

**OMB Supporting Statement for Proposed Data Collection:
Study of the Effects of the Section 1003(e) Hold Harmless Provision on Title I Allocations**

A. JUSTIFICATION

1. Importance of Collecting the Information

Improving student achievement in schools that repeatedly miss state achievement targets is a key goal of Title I of the Elementary and Secondary Education Act (ESEA) as amended by the No Child Left Behind Act (NCLB). Section 1003(a) of Title I requires states to reserve 4 percent of Title I, Part A Grants to Local Educational Agencies to support state and local school and LEA improvement activities authorized under sections 1116 and section 1117 of the ESEA (see Appendix A). However, a recent report issued by the U.S. Government Accountability Office (GAO) noted that some states are not able to set aside the full 4 percent for school improvement due to a 100 percent hold-harmless provision contained in section 1003(e), which prohibits states from reducing any LEA's Title I, Part A allocation below its prior year level when a State Educational Agency (SEA) reserves funds for this purpose. Because school districts with growing numbers of children from low-income families generally are the ones that receive increases in their Title I allocations, the hold-harmless provision often results in school districts with declining numbers of children from low-income families contributing a proportionately smaller amount (and sometimes nothing at all) to the section 1003 reservation. As a result, the burden of the reservation falls disproportionately on those districts that have growing numbers of children from low-income families. The GAO report recommended, "To further support the department's proposal to eliminate the hold-harmless provision, develop an analysis comparing the characteristics of districts that contribute to the set-aside with those protected by the hold-harmless provision. Such an analysis could identify differences in school performance or student characteristics." (The GAO report is provided in Appendix B and is also available online at www.gao.gov/new.items/d08380.pdf.)

This study will examine the impact of the section 1003(e) provision described above on states' Title I Part A allocations to school districts, primarily by comparing the characteristics of the districts that contribute to the section 1003(a) school improvement reservation with those districts that are protected by the section 1003(e) hold-harmless provision. Specifically, the study will ask each SEA to provide an electronic datafile that includes the following information:

- The amount of section 1003(a) funds allocated to each individual school district in the state for the 2007-08 and 2008-09 school years.
- The final Title I, Part A allocation for each district in the state for the 2006-07, 2007-08, and 2008-09 school years.
- A datafile showing the steps the SEA took in calculating final Title I, Part A allocations for school districts (including charter school districts) for the 2007-08 and 2008-09 school years. Specifically, the datafile should show how much the SEA reserved from each district's allocation to support the state's section 1003(a) school improvement activities as well as for state administration and (where applicable) for the State Academic Achievement Awards program.

In order to provide information about this issue in a timely manner for the upcoming Title I reauthorization, we are asking states to provide these extant data by December 15, 2008.

2. Purposes and Uses of the Data

The primary purpose for this data collection is program evaluation. This study is designed to examine the characteristics of the LEAs that, due to the application of the section 1003(e) hold-harmless provision

contribute and do not contribute to the 4-percent school improvement reservation authorized by section 1003(a). Findings from this study will inform the upcoming reauthorization of ESEA and will help to guide policymakers who may consider potential changes to section 1003 and the hold-harmless provision.

The proposed data collection instrument is provided in Appendix C.

3. Improved Information Technology

We will send the request for data to state Title I directors electronically, via email, and we will ask them to provide the data to the Department electronically. To minimize the burden placed on respondents, we will accept data in a variety of formats in order to allow respondents to use the format that is most convenient for them.

4. Efforts to Identify Duplication

These data have not been previously collected by the Department or by any other source. The Department does expect to begin collecting the amount of section 1003(a) and 1003(g) funds allocated by States to each school district through the annual Consolidated State Performance Report (CSPR). However, these CSPR data for SY 2007-08 and SY 2008-09 would not be available to the Department within the study's timeframe.

5. Methods Used to Minimize Burden on Small Entities

This program does not affect small entities. All respondents for this data collection are State Educational Agencies.

6. Consequences of Not Collecting the Information

Without this information, we would not be able to respond to the GAO's recommendation to study the effects of the section 1003(e) hold-harmless provision on Title I funding for different types of districts. Further, any reauthorization discussions about whether to revise this section of the law (which may be stimulated by the GAO report) would have to proceed without the benefit of objective and complete data on the actual effects of this provision on the distribution of funds.

7. Special Circumstances Justifying Inconsistencies with Guidelines in 5 CFR 1320.6

This data collection does not require any special circumstances and is consistent with guidelines in 5 CFR 1320.5.

8. Consultations Outside the Agency

A notice concerning this study was published in the Federal Register on June 25, 2008. No public comments were received. A second Federal Register notice will be published in early September, and any comments that received will be forwarded to OMB.

9. Payments or Gifts to Respondents

No payment or gifts to respondents will be made.

10. Assurance of Confidentiality

We are not making any assurance of confidentiality for the data to be collected in this study.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Estimated Response Burden

It is estimated that the hour burden on respondents will total 196 hours, based on an estimate of 4 hours for each of the 49 State Education Agencies included in this data collection. (There is no need to collect these data from Hawaii, the District of Columbia, or Puerto Rico, since they each contain only one school district.)

13. Estimates of Annualized Respondent Capital and Maintenance Costs

There are no respondent capital and start-up costs, nor operation and maintenance costs.

14. Estimated Annualized Cost to the Federal Government

The total cost to the federal government for this one-time data collection is estimated to be \$50,000. This amount represents the budgeted cost for our contractor, RTI, to collect, compile, and summarize the data for this study. U.S. Department of Education staff will write the report.

15. Changes in Burden

Not applicable. This study constitutes a new information collection.

16. Study Schedule and Publication Plans

The data collected under this study will be summarized in a report to Congress that presents an analysis of the data in narrative and tabular form. We anticipate that a final report will be submitted to Congress by June 2009. Exhibit 1 provides a schedule for completion of the data collection and report.

**Exhibit 1
Schedule of Deliverables**

Begin data collection	November 14, 2008
End data collection	December 15, 2008
Final report: first draft	January 12, 2009
Final report: second draft	February 9, 2009
Final report: final draft	March 9, 2009

17. Display Expiration Date for OMB Approval

No request is being made to not display the expiration date for OMB approval of the information collection.

18. Exceptions to Certification Statement

There are no exceptions to the referenced certification statement.