

CRS Report for Congress

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Class Size Reduction Program: Background and Status

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Summary

P.L. 107-110 (H.R. 1, No Child Left Behind Act of 2001) reauthorizes the Elementary and Secondary Education Act and replaces the federal Class Size Reduction (CSR) program and the Eisenhower Professional Development program with a new formula grant program (FY2002 appropriation of \$2.85 billion). The CSR program, initiated by FY1999 appropriations legislation, was last funded in FY2001 (\$1.623 billion). FY2002 appropriations legislation does not continue funding for this program. The U.S. Department of Education estimated that 37,000 teachers were hired under the program in its first 2 years. It was first proposed by President Clinton as an effort to hire 100,000 new teachers over a 7-year period and reduce average class size in early grades to 18 students. This report will be updated as events warrant.

Legislative Action in the 107th Congress

On January 8, 2002, H.R. 1 (No Child Left Behind Act of 2001) was signed into law (P.L. 107-110). This legislation, which reauthorizes the Elementary and Secondary Education Act (ESEA), does not include a separate program for class size reduction. Instead it authorizes a new program supporting a broad array of activities to improve the K-12 teaching force. This program replaces the CSR and Eisenhower Professional Development programs, and permits funding for teacher recruitment and hiring to reduce class size.¹

Introduction

FY2001 appropriations legislation (P.L. 106-554) for the U.S. Department of Education (ED) included a third year of funding for the CSR program, which was originally proposed by President Clinton as part of the FY1999 budget. Intended as a 7-

¹ For detailed information on the activities that can be supported under the new program, see CRS report RL30834, *K-12 Teacher Quality: Issues and Legislative Action*, by James Stedman.

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 faced an uncertain future in light of opposition to its continued funding as a separate program. For its 3-year history, the CSR program was the product of annual appropriations legislation, and not separately authorized. P.L. 107-110, in reauthorizing the ESEA, does not authorize a class size reduction program; nor was the CSR program continued in FY2002 ED appropriations legislation (P.L. 107-116). The new teacher program in the ESEA was funded for FY2002 at \$2.85 billion.

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 U.S. Congress.²

Overarching Issues

The Congress has been reviewing the federal role in elementary and secondary education, most recently during its work on the reauthorization of the ESEA and its debate over the continuation of the CSR program. At issue have been such questions as whether this matter should remain the province of states and localities, whether extensive federal involvement will threaten state and local authority over education, whether the federal government is prepared for the long-term financial commitment that class size reduction might entail, and whether federal aid is more properly awarded with substantial flexibility allowing school districts (local educational agencies or LEAs) to determine how to spend these federal education 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, such as that in California (considered below) as well as the federal CSR program, are promoted by reference to the findings from Project STAR.

At the same time, Project STAR is not without its critics, some of whom suggest that small kindergarten classes may have a positive impact but small classes in higher grades do not, and that implementation problems add "uncertainties" about its conclusions.

² According to ED, 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.

Some researchers argue that the amount of class size reduction sought by the federal CSR program will not make much difference in student achievement.³

Finally, class size reduction at the state or national level may have several other relevant consequences. Foremost among them are the following: increased school construction or renovation needs to create more classrooms; and increased pressure to hire underqualified teachers, particularly coupled with growing student enrollment and rising attrition from teaching as a result of retirement.

California's Class Size Reduction Program. According to 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.⁴ 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 ongoing evaluation of the California program has issued a generally mixed report card of the results from the program's first 3 years. Among positive findings, it found that third grade students in reduced size classes posted slightly higher achievement levels than students in larger classes and that these gains persisted into the fourth grade.⁵ These small gains were experienced regardless of student background. Teachers in smaller classes reported devoting 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 rate of decline had abated greatly in period covered by the most recent report from the evaluation. 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 1.8% in the year immediately prior to the

³ Hanushek, Eric A. *The Evidence on Class Size*, 1998; Gene V. Glass, as quoted in an Associated Press article, *Teachers, Parents Equate Smaller With Better Classes*, as printed in the *Washington Times*, February 9, 1998.

⁴ This discussion of the California effort and its early results is based on two reports from the CSR Research Consortium: *Class Size Reduction in California 1996-1998: Early Findings Signal Promise and Concerns*, June 1999; and *Class Size Reduction in California: The 1998-1999 Evaluation Findings*, 2000, both available on the Web at: [<http://www.classsize.org>].

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.

implementation of the program to 12.5% in 1997-1998 and to 13.4% in 1998-1999. The increase in the proportion of teachers who were less than fully certified was 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 3% to 21% in 1998-1999.⁶ Finding space to accommodate new classes generated by reducing class size has proven a hurdle for many schools, particularly those in districts with greater percentages of disadvantaged students.

Federal CSR Program — Status and Implementation Issues

Current Status. The No Child Left Behind Act does not authorize a separate class size reduction program. Instead it establishes a new formula grant program supporting a broad array of teacher improvement activities, including class size reduction. All states and districts will continue to receive at least what they received for FY2001 under the CSR and Eisenhower Professional Development programs. FY2002 ED appropriations legislation funds the new teacher program at \$2.85 billion and does not provide funding for a separate CSR program.

Program Description. The following is a brief description of the CSR program as it was included in the FY2001 ED appropriations legislation. Its long-term objective was to reduce the nationwide average class size in the early grades (K-3) to 18 students through the hiring of *fully qualified* teachers.⁷

Of the annual appropriation, \$6 million was reserved for Bureau of Indian Affairs schools and the outlying areas. The remainder was allocated by formula to the states (including D.C. and Puerto Rico); each received the same percentage of the remainder as it originally received under the FY1999 CSR appropriation. The entirety of each state's allocation was distributed by formula 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. Authorized uses of funds by LEAs included: (1) recruiting, hiring (i.e., paying salaries and benefits), and training fully qualified regular and special education teachers; (2) testing the academic content knowledge of new teachers and meeting state certification requirements consistent with Title II of the Higher Education Act (HEA);⁸ and (3) providing professional development activities. LEAs were permitted to spend up to 25% on the second and third activities cited above, up to 3% on administration, and not less than 72% on recruiting, hiring, and training new teachers. Once LEAs reached a threshold of 18 students on average in classes in grades K-3, they could devote funding to further reduction in these or other grades or to activities to improve teacher quality.⁹ If an LEA's

⁶ 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.

⁷ The appropriations legislation appears to define *fully qualified* teachers as teachers who are certified, have a B.A. degree, and demonstrate the knowledge and pedagogical skills needed to teach in his or her content areas.

⁸ HEA Title II, Teacher Quality Enhancement, provides grants to states for reforming teacher certification requirements and providing professional development.

⁹ This provision also applies to LEAs meeting a class size goal of 20 or fewer if that were a goal
(continued...)

award were less than the starting salary for a new fully qualified teacher, the district could combine the CSR funds with other funds to pay the salary or use these funds for professional development activities. An LEA in which 10% or more of the elementary school teachers fail to meet state and local certification requirements was permitted to use more than 25% of its allocation for professional development activities. FY2001 appropriated funds could be used to pay the salaries of teachers hired under the FY1999 and FY2000 versions of the program.

Any teacher newly hired with FY2001 CSR funds had to be fully qualified. No funds could pay the salary of teachers hired with FY1999 CSR funds unless, by the beginning of the 2001-2002 school year, the teachers were certified and demonstrated competency in their subjects of instruction.

An annual report had to 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 had to report on the professional qualifications of their children's teachers.

First Year Status (105th Congress). The FY1999 omnibus appropriations legislation (P.L. 105-277) included the initial funding for the CSR program — \$1.2 billion for the program. The Administration estimated that this was sufficient to hire some 30,000 new teachers. The first year program generally followed the provisions described above for the current program. Significant differences included the following: Its focus was on reducing class size in grades 1-3, not K-3; the FY1999 appropriations legislation precluded an LEA from receiving an award if the amount allocated were less than the district's starting salary for a new teacher; such a district would have to enter into a consortium (this requirement was often waived and was dropped after the first year); and LEAs were permitted to spend only up to 15% on professional development or new teacher testing (increased to 25% in the FY2000 and FY2001 legislation).

Selected Implementation Issues in the First Year. Among the first year implementation concerns were the following, each addressed in subsequent appropriations legislation: Districts eligible for grants of less than a starting teacher's salary often had problems with the consortium requirement in the FY1999 legislation. The program did not permit districts to make up the difference between the CSR allocation and the starting salary and avoid entering a consortium. 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.¹⁰ 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.

⁹ (...continued)

set by a state or LEA prior to enactment of the FY2000 appropriation.

¹⁰ Emergency certificates are provided to teachers not meeting the requirements for full certification.

Second Year Status (106th Congress). The FY2000 omnibus appropriations legislation (P.L. 106-113) continued the CSR program at a level of \$1.3 billion. Several significant changes to the first year program were made. The focus was expanded to grades K-3. The maximum percentage for professional development and teacher testing was raised to 25%. LEAS in which 10% or more of the elementary school teaching force was uncertified and which were located in an *Ed-Flex* state (a state with authority to waive requirements under selected federal education programs) were newly able to devote up to their full allocation to professional development. Districts receiving an amount less than the starting teacher salary no longer had to enter into a consortium. The language currently in the FY2001 version of the program concerning the hiring of fully qualified teachers was added. Reporting requirements were expanded; these provisions were continued in the FY2001 appropriations legislation.

Third Year Status (106th Congress). The legislative debate over the continuation of the CSR program during the 106th Congress did not take place solely within the appropriations process. The House of Representatives passed legislation (H.R. 1995, Teacher Empowerment Act) and the Senate HELP Committee approved legislation (S. 2, Educational Opportunities Act) to replace a free-standing CSR program with broad authorities for teacher improvement that could be used to support class size reduction or other activities as determined by recipient LEAs. This legislation was not enacted, and neither were amendments offered at different times during the 106th Congress to provide a multi-year authorization for the CSR program. With regard to the appropriations process, the FY2001 ED appropriations legislation (Consolidated Appropriations Act, 2001, P.L. 106-554) included \$1.623 billion for the CSR program. The primary change to the program was to include all LEAs with 10% or more uncertified elementary school teachers in the flexibility authority that previously was limited to LEAs in Ed-Flex states.

Early Reports on Implementation. ED estimates that 37,000 teachers were hired through the program's first 2 years. It also estimated that, in the schools and grade levels where the newly hired teachers were being employed, class size dropped significantly. Further, during the first year, only about 8% of district allocations was spent on professional development and teacher testing (less than the 15% maximum allowed).¹¹

The Council of the Great City Schools (an organization representing many of the country's urban school districts) has surveyed its membership on the implementation of the federal CSR program in its first 2 years.¹² For the 26 districts providing data for both years, approximately 75% of the funds was spent on salaries and benefits annually, but the recruitment percentage rose from 0.8% to 3.7% and the percentage spent on professional development dropped slightly from 16.1% to 15.6%. These 26 districts hired 2,860 teachers with FY1999 funds and 3,108 with FY2000 funds. In the first year, the 40 responding districts reported that about 90% of the teachers they hired with these funds were reportedly fully certified. Similar information was not provided in the second report.

¹¹ U.S. Department of Education. *Local Success Stories: Reducing Class Size*, 1999; U.S. Department of Education. *The Class Size Reduction Program: Boosting Student Achievement in Schools Across the Nation — A First-Year Report*, 2000.

¹² Council of the Great City Schools. *Reducing Class Size in America's Urban Schools*, October 1999; Council of the Great City Schools. *Reducing Class Size: A Smart Way to Improve America's Urban Schools*, 2000.