

CRS Report for Congress

Received through the CRS Web

Class Size Reduction Program: Background and Status

James B. Stedman
Specialist in Social Legislation
Domestic Social Policy Division

Summary

The federal Class Size Reduction (CSR) program, initiated with an FY1999 appropriation of \$1.2 billion, has been continued with an FY2000 appropriation of \$1.3 billion. The U.S. Department of Education estimates that 29,000 teachers will be hired in the initial year. Proposed by President Clinton as an effort to hire 100,000 new teachers over a 7-year period and reduce average class size in grades 1-3 (expanded to K-3 for FY2000) to 18 students, its continuation has been a matter of debate. The House has passed and the Senate Committee on Health, Education, Labor, and Pensions has approved different authorizing bills that would replace the CSR program with a broad authority for teacher improvement that could be used to support class size reduction if districts so choose. The House and Senate versions of FY2001 appropriations legislation do not fund the CSR program but provide funds that could be used for class size reduction. This report will be updated periodically.

Introduction

The federal government is in the second year of funding the CSR program which was originally proposed by President Clinton as part of the FY1999 budget. Intended by the President as a 7-year initiative to support the hiring of 100,000 new teachers to reduce average class size in grades 1-3 (expanded to K-3 for FY2000) to 18 students, the program faces an uncertain future in light of opposition to its continued funding as a separate program.¹

¹ According to the U.S. Department of Education, the average class size in grades 1-3 is 22 (1993-1994, latest data available). *Average class size* is different from *pupil-teacher ratio*. The former measures the average number of students in a class, generally excluding special emphasis classes, such as special education classes or physical education classes, that may be significantly smaller or larger than the average academic class. The latter is a measure of the number of students per teacher, whether such teacher is engaged in instructional or non-instructional activities.

This report provides an overview of the structure and status of the CSR program, the issues raised about the program, early reports on its implementation, and relevant legislative action by the 106th Congress. It also considers emerging results from the California class size reduction effort, the state effort most closely watched by proponents and opponents of the federal CSR program.

Overarching Issues

As the 106th Congress works on the reauthorization of the Elementary and Secondary Education Act (ESEA) and other education legislation, it is reviewing the federal role in elementary and secondary education.² Part of this review centers on whether matters such as class size policies and teacher hiring and assignment practices affecting all students are appropriate focuses for federal education programs. At issue, in part, is whether such matters should remain the province of states and localities, whether the academic performance of elementary and secondary students warrants this federal involvement, whether such involvement threatens state and local authority over education, and whether the federal government is prepared for the long-term commitment this might entail. These questions also raise the issue of the degree of flexibility that should be accorded school districts (local educational agencies or LEAs) in the spending of these federal funds.

Another fundamental issue is whether the reduction in average class sizes in the early grades sought through the program will lead to significant improvement in academic achievement in these grades or whether the effort will have outweighing adverse consequences. Although there is no consensus among researchers concerning the impact of class size reduction efforts, the generally positive findings from Tennessee's Student/Teacher Achievement Ratio (STAR) project, a controlled experiment conducted in a relatively limited number of schools in Tennessee in the late 1980s, have strongly influenced policy debates. Project STAR found, for example, that enrollment in the early grades in classes of 15 or fewer students had a positive impact on students' academic achievement; minority students, in particular, appeared to benefit from smaller classes; and the positive effects appeared to persist into later grades. Many state class size reduction efforts, as well as the federal CSR program, were initially advocated and continue to be promoted by reference to the findings from Project STAR. At the same time, Project STAR is not without its critics. Further, some researchers argue that the amount of reduction in class size sought by the federal CSR program will be insufficient to make much difference in student achievement.

Finally, class size reduction at the state or national level may have several other relevant consequences. Foremost among them are the following: an increased need for school construction or renovation to create more classrooms to accommodate the reduction in average class size; and an increased pressure to hire underqualified teachers because the supply of qualified teachers may already be strained in many places by the need to keep pace with growing student enrollment and rising attrition from teaching as a result of retirement.

² See: CRS Issue Brief IB98047, *Elementary and Secondary Education: Reconsideration of the Federal Role by the 106th Congress*, by Wayne Riddle, James Stedman, and Paul Irwin.

California's Class Size Reduction Program. According to the U.S. Department of Education (ED), about 20 states are engaged in their own class size reduction efforts. Much of the attention nationwide is focused on California where a statewide program was initiated through 1996-1997 budget legislation and designed to reduce all classes in grades K-3 to not more than 20 students. The early findings from this initiative are being used by both sides in the debate over the federal CSR program.

Under the California program, districts that choose to participate annually receive a fixed amount per child enrolled in a K-3 class of 20 or fewer students and a facilities grant to address space needs.³ Schools have to reduce class sizes in the first grade initially, followed by the second grade and then either the third grade or kindergarten. By the end of the program's second year (1997-1998), nearly every first and second grade student in the state was in a reduced class and more than two-thirds of all kindergarten and third grade students were in classes of 20 or fewer students.

The most comprehensive evaluation of the California program has issued a generally mixed report card of the results from the program's first 2 years.⁴ Among positive findings, it found that third grade students in reduced size classes posted slightly higher achievement levels than students in larger classes.⁵ These small gains were experienced regardless of students' ethnicity, income, or English language ability. Teachers in smaller classes devoted less time to discipline and more to providing individual attention to students with reading problems. Parents of children in smaller classes were more satisfied with their children's education and had more contact with their children's teachers.

Among the negative consequences found, at this juncture, is a decline in the qualifications of K-3 teachers. The percentage of K-3 teachers with less than full teacher credentials (those with emergency licenses or certification waivers, or who are in internship programs) rose from 1% in the year immediately prior to the implementation of the program to 12% in 1997-1998. The increase in the proportion of teachers who were less than fully certified was even larger in places with greater percentages of low-income, minority, or limited English proficient students. For example, in schools with 30% or more low-income students, the percentage of K-3 teachers not fully certified rose from less than 2% to nearly 20% in 1997-1998. It should be noted that lack of full certification does not necessarily mean a person cannot effectively teach or that such teachers will not subsequently attain full certification.

Finding space to accommodate new classes generated by reducing class size is a hurdle for many schools who often convert special education classrooms, music and art

³ This discussion of the California effort and its early results is based on *Class Size Reduction in California 1996-1998: Early Findings Signal Promise and Concerns*, CSR Research Consortium, June 1999. Available on the Web at: [www.classsize.org].

⁴ This evaluation is being conducted by the CSR Research Consortium composed of several national research and evaluation entities, including the American Institutes for Research and RAND. It is being funded from federal, state, and private sources.

⁵ Only the scores of third graders in reduced and unreduced classes could be compared because by the end of the second year of the program nearly all first and second graders were in smaller classes, thereby eliminating any comparison group of students in larger classes. Kindergartners were not being tested.

rooms, computer labs, and libraries to regular classrooms. Districts with greater percentages of disadvantaged students have experienced the most difficulty in this regard.

Federal CSR Program — Status and Implementation Issues

First Year Status. The FY1999 omnibus appropriations legislation (P.L. 105-277) included funding for the CSR program and delineated its features. By its establishment in annual appropriations legislation, the program would be in existence for a single year unless future congressional action were undertaken. Its long-term objective, if it were to continue, was to reduce the nationwide average class size in the early grades (K-3 under the FY2000 funding) to 18 students.

The FY1999 appropriations legislation included \$1.2 billion for the program; the Administration estimated that this was sufficient to hire some 30,000 new teachers. Of the appropriated amount, \$6 million was reserved for Bureau of Indian Affairs schools and the outlying areas. The remainder was allocated by formula to all states, D.C., and Puerto Rico on the basis of the greater of either state shares of FY1998 allocations under Title I, Part A of the Elementary and Secondary Education Act (ESEA — Title I allocations are based primarily on the number of 5-17 year olds in poverty and state per pupil expenditures, with a state minimum of up to 0.25% of the funding) or state shares of FY1998 allocation under ESEA Title II (based equally on ESEA Title I, Part A allocations and the distribution of 5-17 year olds among the states, with a 0.5% state minimum). The entirety of each state's allocation was distributed among LEAs — 80% on the basis of 5-17 year old population in poverty and 20% on the basis of public and private enrollment of 5-17 year olds. The appropriations legislation provided that no award could be made to an LEA if the amount allocated were less than the district's starting salary for a new teacher. Such an LEA could enter into a consortium with one or more LEAs and become eligible for funding (this requirement was often waived, see discussion below).

LEAs could spend their allocations on the following: (1) recruiting, hiring (i.e., paying salaries and benefits), and training of new, certified teachers, including special education teachers and teachers of children with special needs; (2) testing the academic content knowledge of new teachers and to meet state certification requirements consistent with Title II of the Higher Education Act (HEA);⁶ and (3) providing professional development consistent with HEA Title II. Of their allocations, LEAs were permitted to spend up to 15% on the second and third activities cited above, up to 3% on administration, and not less than 82% on recruiting, hiring, and training new teachers. Once LEAs reached a threshold of 18 students on average in classes in grades 1-3, they could devote funding to any of the authorized activities. Funded schools or districts had to issue a report card on the student achievement levels resulting from the hiring of new high quality teachers.

Selected Implementation Issues in the First Year. Among the implementation issues arising in the first year of the program were those described below. Districts eligible for grants that were less than their starting teacher salaries found the consortium requirement to be problematic. The CSR program did not permit districts to match the

⁶ HEA Title II, Teacher Quality Enhancement, provides grants to states for reforming teacher certification requirements and providing professional development.

federal funding in order to make up the difference between the CSR allocation and the starting salary and avoid entering a consortium. As ED noted in its initial report on program implementing (*Local Success Stories: Reducing Class Size*, November 1999), “sharing a teacher among school districts is almost never a workable strategy for lowering class size.” As a consequence, ED waived the requirement for the 40 states that requested greater flexibility in the implementation of this requirement.

Concern was raised during the CSR program’s first year that it supported the hiring of underqualified teachers. In particular, teachers hired with emergency certificates were allowed to be paid with CSR funding.⁷ A related concern centered on the extent to which LEAs were required to devote CSR funding to the recruiting, hiring, and training of new teachers rather than improvement of the existing teaching force.

Early Reports on Implementation. ED in its November 1999 report on the CSR program estimates that 29,000 teachers will have been hired with FY1999 funding. It also estimates that, in the schools and grade levels where the newly hired teachers are being employed, class sizes have dropped significantly. Further, only about 8% of district allocations is being spent on professional development and teacher testing (substantially less than the 15% maximum allowed).

The Council of the Great City Schools (an organization representing many of the country’s urban school districts) gathered data on the implementation of the federal CSR program in 40 urban districts⁸ and reported that, with their CSR allocation of approximately \$220 million, these districts hired 3,558 teachers. The average amount spent by urban districts in salaries and benefits for each newly hired teacher (roughly \$47,000) was higher than had been assumed by ED in its nationwide estimates of the number of teachers that could be hired with CSR funds (\$35,000). About 90% of the teachers hired were reportedly fully certified. Urban districts appeared to have focused funds frequently on their most disadvantaged schools and on the teaching of reading.

Second Year Status. The FY2000 omnibus appropriations legislation (P.L. 106-113) continued the CSR program for a second year at an appropriation level of \$1.3 billion, slightly more than an 8% increase over FY1999 funding. As a consequence, districts that participated in the first year of the program are likely to receive a second year grant approximately 8% greater than their first year grant. Many program features remained the same, including the state and local allocation formulas. Nevertheless, several significant changes were made. In addition to expanding the focus to grades K-3, the legislation made other changes, including those described below.

Districts are accorded greater flexibility in the spending of these funds — the maximum percentage for professional development and teacher testing is raised from 15% to 25%; LEAs in which 10% or more of the elementary school teaching force has not met

⁷ Emergency certificates are provided to teachers not meeting the requirements for full certification.

⁸ *Reducing Class Size in America’s Urban Schools*, October 1999. Available on the Web at: [www.cgcs.org].

state and local certification requirements and which are located in an *Ed-Flex* state⁹ are able to devote up to their full allocation to professional development in order to improve the qualifications of their teachers; and districts receiving an amount less than the starting teacher salary no longer have to enter into a consortium, rather they are allowed to combine other funds with the CSR funds to meet a new teacher's salary or to use their CSR funds for professional development related to teaching in smaller classes.

A greater emphasis on the hiring of *fully qualified* teachers is now a feature of the program.¹⁰ Any teacher newly hired with FY2000 CSR funds must be fully qualified. All teachers hired with FY1999 CSR funds in the initial year of the program must become fully qualified by the start of the 2000-2001 school year.

Reporting requirements are expanded. An annual report must be made by each funded state and LEA on the progress in reducing class size, increasing the percentage of core academic subjects taught by fully qualified teachers, and the impact of class size reduction on student achievement. Further, upon the request of parents, a school receiving CSR funds must report on the professional qualifications of their children's teachers. Finally, the FY2000 legislation specifically authorizes use of the CSR funds to pay the ongoing salaries of teachers newly hired with FY1999 CSR funds (such teachers must meet the qualification requirements cited above).

Third Year Status. The legislative debate over the continuation of the CSR program is not taking place solely within the appropriations process. Legislation has been introduced that would authorize this program over a multi-year period and amendments to that effect have been offered to legislation under consideration, but have not been accepted. The House of Representatives has passed legislation (H.R. 1995, Teacher Empowerment Act) and the Senate HELP Committee has approved legislation (S. 2, Educational Opportunities Act) which would replace a free-standing CSR program with broad authorities for teacher improvement that could be used to support class size reduction or such activities as professional development, as determined by recipient LEAs.¹¹ The House and Senate versions of FY2001 appropriations legislation (H.R. 4577) would not fund the CSR program but would provide funds that could be used for class size reduction. The House includes \$1.75 billion for the Teacher Empowerment Act (contingent upon its enactment). The Senate provides that \$2.7 billion of the ESEA Title VI appropriation is to support school districts' strategies to improve student achievement. Among other activities, these funds may also be used for class size reduction, and recruitment, hiring, and training of highly qualified teachers.

⁹ For an overview of the Ed-Flex authority, see CRS Report 98-676, *Federal Elementary and Secondary Education Programs: Ed-Flex and Other Forms of Flexibility*, by Wayne Riddle.

¹⁰ The appropriations legislation appears to define fully qualified teachers as ones "who are certified within the State, ..., have a baccalaureate degree and demonstrate general knowledge, teaching skills, and subject matter knowledge required to teach in their content areas." (Section 310(c)(2)(A)(i)) See, also, the explanatory statement by the conferees on the FY2000 appropriation legislation (*Congressional Record*, November 17, 1999, p. H12418).

¹¹ This legislation is described in CRS Report RS20156, *Elementary and Secondary School Teachers: Action by the 106th Congress*, by James B. Stedman.