (25 percent or less) of minority students. (Suffolk, however, has a larger percentage of minority students.) In addition, these LEAs did not have well developed skills in competing for grants and therefore, did not actively seek federal funding under former categorical programs. Instead, these districts were satisfied in receiving only those funds provided under the antecedent formula-based ESEA Title IV-B program. Funds received under this categorical program were used exclusively by these sites for the purchase of library materials and equipment. Consequently, these sites had little or no experience with and had developed little expertise in planning and implementing programs to address local needs. Instead, their experience with former categorical programs was relatively simple and involved the ordering and purchasing of materials.

In contrast, LEAs in the loser category, Amelia, Arlington, Charlottesville and Richmond, were medium and large sized, wealthy or moderately wealthy districts which typically had a large percentage of minority students. (Arlington, Charlottesville and Richmond were the large, wealthy LEAs, while Amelia, Arlington and Richmond had
large minority student enrollments.) These loser LEAs had typically developed excellent grantsmen skills and as a result, secured a number of large grants under former categorical programs. Moreover, extensive experience with former categorical programs resulted in the development of exceptional program planning skills on the part of district officials and much experience in implementing programs to address locally identified needs. The excellent planning skills acquired by local officials as a result of experience with categorical programs is the primary reason why these districts experienced fewer problems in administering the new block grants. This will be discussed later.

In summary, the implementation of Chapter 2 brought about great changes in the distribution of federal funds across study sites. Generally, those larger, wealthier LEAs, more experienced in local program planning and implementation, lost federal funds while the smaller, poorer LEAs less experienced with federal grant programs received increased federal dollars. The fiscal effects experienced by study sites, to a large extent, influenced the kinds of program changes made as discussed in the previous section, but, the fiscal effects also influenced administrative outcomes and problems experienced by study sites.

Administrative Effects
All study sites agreed that in general, ECIA Chapter 2 simplified ap-
plication procedures and reduced or eliminated reporting, monitoring and evaluation requirements which resulted in the reduction of time, effort, costs and paperwork associated with these functions. However, upon examining the amount of time and effort study sites expended in program planning and accounting activities under Chapter 2 and comparing this amount of effort to that expended under former categorical programs, the overall outcome was that some LEAs experienced reduced administrative burden, paperwork, and costs; some sites experienced increases in administrative burden, paperwork and costs; and, one site experienced no difference. Moreover, these administrative effects associated with Chapter 2 occurred for very different reasons across the eight study sites.

Four LEAs in this study experienced increased administrative burden, paperwork and costs, King George, Powhatan, Rappahannock and Suffolk. These LEAs also were the study sites that experienced increases in federal funding under Chapter 2. Ironically, it was primarily the increase in funding that brought about increased administrative burden and costs. Other factors that contributed to the increased administrative burden and costs experienced by these sites were: the expansion of program activities or accounting categories employed for the same activity, and the lack of experience in program planning and management.

All four sites decided to increase the number of activities funded
under Chapter 2 or the number of accounting categories used. This decision alone increased the paperwork for these LEAs. For example, King George unnecessarily increased the number of efforts from one categorical activity to seven under the block grant structure. In this case the associated increase in paperwork and administrative costs was needless because all seven Chapter 2 efforts were for the purchase of materials. King George did not have to break these materials expenditures into seven different categories, and, if the district had had more experience with federal program management it probably would not have. Powhatan and Rappahannock also increased the number of program activities under Chapter 2 from the number formerly supported with categorical dollars, Powhatan from one to eight and Rappahannock from one to six. Unlike King George however, Powhatan and Rappahannock supported other activities besides materials acquisition. Powhatan also was very creative in reducing the problems associated with accounting and paperwork burden and costs: it hired a bookkeeper and paid her salary with Chapter 2 funds to deal with the increased burden. Finally, Suffolk expanding from one to five programs under Chapter 2 experienced an increase in administrative burden and costs. This was not only due to the increased number of activities but the nature of those added. Suffolk put in place three basic skills programs that added personnel. Administrative effort associated with increased personnel and their supervision
added to Suffolk's administrative responsibilities and costs.

In contrast, three LEAs in this study experienced reduced administrative burden, paperwork and costs: Amelia, Arlington and Charlottesville. The decreased administrative burden was directly related to the decrease in federal funds received by these LEAs. Decreased funds for Amelia and Charlottesville led to program contraction or consolidation. Amelia, reduced its programs from five to one which greatly reduced administrative costs and burden. Charlottesville consolidated five categorical programs into two under the block grant. Finally, while Arlington maintained the same number of program activities under Chapter 2 as it operated under former categorical programs, the nature of the programs supported under Chapter 2 changed. More funds were allocated to materials acquisition which tended to lessen the paperwork and other administrative responsibilities for Arlington.

The last study site, Richmond, experienced no change in administrative burden, paperwork or costs over those associated with former categorical programs. The reason is because while Richmond consolidated former categorical programs reducing the number from six to two, large private school participation in Richmond under Chapter 2 added administrative responsibilities, paperwork and costs. Thus, the administrative responsibilities and costs associated with former categorical programs were reduced for Richmond under Chapter
2, but extensive private school participation under Chapter 2 added to the district's administrative responsibilities, paperwork and associated costs. The net effect was that Richmond experienced about the same amount of administrative paperwork and costs.

In summary, Chapter 2 brought about significant fiscal effects for the study sites. Primarily there were large money losers and moderate money winners. Grant application procedures were simplified and reporting and evaluation requirements were mainly eliminated. This did not result in the overall effect of reducing local administrative costs or paperwork across study sites. One-half of the study sites experienced significant increases in administrative responsibilities and paperwork brought about by the increased funds received under Chapter 2 and the number of local activities LEAs elected to support with their increased funds. The added burden of private school participation in one study site led to no difference in administrative costs or paperwork and three sites experienced reduced administrative responsibilities under Chapter 2 along with reduced federal budgets.

PROGRAM PLANNING EFFECTS

Program planning effects experienced by study sites as a result of the implementation of ECIA Chapter 2 are described in this section. The purpose is to provide an answer to the third major research question: Did the implementation of ECIA Chapter 2 provide increased
responsibility for the design and implementation of local education programs?

To determine whether this was the general outcome for the eight LEAs included in the study, interviews with officials in each study site were in part concerned with understanding the decision-making process employed and the amount of energy devoted to planning programs to meet local needs under Chapter 2. Changes in program planning procedures were identified and the role of the Chapter 2 advisory group was investigated. Patterns that emerged across study sites were examined and explanations for the outcomes were sought.

This section begins with a summary of the study findings related to program planning outcomes and is presented as an answer to the study's third major research question. Then, in more detail, the decision-making process is described, the role of the advisory councils is detailed, and the level of emphasis on local program development is discussed.

**DID THE IMPLEMENTATION OF ECIA CHAPTER 2 PROVIDE INCREASED LEA RESPONSIBILITY FOR THE DESIGN AND IMPLEMENTATION OF LOCAL EDUCATION PROGRAMS?**

Across study sites, the implementation of Chapter 2 did not result in an increase of LEA involvement in program planning and development activities. Decisions regarding activities to fund were made almost
exclusively by district superintendents; the decision-making authority was not shared with many individuals. Consequently, superintendents felt that they had more discretion. Local advisory councils typically served to legitimize decisions and choices that were already well established. Moreover, relatively little serious effort or time was devoted to planning or developing new programs. Several explanations are offered for this outcome. Sites typically viewed Chapter 2 funds as either small, uncertain, decreasing, or some combination of these which provided no inducement for LEAs to seriously plan or develop local efforts. Many district officials lacked program planning and development skills so they devoted little effort or time to these tasks. District officials that had relatively more sophisticated program planning and development skills were located in districts that experienced substantial federal funding losses. They were more concerned with finding ways to continue programs supported under former categorical programs than with planning or developing new local programs.

Changes in Decision Making

Decision making was operationalized much differently in study sites under Chapter 2 than the process employed for previous categorical programs. Categorical programs generally required a more serious decision making process that involved a significantly greater amount of time and energy on the part of LEAs. Because districts had to
compete for funds under former categorical programs, they spent more effort in identifying local needs and in planning efforts that used local resources. The contribution of local resources was a way of showing district commitment to the effort in grant applications, and thereby increasing their chances of securing the categorical grant. Moreover, to apply for categorical grants, districts had to think through the implementation process, resources required, time schedules and evaluation activities. These had to be described in the grant applications. Thus, even prior to receiving a categorical grant, an LEA had to invest much time and effort in planning and making decisions.

Under ECIA Chapter 2 these planning and decision-making practices were very different. Little to no time was required to apply for block grants. Federal funds were allocated on a state formula basis.

Decisions about how to apply for and spend categorical funds normally required the input of numerous officials in an LEA, the school board, and sometimes parents and teachers. Who made the decisions for Chapter 2 in the study sites?

In six of the eight study sites the superintendent alone (sometimes with advice from other officials) made the fundamental decisions about how Chapter 2 was to be implemented locally for its first year of operation. Such decisions included the number, content and type of local block grant activities and the amount to be spent on each.
King George and Richmond were the only exceptions to this pattern. Richmond's superintendent made decisions jointly with the local Chapter 2 advisory council. The most decentralized decision making process was employed by King George County. The superintendent allowed the director of federal programs to determine the decision making process. She decided to take full advantage of the local decision-making autonomy encouraged under Chapter 2 and operationalized the decision making at the building level. Each of the four school principals was asked to form his/her own, separate, building-level advisory group to help decide how to spend a portion of the Chapter 2 funds. With the aid of the advisory group, each principal then decided which materials should be purchased. All of funds were spent on materials although 25 people got to decide which ones. As described later, in the second year of Chapter 2 advisory councils were formed in some of the LEAs in the study, but the decision-making process generally was not altered significantly from the procedures described above.

The result of this decision-making process was that not many individuals in the study sites were involved, however, the superintendents in each of the districts felt they had more autonomy under Chapter 2, and indeed they did.
Local Advisory Councils

ECIA Chapter 2 encouraged LEAs to form local Chapter 2 advisory councils, in part, to allow input into local program planning and funding allocation decisions. In the eight study sites for the first year of Chapter 2 six study sites did not establish advisory councils. The six sites that did not establish an advisory group the first year of Chapter 2 were Amelia, Arlington, Charlottesville, Powhatan, Rappahannock and Suffolk. Rappahannock and Suffolk never established one. The Rappahannock superintendent said the district was so small they did not need one, and Suffolk involved the Chapter 1 advisory council in their decision making and planning.

During the second year of Chapter 2, four LEAs in this group of six established an advisory council. Three merely legitimized decisions made the previous year, and one was not concerned with local program decisions at all, but rather became involved in state and federal lobbying activities.

During the second year of Chapter 2 councils in Arlington, Charlottesville and Powhatan merely rubber stamped decisions made previously by the superintendent. Amelia, so outraged by their loss of funds under Chapter 2, formed an advisory group whose primary function was to pressure the state to change the distribution formula and the federal government for eliminating the ESAA program from Chapter 2.
The local advisory council(s) in King George, as described earlier, was deeply involved in decisions regarding how to spend district Chapter 2 dollars but were less concerned with planning programs to serve the needs of students. Like King George, the advisory council in Richmond also greatly influenced local program decisions under Chapter 2 during its first two years. According to the federal program director, the advisory council is likely to continue its strong influential role on local Chapter 2 efforts.

What accounts for the fact that few superintendents in study sites sought input from an advisory body regarding how Chapter 2 funds should be spent? Two factors appear to explain the decision-making process employed under Chapter 2 by the study sites and the lack of influence of advisory councils. These factors pertain to how Chapter 2 funds were viewed generally and the prior extent of discretion the district perceived it had under the categorical funding structure.

Four study sites actively sought former federal categorical funds. District officials in these sites felt they had experienced a great deal of discretion in making decisions about local programs under the categorical funding structure. As described previously, planning and decision making typically occurred in districts prior to receiving federal categorical dollars. With a loss of funds under Chapter 2, these sites felt they also lost a great deal of discretion. One superintendent said, "With fewer funds there is less discretion,
options are severely restricted." Three of these sites, Amelia, Arlington and Charlottesville, generally viewed Chapter 2 funds as relatively small and short term. In keeping with this view, no serious effort was devoted to developing or planning programs and hence, the need for input was not thought critical. Rappahannock and Suffolk gained federal funds under Chapter 2, but they also viewed these funds as uncertain, "soft" money and therefore, never established an advisory group. All these sites consequently believed that the best they could do was to make programmatic and funding decisions on a year by year basis. This philosophy mitigated against devoting much energy to serious program planning.

In contrast, Richmond, King George and Powhatan generally viewed Chapter 2 funds as a stable resource. As a result, Richmond and King George sought input from a local Chapter 2 advisory council. While Powhatan established an advisory council during Chapter 2's second year, it did not play an influential role in the decisions made.

Program Planning and Development

Across the study sites, little serious effort or time was devoted to planning or developing new efforts. Three factors appear to explain this outcome. These factors include: the level of funding compared to former categorical funding level, how Chapter 2 funds are viewed by district officials and the level of planning and program develop-
ment capabilities of district officials and policy makers. One-half of the study sites were judged to have good to excellent program planning and development skills, developed in part from their exposure to and experience with former categorical programs. These sites included Amelia, Arlington, Charlottesville and Richmond. However, these skills were typically not used in planning or developing new programs under Chapter 2. All of these sites experienced a significant decrease in federal funding under Chapter 2 and viewing Chapter 2 funds as relatively small, they exerted little or no energy in planning or developing new programs. Instead, most of their planning was concentrated on figuring out how to continue some part of the programs they operated under former categorical funds. (Amelia was an exception. All their funds were allocated to materials and all former programs were terminated.)

In contrast, the other half of the study sites were judged to have less well developed program planning and development skills. They also had little previous experience with former categorical programs, but received a significant increase of funds over former categorical funding levels. Perhaps the increased funds alone influenced these sites to take the program planning task seriously even if they did not devote much time or energy to it. (King George was the exception; much time was spent in reaching decisions, but no new programs were developed as all funds purchased materials.) Few of these
sites actually went ahead to plan or develop new programs, electing instead to allocate their Chapter 2 funds to activities that did not require much program planning or development (i.e., materials acquisition and one time only teacher training). However, one site planned for the planning of a new program and one site implemented several new programs. Powhatan hired a gifted and talented coordinator to plan a local gifted and talented program. Suffolk, experiencing a large funding increase under Chapter 2, added several remedial basic skills programs, but essentially little time and effort went into the planning or development of them.

In short, study sites experiencing increased federal funds put in place a number of programs which did not require much effort in planning or development for several reasons: little time was available for planning purposes; district officials did not have sophisticated program planning and development skills; and, because Chapter 2 funds were viewed as small or uncertain, districts felt that decisions had to be made quickly and on a year-by-year basis.
CHAPTER 5
SUMMARY OF FINDINGS AND CONCLUSION

In Chapter Four, detailed findings related to local outcomes associated with the implementation of ECIA Chapter 2 were presented. The study sought to understand the impact of Chapter 2 implementation at the school district level, the changes that ensued and the reasons for the outcomes experienced by study sites. To that end, interviews were conducted with officials in study sites and other data were collected. Through this investigation, much has been learned. In this chapter the findings of the study are summarized in terms of the three major research questions it addresses:

- Did the implementation of ECIA Chapter 2 affect formerly funded categorical programs in the LEAs?
- Did the implementation of ECIA Chapter 2 result in the reduction of administrative costs and paperwork burden for the LEAs?
- Did the implementation of ECIA Chapter 2 provide increased LEA responsibility for the design and implementation of local education programs?

In a concluding section, the findings are recast in an overall assessment of the contribution of ECIA Chapter 2 to promoting education reform in the eight study sites.
FINDINGS IN REVIEW

One significant outcome of ECIA Chapter 2 implementation was that it brought about a redistribution of federal funds among study sites. Under Chapter 2, federal dollars shifted from one group of LEAs with similar characteristics to another group of LEAs, thus producing a pattern of winners and losers. LEAs that gained funds under Chapter 2 were the smaller, poorer districts with fewer "high cost" students and less experience with former categorical programs. It was notable that these LEAs had less well developed program planning, development and administrative skills.

Sites that lost a significant amount of federal funds under Chapter 2 were larger, wealthier districts with larger numbers of "high cost" students. They were also sites that had had more extensive experience with former categorical programs. In part, because of this experience, district officials not only had developed good to exceptional program planning and administrative skills, but they had much more experience in developing and implementing programs to address locally-identified needs.

The fiscal impact of Chapter 2 was essentially to shift funds from districts with large concentrations of high-cost students, skilled in local program planning and administration, to sites with fewer high-cost students and with less ability in planning, developing, and administering local programs. Sites gaining funds were pro-
vided with an opportunity to engage in more local program planning and development and thereby develop more sophisticated planning and administrative skills. Unfortunately, this opportunity was at a significant cost to sites that had already well developed local program planning and administrative skills. With fewer funds, sites that experienced a general fiscal loss under Chapter 2, typically scaled down or terminated those local programs previously supported with federal categorical dollars, while sites gaining funds typically expanded prior categorical programs.

The termination or scaling down of local programs in some sites and the increased federal dollars available in other sites meant that choices had to be made by all districts regarding what local programs or activities to fund. The choices made, across the study sites, depended not only on the fiscal effect experienced (i.e., an increase or decrease in funds), but upon how Chapter 2 funds were perceived and on the level of program planning and development skills of officials in the sites.

Generally, sites that lost a significant amount of federal dollars made choices among formerly funded categorical programs as to which would be continued and in what form and which had to be terminated. Except for materials acquisition efforts, only a few of the former categorical programs in these sites were continued
at the same level or scope. In one district, whose education officials had extraordinary planning skills, support was mobilized locally to continue two quality programs with local dollars. Well developed planning skills on the part of district officials at another site enabled the district to consolidate three former fragmented and duplicative programs into one. Despite these few successful outcomes, other former categorical programs were scaled down dramatically or eliminated entirely. In their wake, a generation of new local efforts was established by all districts, winners and losers alike.

Typically, a larger number of programs or activities of a smaller size and of lesser quality were supported with Chapter 2 funds when compared to the antecedent programs in the sites funded with former categorical dollars. However, priorities across districts, in terms of the target group served by Chapter 2 activities, did not change from priorities under former categorical programs. Most federal dollars were allocated locally to materials or no particular target group with low achieving students being a close second. Teachers and gifted and talented students received a relatively small emphasis in local program funding decisions.

Several factors account for the changed nature of the local programs supported with Chapter 2 dollars. Most sites wanted to distribute the funds for as many activities as possible, thus
mirroring the State funding distribution pattern. Chapter 2 funds in a majority of sites were viewed as uncertain or short term which encouraged the sites to fund more modest efforts. The lack of program development skills in sites that gained funds and the lack of use of program development skills in sites that had them served to keep the overall quality of local efforts supported with Chapter 2 dollars low.

A lack of experience in planning, developing and administering federally funded local education programs on the part of one-half of the study sites led to increased administrative burdens and other problems for these sites. While Chapter 2 was supposed to reduce administrative costs and burden for LEAs, inexperienced study sites had quite different results. These LEAs typically used multiple accounting categories for the same general local activity supported with Chapter 2 dollars. One site used seven accounting categories for materials purchases. This added an unnecessary amount of paperwork and costs.

In contrast, sites that lost federal funds under Chapter 2 typically did experience reduced administrative costs and paperwork, but they had traded program quality for reduced administrative burdens, a benefit that the sites did not see as desirable. These sites also felt that they had less discretion in making local program
choices because federal dollars were significantly reduced. In keeping with this attitude, little to no effort was expended to plan and develop new local programs even though district officials had excellent program planning skills.

Little to no effort or time was spent in program planning and development in the other one-half of the sites that had more federal dollars to spend, but for a different reason. These sites generally lacked essential program planning skills and consequently devoted little energy to the task. Moreover, the increased federal budget in these districts seemed like such an uncertain windfall, districts were eager to spend Chapter 2 dollars immediately on choices made on a year-by-year basis. In this way, districts could see tangible and immediate outcomes for the dollars spent rather than foregoing such immediate gains for more long term results. Consequently, the purchase of materials was a popular local programmatic choice as were pull-out, basic skills and tutoring programs for remedial students. In short, the first two years of Chapter 2 encouraged little serious local program planning or development across study sites.

Some sites did feel that Chapter 2 brought them increased discretion for local choices, but whether or not there was perceived to be more local autonomy and discretion depended on who you asked. Only sites that received larger amounts of federal dollars felt increased
autonomy and discretion, but it was only the superintendents who had this perception.

CONCLUSION

The results of the study suggest that ECIA Chapter 2's contribution to local educational reform in the sample LEAs is questionable. On the one hand, study sites gaining federal funds appear to be less committed to and less capable of planning and implementing high-quality local programs with the dollars they received. Study sites more sophisticated in terms of program planning and development, at least for the moment, are less challenged to apply their skills since Chapter 2 dollars are an automatic, formula-based source of funds rather than a source based on the level of commitment to local program planning or grantsmanship genius. Whether the more enterprising sites become interested once again in planning and implementing high-quality programs to meet local needs after the novelty of Chapter 2 wears off is left to be determined.

On the other hand, a great opportunity has presented itself for the new winners of Chapter 2 funds. With greater resources, these sites can design and implement new programs that improve the quality of education in their schools if they so choose. They also can acquire more refined program planning, development and administrative skills in the process. Whether this is the long term
outcome of Chapter 2 is a question to be addressed by future study. However, if past experience is a good predictor, these sites may have little motivation or commitment to utilize federal resources for local educational improvement. These are the sites that were unwilling or unable to expend the extra effort to seek federal resources for local needs in the past.

Because the study sites devoted little serious effort in planning and implementing improved local programs so far under Chapter 2, it is difficult to predict any other outcome in these sites besides more of the same in the future. This is because, unlike former categorical programs, Chapter 2 lacks associated features that encourage LEAs to engage in serious program planning efforts.

Decreased administrative costs and paperwork burden were experienced by some sites, but as local education officials related, these costs and burdens were a relatively small price to pay under categorical programs for the benefits experienced by sites that took local program development seriously in years past. While some study sites felt Chapter 2 brought increased local discretion and autonomy, these were the sites that also received more dollars. There is evidence to suggest that the increased discretion experienced by these sites was more perceived than real. It was typically the superintendents in the study sites that indicated that the LEA had experienced increased discretion under Chapter 2. In
practice, these superintendents made most decisions and probably always had.

In the long run, Chapter 2 may contribute much more to local education reform in the study sites than that which is predicted above for several reasons. First, this study describes the situation in a sample of school districts during the first two years of Chapter 2. The current situation can change in these sites after each has experienced several years of administering local Chapter 2 programs. Second, because Chapter 2 is a federal program for which policy makers have high expectations, it is a popular target for current and continued investigation. Consequently, as the findings of current and future Chapter 2 studies accumulate they can serve as the basis for formulating more effective school improvement policy.
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APPENDIX A

SITE VISIT INTERVIEW GUIDE
SITE VISIT INTERVIEW GUIDE

I. GENERAL LEA EFFECTS

- What are the major changes for the LEA influenced by the shift from antecedent categorical programs to one block grant under ECIA Chapter 2?
- How are things different now under Chapter 2 when compared to the days of categorical programs?
- Does ECIA Chapter 2 affect the LEA goals and objectives? How?
- How has the planning process and fund application process changed from antecedent categorical program procedures?
- Who is involved in the local decision making process regarding programs and funding under ECIA Chapter 2?
- What is the local decision making process? How are decision makers involved?
- Does the community enter into the decision making process? When?
- What are the characteristics of the local setting (e.g., racial composition, enrollment, budget, percent minority students, per-pupil expenditures, etc.)?
- What is the reaction of the community, teachers and staff to the change from categorical grants to a block grant?
- What is the LEA's experience with Chapter 2 (generally positive or negative)?
II. FISCAL EFFECTS

o What is the general funding level and pattern of funding in the LEA?

o What percentage of the LEA budget is attributed to federal, state and local sources for 1981-82 and 1982-83?

o What are the general effects of the following on LEA funds: a) the 16 percent reduction of federal ECIA Chapter 2 funds for Virginia, and b) the SEA Chapter 2 distribution formula?

o From 1981-82 to 1982-83, has there been an increase or decrease in the following: a) high cost students, b) school-aged students, c) private school students, d) competitive grants received, and e) ESAA students?

o Was there any change in LEA participation in ESAA projects?

o Does the LEA compensate for any losses or reduction in aid due to the ECIA Chapter 2 formula?

o How do LEAs react to significant increases in aid?

o What are the fiscal pressures on the LEA? Where are they the strongest?

o Does the LEA exercise complete fiscal discretion with local ECIA Chapter 2 funds and programs?

o What is the role of the SEA in fiscal control of ECIA Chapter 2 funds? What are the effects?

o What are the assumptions and attitude of the LEA about the ECIA Chapter 2 formula?
III. ADMINISTRATIVE AND OPERATIONAL EFFECTS

- Has the LEA experienced any difficulties with the simplicity and ambiguity of the ECIA Chapter 2 legislation?
- In comparing antecedent categorical programs with Chapter 2 block grant programs, what changes have been made in the following areas: a) application procedures, b) planning, c) reporting, d) monitoring, e) auditing and evaluation requirements? What have been the effects on the LEA?
- How have the federal and SEA monitoring procedures changed?
- What are the major changes in the application process over that of the antecedent programs?
- Have standard reporting procedures been altered?
- How have federal Chapter 2 regulations affected the LEA interpretation of the legislation?
- Did the delayed issuance of the regulations cause any problem for the LEA? Please describe?
- Did the LEA have any problem with the federal program regulations? Please describe?
- Does the LEA have any problem with the structural requirements of the Chapter 2 program?
- How have paperwork requirements been changed by ECIA Chapter 2? What were they like before Chapter 2?
- Has the new legislation affected the LEA budget process? How? Administrative costs? Record keeping procedures?
o What are the effects of private school participation on the delivery of administrative services?

o Has the Chapter 2 program changed the relationship between the SEA and the LEA? How?

o Does the LEA seek more assistance and regulation from the SEA?

o Has Chapter 2 changed the SEA role in defining state priorities?

o What effect has Chapter 2 had on administrative personnel in the LEA?

o Are there patterns in administrative personnel reallocation?

IV. PROGRAM EFFECTS

o With twenty years of antecedent categorical programs and now an abrupt change, what are the actual effects on antecedent programs?

o Does the LEA exercise increased responsibility for the design and implementation of education programs under Chapter 2?

o Does Chapter 2 broaden or narrow the LEA program offerings?

o Have programs changed in terms of number, size, personnel? How?
o Do LEA programs serve the same population, target the same groups, and have the same emphasis as under antecedent programs?
o Who decides which programs to fund, at what level, how large and how long the programs will be funded for?
o Is a needs assessment performed by the LEA for the program?
o Does the LEA conduct an annual evaluation of the program?
o Who does the individual program monitoring and oversight?
o Are Chapter 2 funds seen as long or short term funds?
o Are Chapter 2 funds expected to increase or decrease in the next few years?
o Is personnel for the programs being increased or decreased? Is there any shifting among programs?
o What portion of Chapter 2 funds are spent on computer hardware, software, equipment, and etc.?
o Does the LEA consider Chapter 2 big bucks or small peanuts?
o How does the resolution of compliance issues affect program implementation?
o Does interpretation of the legislation effect the extent of audits and who determines allowable costs?
o Who pays for and provides technical assistance?
o How much certainty is there regarding accountability?
o Is the emphasis more on compliance or program development?
Describe the approval process for a Chapter 2 program. How has the process changed over previous years?

Is there political pressure on the LEA for general aid rather than quality improvement and support efforts?

How are advisory members chosen?

What is the role of the advisory council in the process of program development?
APPENDIX B

CASE STUDY REPORTS
AMELIA COUNTY

Amelia county was chosen as a case study site for several reasons. It is a small, rural county that for years had competed successfully for a number of federal education categorical grants. It received a sizable amount of categorical funds in 1981-82 prior to ECIA. Under the new ECIA Chapter 2 program, it became one of the largest losers of federal education funds in Virginia.

INTRODUCTION

Amelia county, located in the central region of Virginia, is a large agricultural county rich in history. Created in 1734, it was named for Princess Amelia, daughter of George II of England. It covers 366 square miles and has a population of 8,405. Since over 90 percent of the county's land is farmland and woodland, agriculture and lumber are Amelia's leading industries. Soybeans, flue-cured tobacco, livestock, lumber and pulpwood are its main products.

The Amelia County Public Schools (ACPS) have an enrollment of 1527, which has declined only slightly over the past few years. Forty-eight percent of the school population is black. Most of the students in the county complete high school. Only 5.4 percent of the students drop out of school before completing high school. Achievement and ability of ACPS students are generally low. For example, in 1981-82 on the Science Research Associates Achievement Series (SRA), the average ability level for the eleventh grade class was
reported at the 30th percentile when compared to national norms. The average achievement levels reported on the SRA for this class were: reading - 24th percentile, language arts - 32nd percentile, and mathematics - 38th percentile. About 36 percent of the high school graduates go on to some kind of post-secondary education. Of this group, 15 percent attend a four-year college, 18 percent attend a two-year college, and 3 percent typically enroll in business, trade or apprenticeship school.

Prior to ECIA implementation, in 1981-82, the county's education budget totaled $3,250,000, with a per pupil expenditure of $2141. The education budget is composed of funds from the following sources: 34.7 percent from local sources, 51 percent from State sources and 14.3 percent from federal sources. While the State has provided the major share of education funding for the county, the tendency in the past few years has been a gradual decrease in federal and State support. In turn, this tendency has brought additional pressure on the county to increase the amount of local support.

Also prior to ECIA, the county received a sizable amount of federal support. In addition to federal funds provided on a formula basis, the school system secured a significant amount of categorical program funds ($98,793 in 1981-82 and $121,032 in 1980-81). The superintendent explained that this was due to the fact that the school system had some good grantsmen, thus allowing it to compete successfully
for funds under a number of categorical grant programs. The county established what it believes to be some exemplary programs with the funds secured over a seven year period under previous categorical grant programs. In 1981-82 the county's budget under these programs was as follows: ESEA Title IV-B - $4004, ESEA Title IV-C - $6425, ESAA - $78,364, Basic Skills $5000, and Career Education - $5000.

School administrators, teachers and parents were particularly proud of two of these programs—the ESAA program and a Computer Literacy program. For seven years the ESAA program provided remedial help for students in grades 7 through 12. The ESAA grant provided funds for instructional materials and support for a program director, a bookkeeper, a guidance counselor and five teachers. Federal categorical grant funds also supported a successful Computer Literacy program, according to the superintendent. Teachers had been trained at all grade levels (K-12) in inservice courses run by a university and four computers were purchased.

The superintendent of ACPS characterized the county's experience with federal categorical programs as highly positive. These categorical program funds made it possible for the school system to develop and support five programs that it considered exemplary for a number of years. Because the amount of funds provided under these programs was sizable (i.e., $121,032 in 1980-81 and $98,793
in 1981-82), it alleviated the pressure for increasing local taxes in a time when local resources are severely constrained. Moreover, federal categorical funds provided the major vehicle to allow ACPS to provide services to help remedial students.

The main drawback to the large federal budget that ACPS administered under these categorical programs was that it had to account in detail for all funds spent. In addition, under these programs, ACPS was required to conduct needs assessments and annual evaluations of programs. According to the superintendent, however, the fiscal accountability and other documentation and reporting requirements were a small price to pay in exchange for the funds received because these funds enabled ACPS to develop and support some successful programs that it otherwise would have been unable to finance.

**MAJOR EFFECTS OF ECIA CHAPTER 2**

The implementation of ECIA Chapter 2 legislation brought about dramatic, often negative, effects on ACPS. These effects are described below under three categories: fiscal, program and administrative effects.

**Fiscal Effects**

The most dramatic effect of ECIA Chapter 2 for the ACPS was a very large reduction in the amount of federal funds it received. The total amount of federal funds ACPS received under categorical pro-
grams in 1981-82 (i.e., the year before these programs were consolidated by Chapter 2 legislation) was $98,793. The next year under ECIA Chapter 2, ACPS received only $12,718 -- a loss of $86,075. ACPS's Chapter 2 funds were reduced still further the next year (1983-84) to $8,412.

This reduction in funds was caused mainly by the Chapter 2 consolidation of programs and the Virginia Chapter 2 funding formula employed. (See Chapter 2 for an explanation of Virginia's funding formula for ECIA Chapter 2.) Basically, Virginia's formula allocates funds on the basis of the high-cost students in the LEA: high-cost students being those with low achievement test scores and/or those characterized as economically deprived. When the state formula was applied to determine ACPS funding, only economically deprived students were considered, despite the generally low SRA scores of ACPS students.

The superintendent and other county education officials are most disturbed by the fact that the state funding formula made no accommodation for their low achieving students. Consequently, they have concluded that the state formula is not functioning appropriately as a basis for distributing funds. County education officials not only dispute the lack of consideration given low achieving students, but they dispute the accuracy of the number of economically
deprived students employed in the state formula.

For determining the number of economically deprived students, the state formula for ECIA Chapter 2 funds (and Chapter 1 funds as well) relies on 1980 census data. According to the 1980 census, ACPS lost significant numbers of economically deprived students. ACPS officials believe that the 1980 census does not accurately reflect the current number of economically deprived students. The problem is that there is no avenue provided for appeal. As a result, the superintendent and the school board have initiated a campaign to gain political assistance in changing what they believe to be inequities in the current state distribution formula.

In addition to the decision to seek support to modify the state formula, the ACPS system was faced with a more immediate concern: Could it afford to replace the lost federal funds with local funds and continue the programs previously supported with federal funds? The school board and the superintendent considered this question and decided that ACPS could not afford to replace the lost federal funds with local funds. Hence, the antecedent programs were discontinued and personnel whose salaries were funded by the programs were dismissed.

On the positive side, Chapter 2 certainly minimized ACPS's fiscal accountability requirements. As one county official put it, "When
there is little to account for, accountability is lessened." While this might be viewed as a positive effect of ECIA Chapter 2, the ACPS system does not regard this as a real benefit.

Program Effects
The implementation of ECIA Chapter 2 in school year 1982-83 resulted in the loss of several programs in ACPS. Unable to replace lost federal program funds with local funds, the county was forced to terminate its successful programs which were previously funded by federal categorical grants. Moreover, the elimination of these programs created still other problems, problems that follow from an abrupt termination of successful programs.

Elimination of the ESAA program resulted in the loss of instruction, materials and remedial education services for economically deprived students in grades 7 through 12. The county also lost a number of employees who administered and ran the program: the program director, bookkeeper, secretary, guidance counselor and five teachers.

Termination of the Computer Literacy program prevented the county from capitalizing on the expertise and skills developed in its teaching staff through its initial investment in staff training. The county believed this program had great potential. While still in the developmental stage, the staff had been trained and the county had plans to put the program into operation once it had pur-
chased more computers and after it had purchased or developed appropriate software. The advent of ECIA Chapter 2, however precluded this from happening because the implementation of the program could not be adequately supported with the funds ACPS received under Chapter 2. Also eliminated as a direct result of Chapter 2 were the Basic Skills and Career Education programs.

The school system's general reaction to these outcomes was sheer frustration. The superintendent and his staff, the school board, the Chapter 2 advisory council, teachers and community members were all disturbed by the loss of these programs.

In the wake of this frustration, ACPS had to decide how Chapter 2 funds were to be spent. For school year 1982-83, it was decided to spend all Chapter 2 funds, $12,718 appropriated under subchapter B-Educational Improvement and Support Services, on library instructional materials and equipment. In the following year, 1983-84, all Chapter 2 funds ($8,412) were again spent on library instructional materials and equipment.

For both of these years, no Chapter 2 funds were spent on computer hardware or software. While ACPS could have elected to spend the funds on program development activities and equipment to put in place its computer literacy program, it decided not to take this course of action. This decision was made primarily because Chapter
2 funds are seen as short term, small and decreasing. In short, ACPS did not want to begin the implementation of this program because it was not confident that the program could escape the fate of the programs it was now forced to terminate.

Another effect of ECIA Chapter 2 is that it altered ACPS's planning process, at least for federal programs. The ECIA Chapter 2 legislation was supposed to change the LEA program planning process. In theory, it was supposed to increase LEA responsibility and autonomy in terms of program decisions and planning. While it is true that ACPS has wide discretion in its choice of area under Chapter 2, the small amount of funds received severely restricted the choices. Moreover, because ACPS officials and the school board view Chapter 2 funds as short term, small and decreasing, little effort has been devoted to developing or considering program plans.

In keeping with this view, the local Chapter 2 advisory council (which includes the assistant superintendent, two teachers and seven parents) was formed after initial decisions were made about how to spend the limited funds available. The advisory council is less concerned about program planning than it is about mobilizing support for changing the distribution formula and other aspects of the present block grant structure. Upset by the Chapter 2 effects, the advisory council is determined to apply pressure on the SEA and the federal government to modify particular aspects of the Chapter 2
program. More specifically, it is calling for the State to modify
the current distribution formula, and for the federal government to
recategorize the ESAA program.

Administrative Effects

The general administrative effect of ECIA Chapter 2 on ACPS was that
it greatly reduced the amount of time, effort, planning and paper-
work required as compared to previous categorical programs. Thus,
associated administrative costs were also greatly reduced.

ACPS personnel all agree that the Chapter 2 grant is much easier to
administer. Application procedures are much simpler than prior cat-
egorical grant procedures and there are no reporting and evaluation
requirements. While State and federal audits may be made under the
program, ACPS does not see this as a particular problem or burden.

Little time and effort were seen as necessary in terms of planning.
Once ACPS decided to spend its small amount of Chapter 2 funds on
library instructional materials, the administrator in charge merely
had to oversee the ordering of materials and to organize one ledger
for bookkeeping purposes. Thus, the amount of paperwork had been
significantly reduced and administrative costs and bookkeeping ex-
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\penses are minimal.

Time and effort involved in working out private school participation
were also greatly reduced. Private schools in Amelia county chose
not to participate during the first two years of ECIA Chapter 2. According to the Superintendent, it seems unlikely that the private schools will elect to participate in the future.

In short, ACPS had no difficulty in administering the Chapter 2 program. Requirements are minimal and procedures are much simpler. Accordingly, county education officials favor the Chapter 2 block grant program over the previous categorical program structure. The district's only complaint with Chapter 2 is the limited amount of funds it now receives under the program.
ARLINGTON COUNTY

Arlington county is a large, wealthy, suburban county that for the past several years has had several antecedent categorical grants. With the implementation of ECIA Chapter 2 it experienced a significant reduction in federal funds although the county still maintains the same number of federal programs. Due to the significant decrease of federal funds Arlington received under Chapter 2, in comparison to earlier categorical funds, it is one of State's largest losers in terms of the percent of lost federal education funds. In addition, it has the highest percentage of private school participation in the Chapter 2 program in the State of Virginia. Finally, with a large minority population (42 percent), it was one of few LEAs that did not receive ESAA funds. Because of these characteristics, Arlington was selected as a case study site.

INTRODUCTION

Arlington county was named after the Curtis family mansion, the home of Robert E. Lee, which is located in the county. Covering an area of 26 square miles, the county is located in the northern region of Virginia just across the Potomac River from Washington, D.C.. It is a large, wealthy suburban area with a population of 152,000. Most of the people in the county are employed by federal or local government or private industry. The Arlington County Public School system (APS) has an enrollment of 14,536, which has decreased only slightly
in the past few years. Forty-two percent of the school population is minority, 15.9 percent black, 14.9 percent Asian, and 11.1 percent Hispanic. Most students complete high school and only 4.2 percent of the students drop out of school prior to graduation. Achievement and ability of the county's school children are well above average. Scores on the Science Research Associates Achievement Series (SRA) for eleventh grade students in 1981-82 indicate an average ability level at the 67th percentile, compared to national norms. In addition, achievement levels attained were as follows: reading - 62nd percentile, language arts - 63rd percentile, and mathematics - 73rd percentile. About 82 percent of the high school graduates continue their education. Of this group, 57 percent attend a four-year college, 20 percent a two-year college and five percent typically enroll in a business, trade or apprenticeship school.

For 1981-82, the year prior to ECIA Chapter 2 implementation, the county education budget totaled $62,780,718 with a per pupil expenditure of $4272, the second highest per pupil expenditure in Virginia. Another indicator of its wealth is its local composite index (1.0), the highest in the State. Of the $4272 per pupil expenditure, $3127 came from local sources, which means that APS has the third highest expenditure of local funds per pupil in Virginia. The education budget is comprised of funds from the following sources in the following proportions: 73.2 percent from local sources, 19.3 percent from
State sources and 7.5 percent from federal sources. Unlike most LEAs in the State, Virginia has not provided the major share of education funding for Arlington. However, the fiscal trend experienced by APS in the past few years has been identical to that experienced in other LEAs; that is, a gradual decrease in both federal and State support. Thus, like other LEAs, APS also feels the pressure for increasing the amount of local support.

Prior to ECIA, the county received a significant amount of federal funds. In addition to that provided on a formula basis, APS secured a considerable amount of federal support from various categorical programs, $288,039 in 1981-82 and $192,369 in 1980-81. The assistant superintendent explained that APS's success in acquiring these funds was due to the high minority student population, its excellent federal grant administrators who prepared the proposals, and the county's easy access to Washington, D.C. and federal program offices. These factors all contributed to APS's success in competing for a number of categorical grants. The programs APS developed with these funds are felt to be exemplary by county officials. In 1981-82, APS's budget from categorical programs was as follows: ESEA IV-B - $67,036, ESEA IV-C $25,000, Gifted and Talented - $1945, Teacher Corps - $178,220, and Career Education - $15,838.

The APS education officials were pleased with all of these antecedent categorical programs. The career education program allowed them to
develop an exploratory career education plan that reached students from grades K-12. The ESEA IV-B and IV-C funds enabled the county to purchase a large variety of materials, equipment, and books for their elementary and secondary schools. While funds for the Gifted and Talented program were small, they did, however, enable the county to plan for a comprehensive Gifted and Talented program that was to be implemented in the future. For a five year period, APS utilized federal categorical funds for their Teacher Corps program, a program that education officials were particularly proud of. Via this program the county had trained teachers and aides in bilingual education, a particular need for the county since it has been an area with a significant influx of both Asian and Hispanic people in recent years. This program provided inservice training for teachers and aides in helping the county's large proportion of foreign born students adjust to school and learn English. An outgrowth of this program was the bilingual instructional program established called HILT, High Intensity Language Training.

The assistant superintendent characterized the county's experience with antecedent federal categorical programs as exceptionally positive and beneficial to its instructional program. Not only did teachers and parents consider these programs exemplary, but the sizable amount of federal funds received under these programs alleviated the need to increase local taxes at a time when local resources
were already seriously constrained. Perhaps the most beneficial result was that the county was able to provide services to a growing and sizable student population who required instruction in English as a second language.

While the categorical programs did have associated administrative requirements such as monitoring, accounting and evaluation, the superintendent considered these requirements negligible when compared to the tremendous advantages of the five programs developed by the district with the federal categorical funds.

MAJOR EFFECTS OF ECIA CHAPTER 2

The implementation of ECIA Chapter 2 resulted in surprisingly positive and advantageous effects for APS, despite the significant reduction in funds. The resulting fiscal, program and administrative effects are described in the next sections.

Fiscal Effects

APS experienced a huge reduction in federal funds when ECIA Chapter 2 was implemented. The total amount of federal funds APS received under prior categorical programs in 1981-82, was $288,039. The next year under Chapter 2 APS received only $88,254, a loss of $199,785 or a 69 percent reduction. APS was not given special weighting for either the number of economically deprived students or low achieving students when the State funding formula was ap-
plied. The reduction is startling when one considers the change in the amount of per pupil funds accounted for by federal funds. Under antecedent categorical programs, APS received about $19.81 per student in contrast to $6.07 per student received under Chapter 2. Surprisingly however, this reduction was not disconcerting for the county.

The assistant superintendent explained that county education officials and parents were not particularly disappointed in the huge loss of funds because the county's Teacher Corps program (funded at $178,220) was scheduled to be terminated in 1982. Moreover, at that time, the county had planned to continue the program, largely with local funds. The decision was not at all dependent upon the result of ECIA Chapter 2. Despite the loss of funds, APS was able to continue to fund all five programs, experiencing no real loss in either programs or personnel. Prior to receiving funds under the Chapter 2 program, the county finance officer has a pretty good idea of the fiscal result of Chapter 2 on the county. He reasoned that because the county was a wealthy one, it would not be given weighting for either factors accounted for in the State distribution formula. The finance officer indicated that the State distribution formula seems to be a fair and equitable way to distribute Chapter 2 monies.

Program Effects

The implementation of Chapter 2 brought few programmatic changes for
APS. Federal funds still supported five programs. The difference was that two programs formerly funded under categorical grant funds were not funded by the new block grant money. These included the Teacher Corps program and the career education program. These programs, however, were not discontinued, they were financed with local funds. Because APS was able to continue these programs with local funds, the county experienced no real programmatic loses. In addition, they did not lose personnel associated with programs formerly funded with categorical grant money. Accordingly, there was little disruption caused by the shift from categorical to block grant funding.

For the 1982-83 school year, APS's Chapter 2 funds were used as follows: under Subchapter A - Basic Skills Development, $12,000 for oral and written communication skills; under Subchapter B - Educational Improvement and Support Services, $40,211 for library instructional materials and equipment, $4000 for strengthening school management, and $8000 for staff development and inservice; and under Subchapter C - Special Projects, $8000 for gifted and talented. Also, $16,043 was allotted to private school participation. This was the highest percentage of LEA funds for private schools in Virginia. Eight of the thirteen private schools in the county decided to participate in Chapter 2. Private school funds were spent on the following: under Subchapter A - Basic Skills Development, $1600 for
reading skills; under Subchapter B - Educational Improvement and Support Services, $13,743 for library instructional materials and equipment, $600 for improvement of practices, and $100 for staff development and inservice. Most of the funds provided to private schools were utilized for the purchase of instructional equipment, computer software, standardized tests, multimedia materials and reference books. None of these funds were used for personnel except the $100 for staff development and inservice. In contrast, APS spent $12,000 on personnel which included $8000 for staff development and $4000 on strengthening school management. The major thrust of the inservice program was to train teachers and administrators in the uses of microcomputers. The program enabled personnel to take university courses. The major thrust of the strengthening school management program was to provide funds to pay substitute teachers and for regular teachers who worked additional hours beyond their normal contract.

While APS experienced a thirty percent reduction in the amount of funds they previously spent on library and instructional materials and equipment, the assistant superintendent said that all essential materials needed by APS were still purchased. First year block grant funds provided classroom teachers with numerous resources. For example, one Apple II computer and software were purchased for each of the nineteen elementary schools for instructional purposes.
In addition, seven elementary schools received a VHS cassette recorder/player. Secondary schools received high technology science equipment, such as, analytical balances and digital pH meters. Other 16mm instructional films were purchased for the elementary schools' science programs.

Also during the first year of Chapter 2, APS increased its allocation by 400 percent for gifted and talented. These funds were used to hire a consultant to provide training to teachers and administrators.

The Basic Skills Development program provided an oral and written communications skills program that was implemented by classroom teachers. The program consisted of two main activities. A language arts program for grades 7 and 8 prepared students to communicate effectively orally and via written communication. A second program for HILT students provided independent learning activities and enrichment materials that supported the HILT curriculum and helped to develop better English language skills.

In the second year of ECIA Chapter 2, APS allocated block grant funds for five areas: Subchapter A - Basic Skills Development, $15,000 for written communication skills and $2000 for reading skills; under Subchapter B - Educational Improvement and Support Services, $26,095 for Library instructional materials, $43,760 for Instructional equip-
ment, and $500 for staff development and inservice. During this same year for private schools, $15,152 was allocated as follows: under Subchapter A - Basic Skills Development, $1,237 for reading skills; under Subchapter B - Educational Improvement and Support Services, $7402 for library instructional materials, $7718 for instructional equipment and $32 for guidance, counseling and testing. Similar to the first year of Chapter 2, Arlington schools, both public and private, spent most of its block grant funds on instructional materials and equipment.

There was no formal Chapter 2 advisory council during the first year so the superintendent and his cabinet made all of the decisions regarding which programs or activities to fund. In the second year, 1983-84, because the ECIA legislation recommended it, APS formed a Chapter 2 advisory committee. The committee was comprised of twelve members: two PTA representatives, three teachers, three principals (one from each level), two curriculum specialists and two parents from the county's instruction and curriculum committee. The advisory committee favored and encouraged the continued purchase of instructional materials and equipment and the continued emphasis on basic skills, computer and science education.

Administrative Effects

The general administrative effect of ECIA Chapter 2 for APS was that it decreased the amount of time, effort, planning, and paperwork
required, when compared to previous categorical programs. Administrative burden and consequently costs were reduced because the block grant program requirements were fewer and generally the program was easier to administer and manage. APS officials commented that the application procedures are much simpler than before and they were also pleased with the minimal reporting requirements. State and federal audits are not viewed as a particular problem.

Less time and effort were required in the planning process because program objectives and goals had already been locally defined to include computer literacy, gifted and talented, and the HILT program. It was merely a matter of allocating the federal funds to support these priorities. Since the majority of funds were spent on instructional materials and equipment, accounting for the funds was fairly straightforward and easy.

Private school participation was extensive in APS, but the superintendent did not find this burdensome. Private school participation did involve some additional time for planning and coordination, but this was viewed as a service rather than a problem. Eight of thirteen private schools decided to participate in Chapter 2 during its first two years and the superintendent believes that all private schools will eventually elect to participate.

APS had less difficulty administering the Chapter 2 program. Because
the requirements were less extensive and application procedures were simplified, APS personnel favored the Chapter 2 program over previous categorical programs.
CHARLOTTESVILLE CITY

Charlottesville city was selected as a case study site because of several prominent characteristics of interest. It is a medium size city which has received a number of federal categorical grants over the last several years. It is a wealthy school district which has a relatively high per pupil expenditure, $3374. The first year of ECIA Chapter 2 brought about a decrease in the number of programs funded by the county in contrast to the number of categorical programs operated previously (the number changed from five to two programs). Along with the decrease in programs, it also experienced a great reduction in the amount of federal funds it received. It was among the cities with the greatest percentage loss in funds. Finally, it had some private school participation in the Chapter 2 program.

INTRODUCTION

Charlottesville city is located on the Rivanna River in the Blue Ridge Mountains. Established in 1762, and named after the wife of King George III, it is a major tourist center where many prominent Americans in our nation's history made their homes (e.g., Thomas Jefferson, James Monroe and Patrick Henry). Charlottesville has a population of approximately 45,000. Fruits, grains and beef cattle are raised on farms in the area. Products manufactured in the area include, electronic equipment, frozen foods, office equipment, tex-
tiles, dairy products and machine parts.

The Charlottesville City public schools (CCPS) have an enrollment of 4766, which has decreased about five percent over the past few years. Twenty-five percent of the school population is minority, mostly black. Most of the students complete high school. About 7.5 percent of the high school students drop out before graduation. Achievement and ability of CCPS students are slightly above the national average. Scores on the Science Research Associates Achievement Series test, for eleventh grade students in 1981-82, indicate a general ability level at the 56th percentile when compared to national norms. Achievement levels reported for the same students were: reading - 53rd percentile, language arts - 56th percentile, and mathematics - 61st percentile. About 62 percent of the high school graduates go on to some kind of post-secondary education. Of this group, 29.6 percent attend a four-year college, 24.9 percent attend a two-year college, and 7.5 percent enroll in a business, trade or apprenticeship school.

Prior to ECIA implementation (school year 1981-82) the county's education budget totaled $16.25 million with a per pupil expenditure of $3374 which was the fourth highest in the state of Virginia. Of the $3374 spent per pupil, $2094 was allocated from local funds, which was the fifth highest expenditure of local funds per pupil in Virginia. The education budget is composed of funds from
the following sources: 62 percent from local sources, 29.3 percent from State sources and 8.7 percent from federal sources. Unlike most other school districts in the State, the State has not provided the major share of education funding for the city. The tendency in the past few years, however, has been the same as in most other LEAs, that is, a gradual decrease in federal and State support. As a result there is additional pressure on the LEA to continue and increase the already high proportion of local educational support.

Also prior to ECIA, the city received a considerable amount of federal support. In addition to the federal funds provided on a formula basis, the school system secured a significant amount of categorical program funds ($270,962 in 1981-82 and $266,255 in 1980-81). The Director of federal programs for the system explained that this was due to the fact that the school system had just the right mixture of good grantsmen and an appropriate target population, thus allowing it to better compete for funds under a number of categorical grant programs.

The city established what it believes to be some exemplary programs with the funds secured over a five year period under the antecedent categorical grant programs. In 1981-82 categorical funds were obtained under the following programs: ESEA Title IV-B - $18,593, ESEA Title IV-C - $25,000, ESAA - $197,151, Community education - $17,493, and Career education - $12,725.
The superintendent, his staff, teachers and parents were particularly proud of three of these programs—the career education program, the community education program and the ESAA program. The career education program introduced students in grades K-12 to a variety of careers and provided more specific information about various jobs and their skill requirements. For this program, some funds were spent on personnel, but most of the funds were used to purchase career education materials.

The community education program informed parents about the academic performance of their child and encouraged them to support and to become involved in numerous ways in their child's educational experience. This included their participation in developing and planning their school's curriculum. Three teachers on a part time basis were responsible for the community education program. For five years, this program provided valuable services which served to reduce and prevent excessive absenteeism, drop outs, suspensions, and other discipline problems.

The ESAA program improved the educational opportunities for disadvantaged students. It provided a reading skills program, a parental training program and inservice training for the school staff involved to improve their skills in working with minority students.
The Director of federal programs characterized CCPS experience with federal categorical programs as beneficial and positive. These categorical program funds made it possible for the school system to develop five programs that it considered exemplary or worthwhile for several years. Because the amount of federal funding under these programs was sizable, it helped to alleviate pressure for increasing local taxes at a time when local resources are severely constrained. Moreover, these funds were the system's major vehicle to provide services to help disadvantaged students.

The major disadvantages to the extensive federal budget that CCPS administered under these five categorical programs were the required administrative and accounting requirements including required needs assessments and annual program evaluations. According to the assistant superintendent, however, the fiscal accountability and reporting requirements were a fair price to pay in exchange for the federal funds received because of the benefits these funds provided.

MAJOR EFFECTS OF ECIA CHAPTER 2

In general, the implementation of Chapter 2 brought about undesirable outcomes for CCPS. They are described in the sections below.

Fiscal Effects

The most undesirable effect of ECIA Chapter 2 for the CCPS was the great reduction in the amount of federal funds received. The total amount of funds CCPS received under categorical programs in 1981-82
was $270,962. The next year under Chapter 2 CCPS received $61,970--a whopping loss of $208,992 or a 77 percent reduction. Chapter 2 funds for CCPS were reduced still further the following year (1983-84) to $59,851.

The State funding distribution formula (see Chapter 2 for an explanation of Virginia's formula) took into account both the low achieving students and the economically disadvantaged students in CCPS. However, even with the weightings applied for these factors, Chapter 2 funds were far from the amount CCPS received under categorical programs. This is because CCPS is an LEA that was able to prepare winning grant proposals and thereby to secure significant amounts of federal dollars. Under the antecedent categorical programs, CCPS received about $58.85 per pupil as compared to $13 per pupil received under Chapter 2.

The superintendent and other county education officials are quite disappointed by the decrease in funds resulting from the implementation of the Chapter 2 program and, more importantly, by the loss of programs. Surprisingly, county education officials admit that the funding formula is probably functioning appropriately, despite the fact that CCPS has experienced great losses in the instructional programs that it now provides. Unwilling to make up the loss of funds from local sources, CCPS scaled down or discontinued their previous federally funded programs.
Program Effects

The implementation of ECIA Chapter 2 in school year 1982-83, resulted in the loss of several programs in CCPS, i.e., career education, ESAA, community education, and ESEA Title IV-C. Unable to replace lost federal funds, several programs previously supported by federal categorical grants were terminated.

In particular, the district hated to lose its community education program that had served to strengthen relationships between parents and school officials. The loss of this program not only meant the loss of some personnel but also diminished involvement on the part of parents.

The loss of the career education program meant the loss of services to students in grades K - 12. In addition, many career education materials had been purchased prior to ECIA with categorical funds. With the loss of personnel associated with this program, there is little continuity to continue the program as originally planned. Instead, under ECIA, it is up to the individual teachers to decide whether and how to use the materials.

The elimination of the ESAA program resulted in the loss of instructional, and remedial services and materials for economically deprived students in grades K - 12. A number of staff members who operated the program were also lost, i.e., the program coordinator,
bookkeeper, secretary and nine teachers.

ESEA IV-B and IV-C programs were virtually eliminated as well since the funds for both programs were reduced from $43,593 to just $68. Thus, practically no library materials, and equipment were purchased with Chapter 2 funds.

The county's general reaction to these outcomes was disappointment and distress. The superintendent, central office staff, school board members and parents were all quite disturbed by the loss of these programs.

Nevertheless, the county was left with the task of determining how to allocate their greatly reduced federal budget. For the first year of Chapter 2 it was decided to spend block grant funds on only two programs under Subchapter B of the program, $68 for library materials and $59,322 for improving educational practices. In practice the major portion of funds supported the salaries of three, ten-month teachers who worked with students who were discipline problems for the high school and the two middle schools. These teachers were primarily responsible for the Alternative Youth Education Center which was set up in each of the schools. Students were sent to the Center in their school for assistance in modifying their undesirable behavior or for help in learning study skills that could help them in their academic work.
In the following year, 1983-84, CCPS again chose to fund the same two programs, but increased the amount allocated to instructional materials. Incidentally, no computer hardware or software were purchased with the funds. Also another interesting event occurred during ECIA's second year. While not necessarily a result of the loss of its ESAA program, CCPS had a racial problem in March of 1984 which forced the temporary closing of the high school.

ECIA Chapter 2 altered CCPS's program planning process. While in theory this program was supposed to increase the LEA's responsibility and autonomy in decision making and program planning, with a dramatic decrease in funds the district believes that their options were severely restricted. In addition since school officials and school board members consider the funds short term, small and decreasing, little serious effort has been devoted to developing and considering program plans.

Consistent with this point of view, the local Chapter 2 advisory council was not formed until May of the first year of ECIA, too late to exert much influence on the priorities selected for funding. The advisory council includes the Director of federal programs, one teacher and five parents. Its role in future decisions is uncertain.

Administrative Effects

Administratively, Chapter 2 significantly reduced the amount of time,
effort, planning and paperwork required as compared to the previous categorical programs. Associated administrative costs were also reduced accordingly.

CCPS personnel agree that the block grant is much easier to administer and that application procedures are much simpler. While CCPS officials anticipate a State administrative review in February of 1984, they do not see this audit as a particular problem.

Only one private school of the ten in Charlottesville chose to participate in the program. Time and effort required to work out this arrangement were minimal. Each private school was asked if they were interested in participating. The one school that responded provided CCPS with a program plan and received $2580 in 1982-83 and $1354 in 1983-84 for the purchase of instructional materials. The superintendent felt that more private schools would elect to participate in the Chapter 2 program in the future.

Despite the simpler procedures and requirements of the Chapter 2 program in contrast to prior categorical programs, CCPS officials favor the prior categorical grant structure. This is due to their ability to apply for and receive significant amounts of funds under a variety of categorical programs which assisted CCPS in meeting the special needs of their students. Under the Chapter 2 program there are fewer possibilities given the severe reduction in funds.
KING GEORGE COUNTY

King George county was selected as a case study site for several reasons. It is a small, rural and not very wealthy county which received only a slight increase in federal funds under Chapter 2. It was, however, one of the State's greatest program expanders, increasing from one program under the prior categorical grant structure to seven programs under the block grant program. This county was also an example of one which had received a modest increase in funds without special factors being considered in the State funding formula.

INTRODUCTION

King George county, located in the eastern region of Virginia, is a rural area where the primary occupation is farming. Created in 1720, it was named in honor of George I of England. It is also the birthplace of James Madison, our fourth President. The county covers 178 square miles and has a population of about 10,000. Besides agriculture, many area residents are employed by the Naval Surface Weapons Center at Dahlgren.

The King George County Public School (KGCPS) system has an enrollment of 2290, which has declined slightly over the past few years. Twenty-five percent of the school population is minority, mostly black. Most of the students in the system complete high school—only 4
percent drop out of school prior to graduation. Achievement and ability of the students are generally above average with about a 10 percent difference between ability and achievement. In 1981-82 on the Science Research Associates Achievement Series (SRA), the average ability level for eleventh grade students was the 68th percentile when compared to national norms. The average achievement levels for the same class were as follows: reading - 56th percentile, language arts - 58th percentile, and mathematics 57th percentile. About 49 percent of the high school graduates go on to some kind of post-secondary education. Of this group, 24.2 percent attend a four-year college, 15.9 percent attend a two-year college, and 8.9 percent enroll in a business, trade or apprenticeship school.

Prior to ECIA implementation in 1981-82, the county's education budget totaled $4,451,376 with a per pupil expenditure of $1914. The education budget is composed of funds from the following sources in the following proportions: 37.4 percent from local sources, 54.8 percent from State sources and 7.8 percent from federal sources. As typical in many LEAs in the last few years, there has been a gradual decrease in both State and federal shares which brings pressure on the LEA to increase local funding.

For several years prior to Chapter 2, the county received a sizable amount of federal support by securing a categorical grant (e.g., $60,178 in 1980-81) which was reduced to only $9215 in 1981-82. The
1980-81 funds were allocated under ESEA Titles IV-B and IV-C with the major share associated with IV-C. In 1981-82 the small amount of federal funds was secured under ESEA Title IV-B. The IV-C program funded in 1980-81 was a computer assisted instruction program (CAI) which operated for several years to the delight of students, parents, school administrators and teachers. It provided computer assisted instruction for students in grades K through 12. During the years in which the program was funded under ESEA IV-C, many school personnel took computer programming courses and computer literacy inservice to familiarize themselves with CAI. Staff and student enthusiasm for the program was evidenced by the over one thousand software programs they developed. Each of the county's four schools has a terminal room and in all the county has more than forty computer terminals used for both instruction and other educational support services. For example, in addition to the terminals used for classroom instructional purposes, terminals are also found in the guidance offices and in various offices of the central administration.

Primarily because of the positive and rewarding experience with the CAI program (funded with federal categorical money) over a five year period, the superintendent and his staff characterized the categorical program in a positive vein. In addition, the amount of funds the county received under this categorical program was sizable for a
five year period. This made it possible for this small school system
to develop expertise and take a leadership role in CAI that it could
not have done without federal resources. Thus, it is obvious that
for KGCPS the categorical grant funds have had a major positive
impact. Accordingly, the superintendent stated that the fiscal
accountability and reporting requirements for the categorical pro-
gram were reasonable considering the positive benefits experienced
by KGCPS.

MAJOR EFFECTS OF ECIA CHAPTER 2

The implementation of ECIA Chapter 2 legislation generally brought
about favorable effects on the county school system, despite the
frustrating and drawn out planning process employed. These effects
are described below under three categories: fiscal, program and ad-
ministrative effects.

Fiscal Effects

The most favorable effect of ECIA Chapter 2 for the school system
was the increase in the amount of federal funds it received. The
total amount of federal funds KGCPS received under categorical
programs in 1981-82 was $9215. The next year under Chapter 2, it
received $11,538 --an increase of $2323 or 25 percent. The second
year of Chapter 2 (1983-84) funds were only slightly reduced to
$11,449.
The increase of funds was primarily due to the consolidation of programs under Chapter 2 and the method of distributing funds to LEAs by the State. (See Chapter 2 for a description of Virginia's funding formula for ECIA Chapter 2.) Basically, the State's funding formula considers high cost students i.e., those with low achievement test scores and/or those who are economically deprived, and applies additional weights for these factors. When the formula was applied to KGCPS for funding purposes, the county was not considered for weighting in either category. Since Virginia had its federal funds reduced by 16 percent in 1982-83, the county finance officer considered the 25 percent increase in federal funds in 1982-83 quite a fortunate result.

The superintendent was quite satisfied with the way the State funding formula worked for his LEA even though it did not weight high cost students. The superintendent and the federal program officer indicated their delight with the complete fiscal discretion allowed under Chapter 2.

Program Effects

The implementation of Chapter 2 in school year 1982-83 resulted in the addition of six new programs for KGCPS. The dramatic expansion in federal programs from one to seven with a relatively modest increase in funds happened primarily because the federal program director desired to take full advantage of the local decision
making autonomy offered by the Chapter 2 legislation by operationalizing decision making at the individual school level. Thus, each school was given the opportunity to suggest priorities and programs.

The selection process for determining programs or activities to be funded involved the principals of the four schools and their individual Chapter 2 advisory councils in setting priorities. The net effect was the involvement of about twenty-five people to decide on how to spend just $11,538. This collection of people decided to spend the funds on seven programs or activities which included mainly the following categories: instructional materials, audio-visual equipment and staff development or inservice training. The group decision making process operationalized at the school building level was a local choice. It created a modest amount of local frustration, but, at the same time it allowed individuals associated with each school to become involved in planning how to spend its tiny share of funds.

The result of this process, for school year 1982-83, led to the funding of the following seven efforts: under Subchapter A - Basic Skills Development, $3300 for reading; under Subchapter B - Educational Improvement and Support Services, $6258 for library instructional materials, $500 for guidance, counseling and testing, and $500 for staff development/inservice; under Subchapter C - Special Projects, $300 for art education, $380 for metric education, and
$300 for career education. As mentioned above, most of these efforts were actually materials acquisition activities.

Primarily because of the record and bookkeeping burden associated with seven different accounts (essentially for the purchase of materials), in 1983-84, ECIA Chapter 2 funds were allocated under only two accounts. Under Subchapter B, $7049 was utilized for instructional materials and $4400 for instructional equipment. The 1983-84 choice for how to allocate the funds was the county's way of minimizing the self imposed, administrative burden caused by the procedures employed during the first year of Chapter 2.

The county's director of federal programs related her discovery that the process used the first year was not an efficient way to administer the program. She felt that restricting the number of accounts to two (as compared to seven the previous year) was a more efficient and simpler way to administer the program. In a sense what she learned was that it was not important to the schools to have separate identifiable accounts associated with their priorities. It was rewarding enough to each school to decide how to spend "its share". How funds were accounted for in the central office was not a concern of the schools. Utilizing only two accounts for Chapter 2 funds reduced the amount of bookkeeping and record keeping required. However, the building level planning process and the allocation of a small amount of funds to each school was continued to permit each
school to experience the same amount of flexibility and decision making discretion as it did the year before.

For example, in 1982-83 $380 was spent on metric education. Actually the money was used to purchase math and science materials related to metric education. In 1983-84, instead of creating a separate category for these materials, they were purchased (along with other types of materials) under the library instructional materials category.

In summary, the system chose a school-based funding distribution and program planning process. Each principal essentially set up an advisory council to help recommend how best to spend his share of Chapter 2 funds for the particular school. This process was intended to allow for program planning and decision making at the building level, assuming different needs among the county's schools. While the process was somewhat cumbersome for the initial year, reducing the categories for record keeping purposes while maintaining building level discretion was accomplished the second year. Whether the system will choose to continue with individual building level advisory panels in the future is uncertain. The federal program director believes that the building administrators appreciate the flexibility and discretion offered by this approach. What this school-based distribution policy does, however, is to restrict somewhat the program choices that can be made at the school level. If every-
one gets only a small piece of the pie, it is difficult to do much else besides purchasing more materials. Designing an instructional program or providing additional services for students might be more costly.

Administrative Effects
The general administrative effect of the block grant program for KGCPS is that initially it increased the amount of time, effort, planning and paperwork required as compared with its antecedent categorical program. Thus, associated administrative costs were also increased. However, this increase in administrative requirements was not a function of Chapter 2 requirements, but rather a result of how the county chose to implement the intent of the legislation.

County education officials agree that the block grant was more difficult to administer during its first year (in comparison to its former categorical grant). The same officials also agree that the Chapter 2 grant was much easier to administer after it reduced the number of accounting categories to two. More time and effort were involved in planning, due to the procedures established to provide autonomy in decision making at the school building level. Again, this was a local decision which was generally viewed as a positive factor. KGCPS could decide in the future that four advisory councils are unnecessary and thereby minimize planning time.
Time and effort involved in working out private school participation were minimal. The county's private schools chose not to participate and it seems unlikely that they will elect to do so in the future.

In short, the county's only difficulty in administering the Chapter 2 program in 1982-83 was self imposed accounting categories which were altered the next year to reduce administrative requirements. Although the previous categorical program had more administrative requirements (when compared to the streamlined accounting procedures of Chapter 2) the county had a very positive experience with the programs established under the categorical grant structure. In addition, except for 1981-82, a larger amount of funds was typically associated with the categorical program. For these reasons county education officials praise the antecedent categorical program. While they are pleased with most aspects of the Chapter 2 program, the relatively modest amount of funds (in contrast to earlier categorical programs) received by the county is its least desirable feature.
POWHATAN COUNTY

Powhatan county was selected as a case study site because of several interesting features. First, it is a small, rural county that for the past several years had only requested one categorical grant under ESEA Title IV-B. Under ECIA Chapter 2 however, it received a sizable increase in the amount of block grant funds (or federal money) over the amount it was accustomed to. Third, because of the amount of funds it received under ECIA Chapter 2, Powhatan became one of the largest winners in terms of the percent of gain of federal education funds in the State of Virginia. Finally, Powhatan is an interesting case to investigate because it greatly increased the number of education programs supported with federal funds, from one antecedent grant under ESEA Title IV-B in 1981-82 to eight efforts or programs supported by ECIA Chapter 2 in 1982-83.

INTRODUCTION

Powhatan county, named after the father of Pocahontas, is located in the central region of Virginia where Chief Powhatan once headed a confederacy of Indian tribes. It is largely an agricultural county, with the exception of two industrial plants, one of which produces soft drinks and the other of which produces truck bodies. The Powhatan County Public School system (PCPS) has an enrollment
of 2351, a number that has changed only slightly over the past several years. Twenty-two percent of the school population is minority, mostly black. Most students complete high school and only 4.8 percent of the students drop out of high school prior to graduation. Achievement and ability of PCPS students are generally slightly below average. For example, in 1981-82 on the Science Research Associates Achievement Series (SRA), the average ability level for the eleventh grade class was reported at the 49th percentile when compared to national norms. Average achievement levels were: reading - 44th percentile, language arts 49th percentile, and mathematics - 47th percentile. About 58 percent of high school graduates go on to some kind of post-secondary education. Of this group, 29 percent attend a four year college, 28 percent attend a two year college, and one percent typically enrolls in a business, trade or apprenticeship school.

For 1981-82, the year prior to ECIA Chapter 2 implementation, the county education budget totaled about $4.2 million with a per pupil expenditure of $1788. The education budget is composed of funds from the following sources in the following proportions: 32 percent from local sources, 61 percent from State sources and 7 percent from federal sources. While the State has provided the major share of education funding for the county, the tendency in the past few years has been a gradual decrease in federal and State
support, except for ECIA Chapter 2 block grant funds. In turn, this tendency has brought additional pressure on the county to increase local support.

Prior to ECIA, the county received a small amount of federal categorical program funds ($8661 in 1981-82 and $6370 in 1980-81). The county's federal program specialist explained that this was because PCPS had limited personnel and resources to devote to proposal writing. Consequently, it was unable to compete for funds under a number of categorical grant programs. The county established only one program in 1981-82 with antecedent categorical grant funds under ESEA Title IV-B ($8661). In contrast, in 1982-83, the first year of the ECIA Chapter 2 block grant program, PCPS was able to fund seven other activities, in addition to continuing the effort supported under categorical funds. The superintendent indicated his pride in the increase in variety of program offerings that Chapter 2 made possible.

The superintendent characterized the county's experience with federal categorical programs positively. Categorical program funds made it possible for the system to purchase library equipment, books, and materials to be used by all grades K-12. On the other hand, because the amount of funds was relatively small ($6370 in 1980-81 and $8661 in 1981-82), and used for one purpose (purchase of library materials), the federal funds made only a minimal dif-
ference (if any) in the county's educational programs. It was also relatively easy to account in detail for funds spent. Thus, bookkeeping and auditing were not difficult and effort to perform needs assessments and annual evaluations were minimal at best.

**MAJOR EFFECTS OF ECIA CHAPTER 2**

Implementation of ECIA Chapter 2 brought about dramatic and mostly positive effects for PCPS. These effects are described below under three categories: fiscal, program and administrative effects.

**Fiscal Effects**

The most dramatic effect of the new block grant program for PCPS is that it provided PCPS with a very large increase in federal funds. Under prior categorical programs, the county received only $8661 (1981-82), however, the first year of Chapter 2 (1982-83) it received $23,048—an increase of $14,387 or 166 percent. The county's Chapter 2 funds were increased still further the next year (1983-84) to $30,910.

The amount of funds PCPS received under the block grant program is the result of the State funding formula employed. (See chapter 2 for an explanation of the formula.) When the State formula was applied to determine PCPS funding in 1982-83, only one of the factors which receive extra weighting was applied, student achievement. PCPS was weighted for both student achievement and economic
deprivation of its students when the funding formula was applied the next year. This resulted in the additional increase in federal funds in 1983-84.

The superintendent and other county education officials are quite pleased that the State funding formula made accommodations for both their low achieving students and their economically deprived students in 1983-84. Obviously, PCPS believes that the State funding formula is functioning appropriately as a basis for distribution of funds to LEAs.

**Program Effects**

With such a windfall in the amount of federal funds available to PCPS (over prior categorical funding) and little time to plan, program decisions were made very rapidly by the superintendent and his staff. Using the superintendent's priorities as the basis for making such decisions, Chapter 2 funds were allocated to support seven new activities, and to continue the library materials acquisition effort supported with former federal categorical funds. The program decisions made reflected a philosophy of funding as many of the PCPS desired activities as possible—spreading the money around. Half of the activities received relatively small amounts of funding. These were not educational programs per se. Several new programs however, received a significant share of the total block grant budget. A description of the programs or
activities funded in the initial year of the block grant program follows.

One of the most significant efforts (in terms of dollars allocated) was a new mathematics program funded under Subchapter A - Basic Skills Development at $6100. These funds were used to hire two part-time, adult tutors who provided additional help to 500 remedial students (those whose achievement is six months behind grade level). Each tutor serves only one school and provides additional help to remedial students in grades 1 through 7 during a three hour period each day. PCPS felt that it needed a program like this in order to raise the low math test scores of some students.

The second area to receive a major portion of the county's block grant money ($6500) was the continued purchase of library and instructional materials. This was actually a continuation of the library development effort formerly funded by ESEA IV-B, prior to the ECIA block grant program. This continued materials acquisition effort was supported under Subchapter B - Educational Improvement and Support Services of the ECIA Chapter 2 legislation.

Chapter 2 funds also provided the salary for a part-time gifted and talented (GT) program coordinator for $3000, whose function was to design a program to emphasize critical thinking skills for students in grades K-12. The GT staff member was funded under Sub-
chapter B Improvement of Educational Practices of the Chapter 2 program.

Funds were also used to pay a part-time bookkeeper's salary ($540). The bookkeeper was specifically hired to keep ECIA Chapter 2 program accounts in order. Her services are covered under Subchapter B - Strengthening School Management Practices.

A fifth activity funded (under the Subchapter B - Guidance, Counseling and Testing Program) in the amount of $400 was the purchase of books, materials and assessment tools for the county's guidance, counseling and testing program.

A sixth activity funded was a staff development and inservice program for a total of $500. This effort was to provide inservice training to some staff to improve their skills in dealing with gifted and talented students.

Another activity funded under Subchapter - C Special Projects, was an art education project. It also was a program that received a major share of the funds. Funds totaling $5608 were used to pay the salary of a part-time art teacher who provided art education for students in two schools from kindergarten to grade seven. The art teacher coordinated lessons with appropriate classroom subject area instruction at each of the grade levels. The last activity funded was the acquisition of GT materials with $400.
In the following year, 1983-84, PCPS chose not to fund the relatively smaller efforts it funded the previous year, with the exception of the part-time bookkeeper. During this second year of Chapter 2, funds totaling $30,910 were allocated to four programs: remedial math - $11,755, library materials acquisition - $6500, GT program design (part-time salary) - $5275, art program (part-time salary) - $6780, and the bookkeeper's salary. Although a sizable amount of funds were devoted to the acquisition of materials over the two year period, interestingly, funds were not used to purchase computer hardware or software, an area currently receiving emphasis in many school systems.

The process PCPS employed to determine program and funding decisions for Chapter 2 was different for the two years of its operation. For school year 1982-83, lacking time to establish a Chapter 2 advisory council before program and funding decisions had to be made, the superintendent and his staff basically forwarded recommendations to the school board which were subsequently approved. In school year 1983-84 PCPS established a Chapter 2 advisory council. It is composed of the following individuals: the county's supervisor of instruction, the federal program specialist, a school board member, a high school administrator, two teachers and three parents. It is perhaps interesting to note that both teachers are directly involved in programs funded
by Chapter 2. One is a math tutor, hired for the remedial math program and the other is the art teacher. The administrator is also directly involved in the Chapter 2 program. The advisory council is very interested in tracking the progress of the programs and in evaluating their effects. The council's priorities for program areas are gifted and talented, art and remedial math. This explains why these programs were continued the second year of the block grant. The council is basically very supportive of the activities and programs funded.

Administrative Effects

The general administrative effect of ECIA Chapter 2 on PCPS was that it increased the amount of time, effort, planning and paperwork required as compared to the one previous categorical program run by the county. Associated administrative costs were increased accordingly. More time and effort have been exerted in planning, i.e., in defining a set of priorities and options for programs and activities. Then, once PCPS decided to spend its funds on eight activities or programs, the administrator in charge had to oversee the development, personnel and budget associated with the activities funded. Obviously, the amount of paperwork, administrative costs, and bookkeeping were increased. However, PCPS did not exactly experience a large added burden in terms of time and costs associated with administering Chapter 2. This is be-
cause paperwork and bookkeeping tasks were performed by the part-time bookkeeper hired with Chapter 2 funds.

PCPS personnel agree that the block grant is relatively easy to administer. They noted that application procedures are much simpler than prior categorical procedures and there are no reporting and evaluation requirements. While state and federal audits may be made under the program, PCPS does not see this as a particular problem or burden.

Time and effort involved in working out private school participation were also not a problem. Private schools in Powhatan county chose not to participate during the first two years of ECIA Chapter 2. According to the superintendent, it seems unlikely that the private schools will elect to participate in the future.

In short, PCPS has had little difficulty in administering the Chapter 2 program. Requirements are minimal and procedures are much simpler. Accordingly, county education officials favor the Chapter 2 block grant program over the previous categorical program structure.
Rappahannock county was selected as a case study site for four reasons. It is a small, wealthy, rural county which for the last several years has applied and successfully competed for only one categorical grant, ESEA Title IV-B. It received a sizable increase (143%) in federal funding the first year of ECIA Chapter 2 (1982-83). It received the maximum weighting for high cost students allowed by the Virginia Chapter 2 funding formula. Finally, it experienced a significant increase in the number of activities supported with federal funds under Chapter 2.

INTRODUCTION

Rappahannock county is located in the foothills of the Blue Ridge Mountains in the Piedmont Plateau of Virginia. Created in 1833, it assumed the name of the river named after the Rappahannock Indian tribe. It covers 267 square miles and has a population of about 5,100. Like much of Virginia, the county is rich in history. Its county seat, Washington, was surveyed and laid out by George Washington in 1749. Rappahannock's economy is primarily based on farming, apple growing and a garment industry. In addition, because over 50% of the land is woodland, wood products add to the county's economy.

The Rappahannock County Public Schools (RCPS) have an enrollment of 1044, which has declined only slightly over the past few years.
Twelve percent of the school population is minority (mostly black). Most students complete high school with only 3.5 percent dropping out before graduation. The achievement and ability of RCPS students are average. In 1981-82, average ability for the eleventh grade class was the 51st percentile, as reported on the Science Research Associates Achievement Series (SRA). The average achievement levels for the same students on the test were: reading - 58th percentile, language arts - 52nd percentile, and mathematics - 53rd percentile. About 33.9 percent of the high school graduates go on to some kind of post-secondary education. Of this group, 16.9 percent attend a four-year college, 10.2 percent attend a two-year college, and 6.8 percent typically enroll in a business, trade or apprenticeship school.

The county's education budget, in 1981-82, totaled just over $2 million with a per pupil expenditure of $1979. The education budget is composed of funds from the following sources: 44.3 percent from local sources, 45 percent from State sources and 10.7 percent from federal sources.

Prior to ECIA, the county received a small amount of federal support. In addition to federal funds provided on a formula basis, the school system secured a small amount of categorical funds ($5163 in 1981-82 and $3636 the year before). With only two administrators in the central office, the county could not afford to prepare proposals
nor could it hope to compete successfully with LEAs that could devote more effort to such activities. Consequently, the county directed its energy into securing funds under only one antecedent categorical grant program—ESEA Title IV-B for a number of years. In 1981-82, the county's budget under this program was $5163. Because it was traditionally less than $6000 a year in a $2 million budget, nobody paid much attention to the Title IV-B project except the librarian.

The superintendent said generally the program was looked upon favorably because it provided the system with extra funds to purchase some library materials and equipment. It provided no instructional services to students and did not add personnel.

Administering and accounting for the program funds posed no problem for the county and the superintendent believed it served a useful function.

**MAJOR EFFECTS OF ECIA CHAPTER 2**

The implementation of ECIA Chapter 2 legislation brought advantages and disadvantages to RCPS. These are described under fiscal, program, and administrative effects below.

**Fiscal Effects**

The predominant effect of ECIA Chapter 2 for RCPS was a considerable increase in the amount of federal funds it received. In 1982-83,
ECIA Chapter 2 provided the county with a healthy increase of $7362 or 143 percent more than it received under the categorical program the year before. The total Chapter 2 grant of $12,525 was reduced slightly during the second year of the program to $10,107.

The county's healthy increase in funds was a result of the Virginia funding formula employed. (See Chapter 2 for an explanation of the ECIA Chapter 2 funding formula used by Virginia.) Essentially the funding formula took into account both weighting factors (i.e., economically deprived students and low achieving students) for the first year of the program. The reduction in funds the second year was because only low achieving students were weighted in the distribution formula.

County education officials are quite satisfied with the State funding formula. With a healthy increase in funds coming to the county, obviously officials believe the formula is functioning appropriately as a basis for distributing funds.

Program Effects
The implementation of ECIA Chapter 2 in school year 1982-83 resulted in the addition of five new programs or activities in RCPS. Because of the large increase in the amount of federal funds RCPS received, the superintendent felt that this presented an excellent opportunity to "spread the funds around". More specifically, he wanted to
allocate small amounts of funds to several areas of community interest that he was unable to finance prior to ECIA. The additional funds were used to provide personnel with staff development and training and to purchase supplies and textbooks for the instructional program.

General reactions to the addition of five new efforts were favorable. For school year 1982-83, Chapter 2 funds were spent on the following activities: Subchapter B - $4925 on library instructional materials, $100 on guidance, counseling and testing, $300 on staff development; Subchapter C - $1000 on preparation for employment, $1500 on career education and $4700 on gifted and talented. In the following year, funds were allocated to activities as follows: Subchapter B - $4607 for library instructional materials and $500 on staff development; and Subchapter C - $5000 on gifted and talented.

For the first year of Chapter 2, the superintendent's priorities were career education and gifted and talented programs. Two guidance counselors were trained with the staff development funds to facilitate enrichment of the curriculum in grades 7 through 12 in the area of career education. Because of the large proportion of students entering the workforce after high school (66 percent), additional educational units were added in grades 11 and 12 to help prepare students for employment. Other Chapter 2 funds were made available to guidance counselors for the purchase of career opportun-
ity inventories, materials and information pamphlets. In the area of gifted and talented, funds were used for what was called the Triad enrichment model for grades 5 through 10. It is a group problem solving approach which has been adapted for use with gifted and talented students. Chapter 2 funds were used to train nine teachers in the use of this approach. Training covered a fifteen day period. Funds were also used to purchase books, materials and supplies for the gifted and talented program.

In school year 1983-84, the second year of ECIA, the superintendent and the school board decided to concentrate funds on the gifted and talented program, while continuing to develop career education units. Nine additional teachers were trained in the use of the Triad model.

Again, funds were spent on materials, supplies and textbooks for the gifted and talented program. In addition, some guidance counselors received training in career education and employment preparation. For both years, some Chapter 2 funds under the gifted and talented and library materials programs were used to purchase some computer software.

RCPS personnel believe that Chapter 2 funds are "soft money", i.e., short term with an uncertain future. Accordingly, program plans were affected such that both the gifted and talented and the career education programs were planned on a yearly basis.
Another effect of ECIA Chapter 2 is that it provided RCPS with a different image of federal programs. In the minds of RCPS officials, the intent of the legislation (i.e., to increase local autonomy and responsibility for program planning) has been accomplished. The superintendent believes that the Chapter 2 program is far superior to the antecedent categorical grant structure because it permitted the funding of local program priorities (primarily selected by the superintendent himself) without federal intervention.

RCPS did not establish a local Chapter 2 advisory council to advise the superintendent on priorities for funding. The superintendent felt that because of the small size of the district, and the number of advisory committees already in place (e.g., special education, gifted and talented and Chapter 1 program committees), another advisory council was not needed for him to make decisions about program priorities for funding. In practice, his strategy was to fund many activities, spreading the funds around, in order to satisfy the various advisory groups.

**Administrative Effects**

The primary administrative effect of Chapter 2, because of the addition of five new programs, was to moderately increase the amount of time, effort, and paperwork required in planning and administering the program as compared to the previous categorical program. Associated administrative costs were moderately increased accordingly.
However, as an avid supporter of local options, the superintendent did not consider the added work burdensome. Rather, the increase in funds available and the flexibility provided outweighed the added administrative responsibilities, according to the superintendent. Other RCPS personnel interviewed echoed a similar sentiment, added responsibilities including possible State and federal audits, were not viewed as particularly troublesome.

Little time and effort were required to plan which activities to fund. Based on various advisory committees recommendations, the superintendent and the school board determined the six areas for funding. Similarly, time and effort involved in working out arrangements for private school participation was minimal. There is only one private school in the county and its officials decided not to participate during the first two years of Chapter 2. It also seems unlikely to the superintendent that the private school will elect to participate in the future.

In short, although more time was required to administer the ECIA Chapter 2 program when compared to the county's previous categorical program, none of the system's officials had any real difficulty in administering and managing the program. Requirements were viewed as minimal even though procedures required more effort. Accordingly, county education officials overwhelmingly favor the Chapter 2
block grant program over the previous categorical grant structure and find it to be a superior approach.
RICHMOND CITY

Richmond city has several characteristics for which it was selected as a case study site. First, it is a large, urban, wealthy city which received a moderate decrease in federal funds upon the initiation of ECIA Chapter 2. Second, it decreased the number of its federally supported programs from six antecedent categorical programs to two programs in the first year of ECIA Chapter 2. Third, Richmond allocated the largest amount of block grant funds to private schools than did any other LEA in Virginia.

INTRODUCTION

Richmond city, established in 1737, is located in the eastern section of Virginia. It was named on the suggestion of William Byrd II after a borough in the county of Surry in England where he often stayed on his visits to London. With a current population of 219,214, it is one of the State's cultural and industrial centers. Tobacco, paper, aluminum, chemicals, printing and publishing, and machinery are among the city's industries and products.

The Richmond city public school (RPS) system has an enrollment of 28,716, which has declined by about six percent over the past few years. Eighty-five percent of the school population is minority, mostly black. Most of the students in the system complete high school with about 10.5 percent dropping out of school prior to graduation. This is the third highest drop out rate in Virginia. A-
chievement and ability scores of RPS students are generally low, below the national average. In 1981-82 on the Science Research Associates Achievement Series (SRA), the average ability level for the eleventh grade class was reported at the 38th percentile when compared to national norms. The average achievement levels reported on the SRA for this class were: reading - 33rd percentile, language arts - 42nd percentile, and mathematics - 40th percentile. About 48.2 percent of the high school graduates go on to some type of post-secondary education, 32.2 percent attend a four-year college, 11.1 percent attend a two-year college, and 4.9 percent typically enroll in a business, trade or apprenticeship school.

Prior to ECIA implementation, in 1981-82, the city's education budget totaled $93,382,022 with a per pupil expenditure of $3195. The composition of the budget is as follows: 59 percent from local sources, 30 percent from State sources and 11 percent from federal sources. Like other LEAs, RPS has been increasing the local sources of funding as the State and federal sources have been gradually decreasing.

Prior to ECIA, the city received a sizable amount of federal support. In addition to federal funds provided on a formula basis, the school system secured a significant amount of categorical program funds ($449,352 in 1981-82 and $132,362 in 1980-81). The Director of federal programs explained that the school system had experienced per-
sonnel with a comprehensive understanding of federal categorical programs and a high concentration of minority students with special needs. Consequently, RPS established some programs which it judges to be exemplary over a four year period with funds secured under previous federal categorical grant programs. In 1981-82, the city's budget under these programs was as follows: ESEA Title IV-B - $110,106, Title IV-C $5500, Gifted and Talented - $1991, ESAA - $9632, Civil Rights $107,023, and Follow Through - $215,100.

RPS officials are very pleased with the accomplishment of these federal categorical programs. In particular, with ESEA Titles IV-B and IV-C programs which permitted the purchase of large quantities of library instructional materials and equipment. With a small amount of Gifted and Talented monies the system was able to begin planning a comprehensive K-12 program. Given the rather large minority population, (i.e., 85 percent) only a small amount of ESAA aid was available, however, the Civil Rights program was used to secure funds to supplement the ESAA money. The county established a Civil Rights program which provided assistance to schools with concentrations of students experiencing civil rights problems. The one program that RPS was most pleased with was the Follow Through program. RPS was able to show the positive effects of this program through empirical evidence and was able to pass the critical review of the U.S. Department of Education's Joint Dissemination Review
Panel, a body of researchers and evaluators that review evidence of effects of programs. Currently, it is one of about 350 programs that have received the distinction of being a federally certified, exemplary program. With Follow Through funds, RPS set up a Follow Through Resource Center for research and dissemination of its Follow Through program model. Their exemplary program involves the establishment of a parent-teacher partnership for students in grades K-3 in forty elementary schools in the system. Teachers and para-professional make home visits to encourage parents to become involved in their child's education and to show them how.

The Director of federal programs characterized RPS's experience with previous federal categorical programs quite positively. He related that these programs provided the opportunity to strengthen the city's instructional programs which were perceived as positive and useful by teachers and parents. He also stated that the administrative requirements, such as, monitoring, accounting and evaluation were a relatively minor burden when measured against the benefits to the system in terms of the outstanding outcomes provided by the programs supported with federal categorical funds.

MAJOR EFFECTS OF ECIA CHAPTER 2

The implementation of ECIA Chapter 2 legislation created some major difficulties and produced some dramatic effects on RPS. These are described below under three categories: fiscal, program and admin-
Fiscal Effects

For RPS, the major effect of ECIA Chapter 2 was a sizable reduction in the amount of federal funds received. Under prior categorical programs, RPS received $449,352 for 1981-82. The very next year RPS experienced a 12 percent reduction or a loss of $54,876. The total budget under Chapter 2 was $394,476 which grew by $300 in 1983-84.

While the State funding formula (see Chapter 2 for an explanation of Virginia's formula) applied weighting factors for both low achieving students and for disadvantaged students in RPS, the Chapter 2 funds were still well below what RPS had been accustomed to receiving from various federal categorical programs. In terms of expenditures per child, under categorical programs RPS received about $15.64 per child as compared to $11.81 per pupil received under ECIA Chapter 2.

The superintendent and his staff were dismayed by the decrease in funds for RPS created by the new block grant program. This was because the actual loss in funds for RPS was greater than what it appears by merely examining the change in total funds. This is because RPS not only received 12 percent fewer funds, but then passed on an additional 12 percent of the Chapter 2 funds to private schools.
This meant that RPS actually sustained a 24 percent decrease in the amount of federal funds received under the block grant. The superintendent believes that this in turn forced the reduction not only in the number of programs funded, but in the quality of programs funded with federal dollars as well. Despite the losses to the RPS educational programs, the superintendent feels that generally the State funding formula is fair. He believes the weightings for high cost students were applied properly in the case of RPS and, in addition, he appreciated the fiscal discretion provided by the block grant mechanism.

Program Effects

The implementation of ECIA Chapter 2 brought about the modification or loss of several programs in RPS. Those programs affected were the ESAA program, Gifted and Talented, Follow Through and Civil Rights programs. Unable to replace the lost federal funds, several programs previously supported by federal categorical programs were terminated. In most cases RPS tried to continue to provide the same instructional services and maintain the personnel associated with such programs, choosing instead to cut out expenses for books, materials and equipment. This strategy resulted in the consolidation of various programs and the elimination of programs that provided equipment and supplies.

For example, the previous benefits of materials and equipment pur-
chased with the sizable amount ($115,606) of ESEA Title IV-B and IV-C funds are no longer experienced by teachers and students. Only $1432 is allocated for such materials currently under the block grant. The Gifted and Talented program that was in its initial stages in 1981-82 was not funded for the next school year under the block grant. Funding cuts also led to the consolidation of the former ESAA, Civil Rights and Follow Through programs. Their character is changed somewhat to an in-school and pre-school partnership program. It is this program which currently receives most of the block grant funds ($346,407). The decision to combined the programs is the systems way of trying to maintain the stability of the positive effects brought about by these programs in the past, and a way of retaining the personnel associated with the programs.

These program changes were seen as positive by RPS education officials. They saw the shift from categorical to block grants as an opportunity to consolidate the fragmented categorical programs into one comprehensive program, the In-school and Preschool Partnership Program. The benefits that officials see in this program consolidation is simplified program organization and management. The three programs RPS consolidated (Civil Rights, ESAA and Follow Through) had similar objectives and served similar target groups.

With consolidation of previous efforts as a priority, RPS determined how to allocate their diminished federal budget. For the first year
of ECIA Chapter 2 (1982-83), it was decided to spend block grant funds on only two programs. Under Subchapter B of the program, $1432 was spent on library instructional materials and under Subchapter C, $34640/ was spent on the In-school and Preschool Partnership. For private schools during that year, many more categories of activities were funded: $1146 was allocated under Subchapter A for mathematics; under Subchapter B - Educational Improvement and Support Services $24,736 for library instructional materials, $18,413 for equipment, $531 for improving educational practice and $1611 for staff development and inservice; and under Subchapter C - Special Projects - $200 for Gifted and Talented.

The major portion of RPS' block grant funds were allocated for the In-school and Preschool Partnership Program which provided services for children in grades K to 3. This program employed twenty-two parent educators, a public relations specialist, a nurse, a training demonstration specialist and a research specialist. All program staff were eleven month employees, except for the research specialist who was a twelve month hire. Most of the funding for this program ($346,407) was spent on salaries and benefits for the staff. The program is a comprehensive one which emphasizes the importance of increased communication and contact between the school and the home. Its primary concern is to increase the interest and participation of parents in the education of their children. While it is
designed to provide a stimulating classroom environment, it is also intended to improve racial understanding and to decrease social friction. The parent educators' major role is to serve as a continuous link between the school and the home. These parents are the classroom aides who also make home visits to bring learning activities to the home. Each parent aide is also responsible for expressing the needs of the home to the school and vice versa. In essence, this program has combined the objectives of the three antecedent categorical grants into one rather comprehensive program. RPS education officials are quite pleased with this program as it satisfies several local needs and special education circumstances.

In contrast, private schools in 1982-83, spent most of their block grant funds on instructional materials and equipment including computer hardware and software. Private schools allocated $43,149 for audio visual equipment, computer hardware and software, and library books and materials. Even the funds spent on mathematics ($1146) and gifted and talented ($200) were mainly materials purchases. While $2142 was spent on staff development and inservice training. The training was focused on providing teachers with the opportunity to learn how to effectively utilize audio-visual equipment and computers for instruction.

In the following year, 1983-84, funding priorities were not much different. RPS funded three block grant programs instead of two and
the private schools funded five (instead of six) programs. Under Subchapter B - Educational Improvement and Support Services, RPS allocated $1827 for library instructional materials and $5220 for strengthening school management. Under Subchapter C - Special projects, $340,749 was allocated for the In-school and Preschool Partnership Program.

Meanwhile, private schools allocated their funds as follows: under Subchapter B - $17,945 for library instructional materials, $27,366 for library equipment, $424 for improvement of educational practices and $1246 for staff development and inservice. Private schools again spent substantial funds on computer hardware and software while RPS spent no block grant funds in these areas.

RPS officials perceive ECIA Chapter 2 funds as a long term, stable and continuing source of federal funds. They feel that the IPP program is exceptional and should be funded over the next several years. Local autonomy and responsibility has increased in the opinion of RPS officials.

In keeping with this view of increased local responsibility for program planning, RPS formed a local Chapter 2 advisory council early the first year of ECIA Chapter 2 implementation. The council includes the Director of federal programs, three teachers, three parent educators, six parents, and an elementary school administra-
tor. The council played an influential role in the decisions of how to allocate Chapter 2 funds and it is expected that the council will continue this strong influential role.

Administrative Effects

Compared to prior categorical programs, ECIA Chapter 2 did not significantly reduce the amount of time, effort, planning and paperwork required for RPS. Consequently, associated administrative costs remained about the same. RPS officials agreed that if only RPS' block grant funds are considered, it is definitely easier to administer the block grant funds because the application procedures are much simpler. However, the participation of private schools and the number of categories they chose to fund meant that the amount of paperwork under the block grants was about equal to that under previous categorical programs. A review of the activities undertaken by RPS officials to insure the participation of private schools illustrates the significant amount of burden and time expended.

Seventeen of the twenty-three private schools in Richmond chose to participate in the new block grant program. This included 4438 of the 4950 students enrolled in private schools, and is equal to 10 percent of the student population in the RPS system. Time and effort required to coordinate this involvement on the part of RPS official was extensive.
RPS officials had to notify all Richmond private schools and ask about their interest in participating. If they chose to participate in the block grant program, each of the private schools had to submit a narrative application form that included the number of students to be served and the type of program it wanted to fund. The application form also included program objectives, description of the activities, the evaluation plan and a list of six assurances. For RPS, this meant that twenty-three private schools had to be surveyed and then all the application forms had to be obtained, paperwork had to be completed and the funds then distributed. The amount of federal funds "passed through" to private schools was $46,437 for 1982-83. This middleman role RPS played between the federal and State government was new for RPS. Thus, these additional dealings with the private schools increased the administrative time, effort, paperwork and administrative costs. No end is seen to this burden because as the superintendent related, when the other private schools see how easy it is to get block grant funds, more will apply until potentially all private schools are involved. It is because of the extensive involvement of private schools in Richmond that local education officials did not experience the intended decrease of effort, cost and paperwork of Chapter 2. Other complicating factors that inhibited this decrease in administrative requirements included the loss of 24 percent of federal funds under the block grant program. As a
result, RPS officials say they still favor the categorical funding mechanism over the block grant structure.

RPS officials indicated that they were pleased with the shift in program monitoring responsibilities from the federal to the state level that ECIA Chapter 2 brought about. This was seen as positive from RPS' perspective because the State Department of Education is located in Richmond and this affords the opportunity for State officials to become more knowledgeable about the RPS programs.
SUFFOLK CITY

Suffolk City was selected as a case study site basically for four of its characteristics. First, for its demographics. It is a very large, poor, suburban and rural city which for several years was satisfied with receiving only minimal federal support through one categorical grant, ESEA Title IV-B. Second, as a direct consequence of ECIA Chapter 2 legislation, it became one of the largest winners in terms of federal funds. It is one of the largest gainers of funds in Virginia, increasing its share of federal funds by a whopping 405 percent. Third, with this significant increase in funds, it expanded its federally funded programs from one to five. Fourth, it has a large minority population (65 percent) and it received double weighting in the Virginia Chapter 2 distribution formula.

INTRODUCTION

Suffolk city, established in 1742, is located in the southeastern region of Virginia and considered the gateway to the mid-Atlantic ports of the Tidewater Virginia. It was named for the county of Suffolk in England. Presently, its population is 50,000. In 1974, Suffolk city and Nansemond county merged into one jurisdiction which is Suffolk city. This merger made the new Suffolk city the fifth largest geographical city in the nation and the largest land area city in Virginia. While eighty percent of Suffolk is agricultural, it is an interesting combination of urban and rural settings which
includes many lakes, creeks and rivers. Its major manufacturers produce agricultural machinery, tea, peanuts, televisions and utility services.

Suffolk City Public School (SCPS) system has an enrollment of 8635, which has declined by five percent over the past few years. Sixty-five percent of the public school population is minority, mostly black. Most students complete high school, about 6.5 percent drop out of school prior to graduation. Achievement and ability scores of SCPS students are generally low and below the national average. For example, in 1981-82 on the Science Research Associates Achievement Series (SRA), the average ability level for eleventh grade students was reported at the 31st percentile when compared to national norms. Average achievement levels were reported at the 26th percentile in reading, 36th percentile in language arts, and the 35th percentile in mathematics. About 45.2 percent of the high school graduates go on to some form of post-secondary education. Of this group, 24.4 percent attend a four-year college, 14.8 percent attend a two-year college and about 6 percent typically enroll in a business, trade or apprenticeship school.

Prior to ECIA Chapter 2 implementation, in 1981-82, the city's education budget totaled $17,815,080, with a per pupil expenditure of $2039. The SCPS education budget is composed of the following sources: 33.3 percent from local sources, 53.3 percent from state
sources and 13.4 percent from federal sources. As with most LEAs the State has provided the major share of funding, but there has been a gradual decrease in State and federal proportions placing more pressure on local sources for increases.

Also prior to ECIA, the city received a modest amount of federal categorical funds i.e., $22,629 in 1981-82 and $24,699 in 1980-81. The superintendent explained that his school district only applied each year for one categorical program - ESEA Title IV-B - because the system has a small central office staff which could not devote much time or effort to writing grant proposals. The district's IV-B funds were spent entirely on library instructional materials and equipment. The superintendent characterized the city's experience with prior categorical programs as simple and favorable. These federal categorical funds added a small amount to the city's total education budget, but enabled the city to purchase some new materials and equipment. While the superintendent believes that the impact was marginal both on the education budget and program offerings, school personnel had a positive perception of the categorical program because it provided them with additional materials. In addition, the funds were relatively easy to account for as bookkeeping and auditing requirements were not particularly time consuming or difficult.
MAJOR EFFECTS OF ECIA CHAPTER 2

The implementation of Chapter 2 brought about some positive effects for SCPS as perceived by education officials, but also some confusion as we shall see in the description of fiscal, program and administrative effects sections which follow.

Fiscal Effects

The most positive effect of ECIA Chapter 2 for SCPS was a large and unexpected increase in the amount of federal funds received. While SCPS received only $22,629 under federal categorical programs in 1981-82, the very next year under ECIA Chapter 2, SCPS received a whopping $114,371, which represents an increase of 405 percent or $91,742. This amount decreased slightly in 1983-84 to $111,186.

School officials were of course delighted with the new block grant program and the State funding formula which brought the school system this sizable increase in funds. Unexpected is almost an understatement of school officials reaction to this windfall. For example, SCPS officials were so unfamiliar with large federal grants that only one third of the annual block grant allotment was spent by the end of the year. It was believed by central office staff that the allocation of $114,371 was so great that it must be a three year allotment. Hence, SCPS had to arrange to carry over about $80,000 into the next school year (1983-84). This then served to increase their 1983-84 block grant budget to about $200,000. This represents
a sizable per pupil increase. For example, under their previous categorical grant, about $2.62 per pupil was received as compared to $13.24 per pupil received under the block grant structure. To say the least, the superintendent and other SCPS officials were very pleased with this unanticipated increase in federal block grant funds.

Program Effects
With the implementation of ECIA Chapter 2 in school year 1982-83, SCPS added several new programs, most in the basic skills area. A mathematics, reading and communications programs were established and library instructional equipment and materials were purchased. Pleased albeit confused by the tremendous increase in federal funds during the first implementation year for Chapter 2, SCPS went about developing a three year plan for spending the funds, as mentioned above. In addition, SCPS chose to allocate block grant funds under five program categories.

For the 1982-83 school year, ECIA Chapter 2 funds were spent on the following activities: Subchapter A - Basic Skills Development - $25,000 for reading skills, $25,000 for mathematics skills and $10,000 for communications skills; and under Subchapter B - Educational Improvement and Support Services - $24,371 for library instructional materials and $40,000 for library instructional equipment.
For this first year of Chapter 2 funding matched the superintendent's priorities of basic skills and instructional materials and equipment. Thus, a reading skills program was established for students in grades K through 8. The new reading program gave high need students a two and one half hour daily block of instruction in language arts instruction. Similarly, a mathematics skills program was implemented for the same grade levels and it also gave the students served three hours per day of instruction in mathematics. The last basic skills program established was a structured writing and communication program for students in grades K through 12. Its purpose was to assist high need students in a special two hour block of instruction once a week.

Each of these basic skills programs provided instruction through the use of teacher aides. In the first year, 1982-83, SCPS hired five ten-month teacher aides and one ten-month teacher with block grant funds. In the 1983-84 school year, with the $80,000 carried over from the previous year, and the $111,186 from current year block grant funds, an additional ten teacher aides were hired to staff the three basic skills programs that were established.

In addition to an increase in staff or aides in the second year of the block grant program, SCPS made other changes. In the second year of ECIA, 1983-84, the superintendent and the school board decided to reduce the amount of federal funds spent on instructional
materials and equipment and to expand the basic skills program emphasis. As a consequence, in the 1983-84 school year, funds were allocated under Chapter 2 in the following way: Subchapter A - Basic Skills Development, $37,500 for reading instruction and $37,500 for mathematics instruction; under Subchapter B - Educational Improvement and Support Services, $15,000 for materials and $21,186 for equipment.

SCPS education officials, while pleased and surprised by the windfall of federal funds received under Chapter 2, view this source of funds as uncertain, short term and not a continuous source. As a result they will continue to plan their program activities on a year by year basis.

District education officials are pleased that they have had the opportunity to put in place the basic skills programs and agree that Chapter 2 has provided them with increased discretion. Thus they have positive feelings toward the new block grant program. However, at the same time the view that these federal funds are short term and not enduring has effected the planning process employed. For example, no Chapter 2 advisory panel was established to advise the superintendent about priorities. Instead, the Chapter 1 parent advisory council was used to obtain input for planning purposes. Composed of twelve parents, this panel advised the superintendent regarding program choices and is the major reason why the major
share of Chapter 2 funds were spent on basic skills efforts similar to Chapter 1's emphasis. For the most part the parent advisory panel's views also influenced second year allocation priorities such that materials budgets were reduced in favor of serving more poor achieving students with remedial like basic skills programs.

Administrative Effects
Due to the addition of new programs under Chapter 2, the basic administrative effect on SCPS was to moderately increase the amount of time, effort and paperwork required in administering the block grant program in comparison to the previous categorical. Administrative costs, were also increased moderately. This was not seen as a negative feature of the block grant program however. Local education officials agreed that a 405 percent increase in funds and the increased flexibility was well worth the increase in administrative burden experienced. The superintendent related that while additional time and effort were required, the fact that he and the school board and parent advisors agreed on spending priorities, only a moderate amount of energy and effort were actually necessary. Also limiting the increased administrative burden was the fact that neither of the two private schools in the area elected to participate during the first block grant year. One of these private schools did participate during the second year of the block grant program, but its involvement was limited so the administrative time and effort were
kept to a minimum.

All SCPS education officials were in agreement that the block grant program was more beneficial to the school system than the earlier categorical program, but this is hardly surprising given the system's limited experience and funding under the previous federal grant structure. In short, what Chapter 2 did for SCPS was to develop a positive perception of this federal grant program.
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