

**Funding Alternative Education Pathways:  
A Review of the Literature**

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## **BACKGROUND**

Nine percent of American youth between the ages of 16 and 19 are estimated to be neither working nor enrolled in school (Federal Interagency Forum on Child and Family Statistics, 2002). Whether they have fallen "off track," are prematurely transitioning to adulthood (e.g. teen mothers), need rapid preparation for the world of work, or require special programs to accommodate learning disabilities, this population has simply not enjoyed the same brand of success as their peers in traditional education settings (Aron & Zweig, 2003). Moreover, this population tends to be composed of a disproportionate number of minorities who suffer from higher than average rates of substance abuse, attempted suicides, sexual activity, and teen pregnancy (Federal Interagency Forum on Child and Family Statistics, 2002; Fulkerson, Harrison, & Beebe, 1997).

Alternative education pathways have emerged as the frontrunner in serving the needs of these youth. As will be discussed later in this report, the wide array of substantive variations and semantic variables seems to dissuade any widely held consensus as to what precisely constitutes an alternative education pathway (Aron & Zweig, 2003). For the purpose of this discussion, however, alternative education pathways are defined as "education programs that embrace subject matter and/or teaching methodologies not generally offered to students of the same age or grade level in traditional school settings, which offers a range of educational options and includes students as an integral part of the planning team" (New Jersey Department of Education, 1984).

Alternative education pathways, which emerged more than four decades ago as a response to the belief that public education was not serving all students in a fair and equitable manner (Katsiyannis & Williams, 1998; Lehr, Moreau, Lange, Lanners, 2004) has evolved into an education stream reflecting a wide array of goals and objectives. These pathways can transition students into mainstream education, provide specialized interventions (e.g., behavioral, academic, therapeutic, or punitive) for students with learning disabilities or behavioral problems, offer vocational training, or assist with dropout prevention (Chalker, 1996; Dillinger, 1985; Jackard, 1988; Swanson & Williams, 1990; U.S. Department of Justice, 1980; Zachmeier, 1987). Alternative education pathways can adopt any number of strategies to fulfill these goals. Learning environments, for example, can include vocational education schools, charter schools, learning centers, post secondary enrollment options, public-private collaboratives, and special education programs (National Conference of State Legislatures, 1996). Alternative education pathways frequently operate with small school and/or class sizes, emphasize one-on-one interaction between teachers and students, build supportive environments, develop student-centered curriculum, execute flexible school calendars, provide opportunities for students to engage in decision-making, and build strong connections to the world of work (Aron & Zweig, 2003; Lange & Slatten, 2002; National Governors Association, 2001). Furthermore, these programs can be sponsored and administered by a number of different entities such as non-profit and community-based organizations, state or local education agencies, charter schools, adult education divisions or agencies, juvenile justice agencies, K-12 public or private schools, health or

mental health institutions, federally-funded programs and contracts, and private for-profit companies (Aron & Zweig, 2003; Chalker & Brown, 1999; Hefner-Packer, 1991).

The variety in design and delivery of these pathways has two cost implications. First, alternative education pathways do not come cheaply (Baker and Duncombe 2004; Beales, 1996; Reimer & Cash, 2003; Southwest Educational Development Laboratory, 1995). Weiner (1994) and Lyons (1990) found, for example, that per-pupil expenditures are significantly higher for groups with higher educational needs, such as special education and students with behavioral issues, than those with more general education needs. Another study (North Carolina State Department of Public Instruction, 1996) found that alternative education pathways in North Carolina cost about three and one-half times more than general education because they serve youth who are generally older and require more one-on-one time with instructors and counselors.

The second major implication is that the spectrum of these costs can vary widely. In North Carolina, for example, alternative learning programs serving a combined audience of middle and high school students cost more than four times the amount required to support elementary programs (Public Schools of North Carolina, 2003). The same evaluation found that personnel salaries and instructional materials made up the largest spending category.

These circumstances give rise to several questions about funding alternative education pathways. What are the exact costs associated with alternative education pathways? What variables lead to higher and lower costs, and are there certain conditions that lead to their fluctuations? What funding sources are available to cover the costs of alternative education pathways, and are these funds easily accessible? Are

these funding sources both equitable and adequate? How are these funds actually used, and how do we know that they have been used in the most efficient manner?

### **Caveats and Framework**

This literature review is an attempt to begin to shed light on these questions and provide a basis for discussion. Despite the abundance of anecdotal testimonies about alternative education pathways in general (Aron & Zweig, 2003; Lehr, Moreau, Lang, & Lanners, 2004), empirical literature regarding funding alternative education programs is sparse at best (Aron & Zweig, 2003). On the one hand, this seems ironic at a time when state lawmakers are expressing a growing interest in these arrangements.

Whereas only about 15 states had adopted legislation to increase alternative education options in 1987 (Garrison, 1987; Harrington, 1994), nearly all 50 states had adopted some form of alternative education language by 2002 (Lehr, Lanners, & Lange, 2004).

On the other hand, the dearth of empirical evidence concerning funding alternative education pathways should not be too surprising. After all, analysis of public education finance in general frequently results in either inconclusive or counterintuitive findings, which is the result of a number of problematic circumstances (Brent, Roellke, & Monk, 1997). First, public school administrators are experiencing a fundamental shift in the source of funding (Brent, Roellke, & Monk, 1997). Once an almost entirely local affair, public school finance has become increasingly balanced between state and local sources (Augenblick & Sharp, 2003; National Conference of State Legislatures, 1996), complicated even further by a surge in the amount and array of non-traditional funding sources such as private grants, vending machine revenues, parent booster club

fundraisers, and private contributions. As the composition of funding sources change, many of which are difficult to value in the first place, so too does the way in which funding is conceptualized and accounted for. This leads to a second problematic circumstance: the practice of dividing resources into specific spending categories is neither clear nor consistent (Johnston, 2005; Brent, Roellke, & Monk, 1997). Because public school resources are commonly used for multiple purposes, individual schools and school districts generally lack the capacity and/or interest in adopting financial management record-keeping protocols that would otherwise provide information useful for decision-making. Moreover, attempts to institutionalize budgeting and accounting procedures are almost consistently trumped by the fact that school finance decisions are, and are likely to forever be, made in a political context (Baker & Duncombe, 2004). As one superintendent lamented, “We need to make education funding decisions based on data, not on how much money is available year to year” (Olsen, 2005).

Third, not only is the quantity of revenue and cost data relatively small, but its format and type is not particularly useful to researchers and analysts (Brent, Roellke, & Monk, 1997). Consequently, it is virtually impossible to conduct systematic analysis across districts, schools, or states (Augenblick & Sharp, 2003; Sugarman, 2002). Furthermore, the frameworks by which alternative education pathways revenues and costs are conceived are typically superseded by mainstream-biased assumptions (i.e., one teacher per classroom, etc.). As a consequence, it is highly likely that estimates of revenues and costs are miscalculated and misleading (Chalker & Brown, 1999).

Finally, the shifting funding sources and inconsistent accounting practices have forced most empirical researchers to focus on macro-level issues instead of the nuts-

and-bolts issues that are of more practical interest and use to administrators and policymakers (Brent, Roellke, & Monk, 1997). Although these somewhat metaphysical deliberations are necessary and important, they only offer so much by themselves. Absent any systematic understanding of the more micro, day-to-day uses of funds within American schools, researchers and practitioners alike cannot fully appreciate the dynamics of education finance (Brent, Roellke, & Monk, 1997), let alone offer reasonable recommendations for policymakers.

A literature review based solely on the small and inconclusive empirical research concerning alternative education pathways finance would result in a very short and uninformative paper indeed. Therefore, this review drew upon anecdotal and empirical research and reports from a variety of fields, including education and school finance theory, alternative education pathways, nonprofit management, and charter school finance. This does not pretend to be a comprehensive thesis on either alternative education pathways or education financing, but rather a point of departure for future discussions. The review is loosely organized according to three aspects of resource allocation presented by Brent, Roellke, & Monk (1997), including fund *origination*, *access and allocation*, and *utilization*.

## **ORIGINATION OF FUNDS**

Sources of funding for alternative education pathways generally include federal, state, local, private (Lehr, Lanners, & Lange, 2004), and in-kind, or “off the books” contributions (Augenblick & Sharp, 2003). Although federal funds are available, the amounts are relatively small and declining (Aron & Zweig, 2003 citing Pennington,



2003). In-kind, “off the books” contributions are widely recognized as essential for successful alternative education pathways, but are rarely, if ever, included in cost calculations (Nelson, et al, 2000). In fact, despite the touted importance of in-kind, “off the books” contributions, this literature review revealed no serious discussion of any kind about their sources, types, uses, or impact.

State agencies are generally recognized as the most common and largest contributors to alternative education pathways. According to one survey (Katsiyannis and Williams, 1998), more than 60 percent of state officials reported that state funds were the primary source of funding available to alternative education pathways in their state. These funding streams are made possible almost exclusively by state legislation. According to one national study, 30 state representatives cited specific language in their state legislation mandating that the state be the primary source of funds (Lehr, Lanners, & Lange, 2004). This same study found that seven state statutes require a portion of alternative education funding come from grants and six state statutes encourage the use of some funds.

Eligibility criteria for accessing state funds are also commonly found in state legislation. Although there are differences in the empirical findings, most likely the result of methodological variations (Hoff, 2005a), more than half of the states have adopted legislation that address alternative education legislation, including criteria for funding (Katsiyannis and Williams, 1998; Lehr, Lanners & Lange, 2004). The legislation that created the Second Chance Program in Colorado, for example, states that eligible schools and programs need to have dropout rates that were below the state average,

be located in or contiguous to a school district with low drop out rates, and have a vocational, technical, or adult program already in place (Neumann, 1994).

Katsiyannis and Williams (1998) found two common features in state alternative education statutes: a definition, and a list of who is eligible to receive service.

Definitions could be found in more than 50 percent of the responding states (Lehr, Moreau, Lange, & Lanners, 2004) and these definitions were found to generally have four common components: (1) location and setting for services; (2) student-centered, non-traditional; (3) reference to instructional methodology; (4) desired outcomes such as "remain in school" or "receive high school diploma or equivalent."

The range of intended uses for funds appears to be broad. Lehr, Lanners, and Lange (2003) report that all of these state statutes call upon educational programs to emphasize individual instruction and focus on either basic academic skills, social services, counseling, and/or community- or work-based learning. Katsiyannis and Williams (1998) findings were nearly identical: in all, 33 states addressed curriculum and instruction and that states generally encourage the establishment of school-community partnerships and collaboration agreements between alternative education pathways and various other state agencies. Some states, such as Florida and Colorado, have even begun offering capital funding, which is a particular need of charter schools (Augenblick & Sharp, 2003; Sugarman, 2002). In all cases, the state policies appear to have spurred specific agency programs and guidelines. Katsiyannis and Williams (1998) found, for example, that about two-thirds of the state respondents reported state-level policies and procedures to address alternative education.

## **ACCESS AND ALLOCATION OF FUNDS**

This literature review could find nothing anecdotal or empirical about the process by which funds are actually accessed (e.g., specific requirements, applications, methods by which schools substantiate needs). Moreover, Lehr, Lanners, & Lange (2004) could not identify a consistent mechanism across states for accessing funding, leading them to speculate that alternative schools are especially vulnerable to changing conditions. Two things are for certain, however: (1) allocation of funds is complex due to the fact that each alternative education pathway, which is defined by its specific goals and attributes, must navigate an array of state and local frameworks; and (2) per-pupil base funding is the centerpiece (Nelson, et al, 2000).

States can fund alternative schools and programs according to a number of alternatives, each of which have their own pros and cons, including: (1) Equalized per pupil allocations (i.e., every student gets the same amount of money); (2) Index of need (i.e., students get additional funds based upon their particular needs; (3) Categorical, or flat funding (i.e., funds are allotted based upon program types); (4) Excess cost reimbursements (i.e., school districts are reimbursed for extra costs of special needs students); (5) Unit allocations according to personnel or classrooms; (i.e., fixed amounts of funding are allocated for each classroom or personnel unit); and (6) competitive discretionary grants (Lyons, 1992).

The most common strategy seems to be foundation programs, whereby the states establish an appropriate amount of money per-pupil, which is then transferred to local school districts where local monies are added. Final amounts of funding are eventually allocated to individual schools based upon either ADA (Average Daily

Attendance) or ADM/ADE (Average Daily Membership or Enrollment) (Augenblick & Sharp, 2003; Sugarman, 2002).

Strategies for securing access to funds depend largely upon the different allocation mechanisms between ADA and ADM/ADE. On any given day, at any given school, it can be assumed that the number of students enrolled is greater than the number of students actually in attendance. Calculations based upon ADM/ADE may, therefore, unwittingly give "extra" funds to schools with high absentee rates (Augenblick & Sharp, 2003; Sugarman, 2002), a situation that may be fairly common among alternative education pathways, which tend to have higher absentee rates. If calculations are based upon ADA, on the other hand, alternative schools may be at a financial disadvantage because the calculation is based upon attendance, which is typically low. Consequently, depending on state per-pupil formula, schools are devising creative ways to optimize class sizes that benefit their financial standing (Nelson, et al, 2000). For example, alternative schools located in jurisdictions that calculate funding based upon attendance may choose to discourage the enrollment of students who are likely to be absent and negatively impact their funding.

In the case of alternative charter schools, supplements can be added as well, but the amounts and limits vary across states. Charter schools in Massachusetts, for example, receive 100 percent of per-pupil funding plus whatever Title I funds they are eligible for. Charter schools in Michigan receive 100 percent of per-pupil funding plus federal funding, but are not eligible for state capital funds. Charter schools in Colorado can negotiate funding with the local school districts, which are required to provide at least 80 percent of the per-pupil funding (Hassell, 1999).

Open enrollment options, which allow students to choose which public school to attend, are another important funding issue (National Conference of State Legislatures, 1996). In fact, many state statutes encourage the reallocation of fiscal resources between districts (Katsiyannis and Williams, 1998). Although it is estimated that 32 out of the 50 United States have open enrollment options, and most of the districts within those states welcome transfer students because state funding usually follows the student, the exact scope and extent of the programs varies widely due to legislative language (National Conference of State Legislatures, 1996).

States differ on how they allocate funds under these programs. Some states, for example, count open enrollment transfer students in their resident school districts, so the per-pupil allocation for those students must be sent to the receiving school district. Other states count transfer students in the receiving school district for state funding purposes (National Conference of State Legislatures, 1996). Under transfer agreements, on the other hand (states without open enrollment laws) the resident school district usually pays the tuition (National Conference of State Legislatures, 1996).

The distinction between alternative *programs* and alternative *schools* appears to be a significant factor that affects funding levels. Borrowing from the Iowa Association of Alternative Education's Constitution and Bylaws, an alternative *program* is an established class or environment within or apart from the regular school, whereas an alternative *school* is an established environment apart from the regular school with its own policies, rules, objectives, and staff (Iowa Association of Alternative Education, 2002). For example, separate schools in North Carolina receive separate funding (based upon Average Daily Membership), whereas particular *programs* are dependent

upon the schools within which they are located. Consequently, programs typically receive smaller, more targeted, and less predictable funding streams than schools, but also enjoy many benefits of scale (such as administration support, facilities, and quantity discounts for materials purchases) that are attributed to their relationship with the school district.

Charter schools offer an altogether different mechanism by which alternative education pathways can be funded. Many variables govern charter school funding. In some states, charter schools can be their own LEA, while in other states charter schools are part of a school district or state (Augenblick & Sharp, 2003). Some charter schools are required to report the receipt and use of funds, while others are not (Augenblick & Sharp, 2003). In some states, charter schools can negotiate their funding level (Augenblick & Sharp, 2003; Nelson, et al, 2000), whereas in other states they cannot. Finally, some charter schools are funded at the district level, while others are funded by the state (Sugarman, 2002).

As with ADA, ADM, and ADE calculations, the source of funding (state and local) is a variable that commonly affects funding. Generally speaking, low-income neighborhoods suffer from low tax revenues, and therefore lower per-pupil expenditures than high-income neighborhoods. During recent decades, however, states have begun supplementing low-income areas in an attempt to provide resident children with an equitable and adequate education. In states that fund charter (or alternative) schools, either in whole or in part, these schools may benefit financially from opening a charter school in a low-income area, because the state level funds are higher than what the local tax base would allow (Sugarman, 2002). On the other hand, in states where

schools are funded locally, there may be financial disincentives to open a charter (or alternative) school in a low-income area because the levels of local funding may be too low to cover costs.

In summary, how funding is allocated to and among alternative education pathways depends upon two primary factors. First, the specific features and design of the alternative education pathway matter. Exactly how funds are identified, accessed, and actually used depends largely upon the type of setting, whether it be a school within a school, a separate alternative school, a continuation program, or an alternative classroom (Chalker, 1996; Hefner-Packer, 1991). Second, the state and local policy framework looms large in determining how, when, and why alternative education pathways are funded (Augenblick & Sharp, 2003).

### **Challenges and barriers**

There are a number of challenges and barriers that alternative education pathways face in accessing funds. First, school officials struggle to keep funding levels stable in a political environment. For example, the original charter school legislation in the Commonwealth of Massachusetts called for funds to follow pupils from one district to another. Subsequent legislation, however, appropriated funds to be reimbursed at least partially for losses incurred by the leaving school district (Antonucci, 1997).

School officials are also challenged by administrative burdens placed on funds. Federal funds have a particular reputation for requiring multiple reporting and accounting procedures (Augenblick & Sharp, 2003; Sugarman, 2002), and there is evidence to suggest that this is a barrier to access, especially when the funding levels

are relatively low (Sugarman, 2002 citing Babin, 2000; Flanagan & Graff, 2000). There is also evidence that this bureaucratic barrier is at play within the state level as well. The Colorado Second Chance Program, for example, required sending school districts to transmit 85% of the state entitlement to the receiving school district each month for each transferring student. The remaining 5% was to be retained by the school of residence and 10% to the state for administration. This arrangement was dropped early in the program because it was “administratively onerous” and did not really offer significant sums of money anyway (i.e., \$85,000 was spread across the entire state).

There is also evidence to suggest that a lack of awareness from within the alternative education community itself poses a challenge to accessing funds. One report (National Conference of State Legislatures, 1996) found that although none of the 50 United States *required* funds to follow students to alternative education pathways, no laws actually *prohibited* funds from following students either. The same report found that even many state officials were unaware of programs allowing funds to follow students into alternative education arrangements, leading its authors to speculate as to whether or not local school and district leaders are even aware of funding alternatives.

### **UTILIZATION OF FUNDS**

There is no empirical data on exactly how alternative schools actually *use* the funds that they receive (Aron & Zweig, 2002). Oddly enough, there is a general consensus that current funding levels are insufficient. One survey of alternative funding leaders (Duttweiler & Smink, 1997) found that secure and stable funding was the “greatest need” in initiating and maintaining successful alternative education. Another



survey of state directors of special education (Lehr & Lange, 2003) found that funding for alternative education was "of significant concern." A third survey of state representatives (Katsiyannis and Williams, 1998) found that nearly all (95% of states responding) cited inadequate funding as a barrier that needs to be overcome. These findings are significant because despite the fact that alternative pathways cost more than general education, there is evidence that the investment can significantly improve student achievement (Cash 2001; Vandegrift, 1992)

The lack of funding may seem ironic at a time when the United States has experienced a resurgence of alternative education pathways, particularly for those who have, or are at risk of dropping out (Reimer & Cash, 2003). The National Center for Educational Statistics reported that fewer than 4,000 public alternative schools were operating during the 1997/1998 academic year (Kleiner, Porch, & Farris, 2002). Current estimates range between 14,000 (Barr & Parrett, 1997) and 20,000 (Lange & Sletten, 2002). Furthermore, alternative education pathways appear to be operating above capacity as well. Kleiner, Porch, & Farris (2002) found that one-third of public school districts with alternative schools and programs for at risk students had at least one school or program that was at capacity and could not enroll new students during the 1999-2000 school year, and 54% of those districts reported that enrollment exceeded capacity within the last three years.

Little is known about the governance, statistics on students served, program effectiveness, or consistency of programs across states or even districts (Katsiyannis and Williams, 1998). What is known suggests that alternative education funding is

composed of a “patchwork” of funds from multiple sources (Beales, 1996). According to the National Governors Association (2001),

*Most alternative education programs' budgets are based on a variety of unreliable funding sources, such as grants, charitable contributions, and fees for service. Some alternative education programs may also receive state and local education funds - although these funds are often less than the per-pupil funding that traditional schools receive.*

Lyons (1992) evaluated each of these funding alternatives for at-risk programs, using seven criteria for evaluation established by Jordan (1989) and concluded that categorical, index of need, equalized per-pupil grants seem to best serve the overall needs of students at risk and discretionary grants do not lead to sustainability.

How are alternative education pathways actually funded and how are the funds actually used? As mentioned earlier, most funding comes from state sources. According to one survey (Lehr, Moreau, Lange, & Lanners, 2004), twenty state-level respondents (71%) indicated that alternative schools in their states were primarily funded from state dollars, seven state-level respondents (25%) said that local dollars were the primary source of funding, and one state-level respondent (4%) said that the primary source of funding came from grants. No respondents stated that federal funds were the primary source. Another evaluation found that state funding sources contributed between 60 and 69 percent of alternative pathways total costs, depending on the grade level (North Carolina State Department of Public Instruction, 1996).

The extent to which local funds contribute to the overall funding of alternative education pathways is not as conclusive. Some scholars assert that alternative schools boasting of large amounts of local funding are a "rare breed" (Chalker & Brown, 1999).

Another survey of state representatives (Lehr, Moreau, Lange, & Lanners, 2004) found that local funds constitute about one quarter of alternative education funding. Yet another survey of state representatives (Katsiyannis and Williams, 1998) found that nearly 90 percent of respondents cited local funds as being the primary source of financing alternative education programs in nearly 90 percent of the responses. The discrepancies between these findings are the likely reflection of methodological differences, a common condition in school finance research (Hoff, 2005a).

Although federal agencies are not major funding sources of alternative education pathways, they are an important consideration. According to Katsiyannis and Williams (1998), twenty five states indicated that federal funds were used to the extent that the federal initiatives matched their target population needs. The respondents included programs such as Safe and Drug-Free Schools, Carl Perkins Vocational Education Act, Improving America's Schools Act, Goals 2000, the Individuals with Disabilities Education Act of 1990 (IDEA), and the Job Training Partnership Act (JTPA). Charter schools can and do obtain federal funds, but it can be a time consuming and bureaucratic undertaking that sometimes requires administrators to exclude certain student populations (Augenblick & Sharp, 2003)

### **Utilization of funds within alternative pathways**

No published reports were found that itemized the exact cost of programs or distribution of funds used for particular programs (Aron & Zweig, 2003), and the same is true for charter schools in general (Sugarman, 2002). Beales (1996) suggests two reasons for this. First, administrators at local levels lack the cost data they need to

make informed decisions. Second, many public agency accounting systems are simply not designed in a way to allow administrators to identify itemized costs of a program. In other words, programmatic costs are commonly shared and accounted for accordingly.

It is also difficult to compare alternative education pathways funding issues across districts and states because they all vary in their philosophical positions and technical definitions (Augenblick & Sharp, 2003). Some states, for example, offer legislation that specifically addresses alternative education pathways, whereas other states include these programs and schools within larger agendas.

Nevertheless, information undoubtedly exists at the program or agency level (Aron & Zweig, 2003) and the literature offers a few glimpses into the actual use of funds. We know that as many as 80 percent of funding agencies (i.e., state, federal, local, and private) provide technical assistance, usually in the form of consultants (Katsiyannis & Williams, 1998). We also know that *individuals* in control of resources have been known to actually direct funds to expenditure categories that benefit them *personally* (e.g., increase in teacher salaries) instead of categories that best benefit student learning (e.g., update curriculum or implement new teaching strategies) (Downes & Figlio, 2001). Beales (1996) found just such an instance whereby a partnership between an alternative education school, a mental health organization, and a local police department, which was launched to help formerly incarcerated youth gain secondary education credentials, actually calculated the costs of the program according to the partners involved. In other words, the school district accounted for the costs incurred to the school district, not the costs to the other partnering agencies. As a

consequence, what sounded like a bargain to the school district was actually far more expensive and less efficient than what was promised by the partnership.

We also know that ever since the passage of No Child Left Behind, most states have essentially abandoned resource-based requirements such as minimum course offerings, pupil to teacher ratios, teacher salaries (Augenblick & Sharp, 2003) and focused more on outcomes for all students, including those served by alternative education pathways (Lehr, Moreau, Lange, & Lanners, 2004). Standard accountability measures for mainstream education may not be appropriate for alternative education, however (Aron & Zweig, 2003). For example, high school graduation requirements may not be applicable to those alternative education pathways serving the needs of transitional students. Similarly, alternative education pathways that aim to meet the remedial needs of youth are not likely to meet minimum performance requirements.

Finally, we know that despite recent parades of legislation calling for accountability measures, there is little evaluation or monitoring of how these funds are actually used. One report found no specific literature concerned with administrative accountability of alternative education (Aron & Zweig, 2003) due in large part to the fact that funding rarely includes evaluation and assessment requirements. Katsiyannis and Williams (1998) found that only about one-third of state officials reported the existence of procedures for program evaluation and/or monitoring compliance. One evaluation even found that 90 percent of respondents could provided a total cost estimate for their alternative education program, even though there was no requirement to track funds to the school or program level and some programs did not even have separate budgets (North Carolina State Department of Public Instruction, 1996).

## **ENDURING ISSUES**

The literature revealed a number of enduring issues that seem to permeate alternative education pathways and have both direct and indirect implications for accessing funding.

### **Lack of awareness**

Alternative education pathways appear to be plagued by a general lack of understanding among school professionals, the education community, and the general public alike (Katsiyannis and Williams, 1998). Disconnected and out-of-school youth are also reportedly not a priority for the general public (Aron & Zweig, 2003, citing the Youth Development Research Fund, 2002). What awareness does exist may be clouded by skeptics who ask, "If the public already contributes tax monies to schools, why should there be any more given to alternative schools? Why should foundations pay for something that is a public service?" Advocates of traditional education practice, such as teachers unions, can also be vocal in their concerns about reforms that threaten the status quo (Eberts, Hollenbeck, & Stone, 2002), especially those that proposals to divert funds away from traditional education delivery or non-public school environments (Moe, 2001). The National Education Association, for example, has sought to shape charter legislation in ways that protect teacher contractual rights, salaries, and benefits (Geiger, 1996). Non-traditional efforts to sustain funding within the context of this environment are undoubtedly difficult to fulfill.

### **Managing horizontal and vertical equity**

Achieving a balance between educating all students in the same environment and meeting the needs of at-risk students in alternative settings is a continual challenge (Katsiyannis and Williams, 1998) and has funding implications. Low teacher: student ratios are common among alternative education settings and have been cited as one subject of resentment among general educators (Reimers & Cash, 2003), and is reflective of any number of other budgetary needs such as equipment, facilities, administration, and materials.

### **Balancing district and student needs**

Cost factors are driven by a contradiction in demands: those posed by the district, and those posed by the student (Baker & Duncombe, 2004). In an interview with several state officials, one study (National Conference of State Legislatures, 1996), found many to believe that the greatest financial incentive to keep students enrolled in school was that school funding was based upon enrollment numbers. This district-orientation runs counter to the more student-oriented approach aimed at keeping students enrolled so that they could achieve a good education.

The challenge is particularly rigorous for youth-oriented professionals and advocates who face state policies that have institutionalized mechanisms that bias those district- and state-needs. Despite the *Coleman Report* (1966) findings that students and family characteristics matter more than money (Baker & Duncombe, 2004), equalized per-pupil allocations, excess cost reimbursement alternatives, and personnel (or classroom) unit allocation formulas all tend to favor district-oriented

approaches (Hartman, 1980) and funding mechanisms are still biased toward meeting school district and taxpayer needs over the direct interests of the youth being served. Consequently, it is likely that alternative education administrators spend a fair amount of energy attempting to manipulate their enrollments in order to optimize ADA, ADE, or ADM-based funding, which could otherwise be spent attending the needs of the youth being served. (Sugarman, 2002; Augenblick & Sharp, 2003).

### **Managing the “dual” agenda**

Alternative education pathways are often conflicted by a dual agenda: either serving as vehicles to remove students who have disciplinary problems and / or are unable to meet traditional academic requirements, or to serve the needs of disconnected and vulnerable youth (Aron & Zweig, 2003). With regard to the first point, alternative education pathways sometimes serve as “warehouses or way stations” for disruptive youth, youth who have been suspended, court-involved youth, and youth returning from juvenile correctional facilities, which has implications for funding and policy. And while the United States enjoyed a decrease in juvenile violence in the 1990s, it has suffered from a simultaneous increase in zero tolerance policies (Aron & Zweig, 2003) and the resulting proliferation of alternative schools established to serve disruptive students. According to a study conducted by the Civil Rights Project (CRP) at Harvard University and the Advancement Project (Advancement Project, 2000), “26 states require alternative education assignments for students suspended or expelled. Anecdotal evidence illustrates that many of these schools fail to provide an adequate



education. There is little data revealing the quality of the instruction that occurs in these centers or if any is given at all.”

In many cases youth who have been expelled as the result of these policies, such as the *Gun Free Schools Act of 1994*, (Kleiner, Porch, & Farris, 2002) sometimes do not have the option of returning to another school, posing a social dilemma for policymakers and citizens alike (Johnson, 2001). Under North Carolina laws, for example, public school students have no right to continued educational services during any period of suspension or expulsion (North Carolina Public Schools, 1999). This trend may explain at least part of the reason why there has been so much state legislation passed in recent years to support alternative education pathways. According to one review of state statutes (National Youth Employment Coalition, 2004), all 50 states explicitly include at least some notion of suspended or expelled students in their definition of alternative education. Ultimately, this dual agenda pitting punitive objectives against educational objectives will continue to pose a challenge for alternative education pathways and impact the way in which they are funded.

### **Reconciling short- and long-term goals**

Many alternative education funding strategies, particularly those that seek federal and private grants, are based upon the long-term promise to help youth become life-long learners, productive workers, and self-sufficient citizens. The work that alternative education pathways professionals actually *do*, however, is more short-term in nature, such as assisting youth with attaining a high school diploma, providing instruction for students with learning disabilities, or resources for job training. This juxtaposition

complicates the ability of alternative educators to articulate their needs and may be a barrier to accessing funds.

### **Sustainability is more than just a “money” issue.**

Empirical evidence (Downes & Figlio, 2001) suggests that student outcomes can actually *fall* when funds are cut in a much more dramatic fashion than outcomes would be expected to rise if school districts faced equal spending increases. In other words, the costs of *not* sustaining programs may be far greater than the costs of maintaining or increasing programs and schools, which gives rise to an understandable focus on ensuring that alternative education pathways are sustained. Despite the research and rhetoric about the importance of securing sustainable funds, however, sustainability is an allusive goal, largely because it is usually conceived in very narrow terms.

Sustainability is frequently described in purely financial terms, such as a strategy to cover operational costs over a given timeframe. Additionally, the blame for not “achieving” sustainability is typically directed at the beneficiary (i.e., the school or program), instead of being the shared responsibility of both the beneficiary and the funding agencies. Funding entities, after all, are notorious for allocating largely restricted resources for short-term, highly specific uses, and rarely make commitments to build capacity.

The most important misconception of sustainability, however, is that it is an end in-and-of itself. In fact, sustainability is not an end, but a *process*; a “culture of innovation” of sorts (Keane, Gersick, Kim, & Honey, 2003) that nourishes positive change over the long haul that embraces continual investments in leadership and

infrastructure. When viewed from this perspective, sustainability reflects the benefits of developing interrelated short- and long-term strategies for growth and development, willingly considering unforeseen opportunities, and staying focused on the mission during both the good times and the bad.

### **Prioritizing the “funding” issue**

Finally, there is a challenge of legitimacy. As mentioned earlier in this report, the literature reveals evidence that funding shortages are a major problem and concern for alternative education pathways. But there is also less convincing evidence as well. One survey (North Carolina State Department of Public Instruction, 1996) revealed that only 21% of teachers believed that more funding was something that they would change about their program. Although this is not a large percentage, it is a far cry from assertions that funding shortages in “greatest need” or are “of significant concern.” In fact, when considering all of the literature on what constitutes “successful” alternative program Katsiyannis and Williams (1998) found none suggesting that “funding” was a critical factor. In other words, if money is really so important, why has there been so little research on it? Why have there not been more advocates for funding alternative education pathways? It is entirely possible that the circumstances blocking our understanding public school finance issues in general (Brent, Roellke, & Monk, 1997) have superseded the day-to-day needs of school administrators and funding officials. Alternatively, it could be possible that funding alternative education pathways really isn't a priority after all. Whatever the explanation, alternative education pathways advocates may be wise to at least consider the dilemma as one step in formulating their strategy.

## RECOMMENDATIONS

The literature offers a few recommendations for policymakers and practitioners. To policymakers, Katsiyannis and Williams (1998) suggest that: (1) state policy and legislative initiatives may best be formulated as broad guidelines to allow flexible eligibility and exit criteria; (2) legislative mandates ensuring funding are crucial to guard against budget cuts in volatile climates; and (3) states and professional organizations should advocate the adoption of alternative education programs that include provisions for systematic evaluation and rigorous monitoring in order to help substantiate the benefits. Augenblick & Sharp (2003) offer recommendations for state policymakers on funding charter schools include: (1) Developing calculations that take into consideration the characteristics of students, the type of programs offered, and the districts; (2) input and outcome measures; (3) count students on the basis of membership and do so at least one day per month on a random basis (i.e., random monthly membership); (4) offer financial incentives for performance, and (5) provide money for capital,

Katsiyannis and Williams (1998) recommend that practitioners: (1) ensure broad-based representation of students, school personnel, and community representatives to examine policies and practices; (2) engage in collaborative arrangements with schools and other agencies; (3) provide necessary training and ongoing support; (4) allow for flexible programming and scheduling; (5) implement programming in the most inclusive environment possible; (6) establish entry and exit criteria that are clear and understood; and (7) provide systematic evaluation efforts.

Otterbourg (1986) suggests that anyone seeking to fund an alternative education pathway ask four questions of their operation: (1) Has the community been supportive

before? Why and why not?; (2) Have large contributions been received in the past? How did that go?; (3) What sources are available and who has access to them?; and (4) How much additional funding is needed, and for what purpose will that funding be used?

The list and scope of questions concerning alternative education pathways funding is long and broad. Some of the more salient questions are listed below:

- How do programs define success, and how does this definition relate to funding eligibility and acquisition?
- What sources of funding are available, and are they easily accessed?
- What are barriers and challenges to accessing funds?
- Are these barriers and challenges debilitating or just a nuisance?
- What strategies have been successful at securing funds?
- Are there any missed opportunities?
- What don't funders fund?
- How are funds actually *used* and how do alternative education pathways educators know that these funds have been used well?

Empirically speaking, we really don't know much about the specific relationship between education and well-being, but we do know that better educated people live better lives (Cohn & Geske, 1992). Better educated people are generally healthier, make better consumer decisions, are more likely to spend more time with their family, are less likely to be absent from work, are more likely to save a higher proportion of their income to meet long-term goals, and pass on the importance of education to their children (Cohn & Geske, 1992). And although earnings and employment opportunities for highly

educated persons have been gradually declining over the past several decades, earnings and employment opportunities for those less educated are deteriorating even more rapidly (Levin, 2001). And youth who are out of school for any period of time, but particularly long periods of time, are more likely to become a parent before the age of 18 and more likely to spend time in jail (Besharov & Gardiner, 1999).

This knowledge should lead us all to take a more preventative and active role in providing support and assistance to those who are disadvantaged, including those youth served by alternative education pathways. Unfortunately, however, aside from the work of a "small, but enthusiastic" cadre of practitioners, officials, researchers and advocates (Harris, 2004), the field has little evidence to make its case, and this includes how these programs are funded, how they use their resources, and how they know whether or not these resources made a difference. We do know, however, that the design of alternative education pathways matters in calculating programmatic and administrative costs, and the allocation of state aid to school districts is "one of the most politically charged issues states deal with on an annual basis (Augenblick & Sharp, 2003)." As a consequence, allocation of resources at the state level will continue to be the centerpiece of any discussion about school funding.

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## ACRONYMS

ADA	Average Daily Attendance
ADE	Average Daily Enrollment
ADM	Average Daily Membership
ECS	Education Commission of the States
IDEA	Individuals with Disabilities Education Act
JTPA	Job Training Partnership Act
LEA	Local Education Agency
NCLB	No Child Left Behind
NCSL	National Conference of State Legislatures
NYEC	National Youth Employment Coalition