

**REPORT OF THE  
SECRETARY OF EDUCATION**

**State Administration  
of Project Discovery  
(Item 134 of Chapter 668  
1989 Acts of Assembly)**

**TO THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 42**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1990**



# COMMONWEALTH of VIRGINIA

*Office of the Governor*

*Richmond 23219*

Donald J. Finley  
Secretary of Education

## LETTER OF TRANSMITTAL

To The Members of the General Assembly of Virginia:

Item 134 of Chapter 668 of the 1989 Acts of Assembly directs as follows:

After review of the February 1989 report of the Joint Legislative Audit and Review Commission on Community Action programs in Virginia, the Secretary of Education shall recommend to the 1990 General Assembly the appropriate administrative structure for Project Discovery to support a statewide focus for this program.

This report is in response to your directive.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald J. Finley".

Donald J. Finley

## I. INTRODUCTION

Item 134 of Chapter 668 of the 1989 Acts of Assembly directs as follows:

*After review of the February 1989 report of the Joint Legislative Audit and Review Commission on Community Action programs in Virginia, the Secretary of Education shall recommend to the 1990 General Assembly the appropriate administrative structure for Project Discovery to support a statewide focus for this program.*

In 1989 the Joint Legislative Audit and Review Commission had this to say about Project Discovery:

In response to a Virginia Department of Education directive, Project Discovery recently developed a formula for distribution of funds to subcontracting [Community Action Agencies] CAAs. The components of the formula appear to have been developed to justify the amounts which had already been allocated to the various CAAs for operating Project Discovery programs.

In the past, programs were told to "think how much it would take to run a program and then ask for that amount." FY 1989 allocation decisions had already been made on this basis. The new formula serves to allocate the same amount of funds to the CAAs that they were receiving under the previous disbursement policy.

The formula assigns arbitrary dollar amounts loosely derived from the estimated number of staff hours spent with each student. Some of the estimates, however, do not appear justifiable.

Various options exist for more equitable disbursement of the statewide organization's funds. For example, the formula could be based at least in part on the number of students eligible for the program in each service area.

Another consideration is the establishment of a maximum number of students with which each program conducts follow-up. The number of students requiring follow-up should be determined as a percentage of the total number of students who have enrolled in each local program. The resulting figure would then be used in determining the allocation to each program.

Determination of an adequate funding distribution should not be conducted by the executive committee of Project Discovery's Board of Directors. The executive committee is composed of directors of CAAs with Project Discovery programs. Therefore, these individuals have vested interests in the funding decisions.

Development of a funding formula should be made by individuals who will not gain or lose from the funding decisions. The possible appearance of partiality is sufficient to warrant having a third party determine local program allocations. Therefore, the Department of Education should require that CAAs use a funding formula developed by the Department in conjunction with Project Discovery. Further, the Department should monitor the distribution to ensure that the formula is implemented.

The Department of Education should work with Project Discovery to design and implement an equitable funding formula. This formula should be used to allocate any future State funds to be disseminated from Project Discovery.

The Commission's report further stated that:

The General Assembly may wish to amend §2.1-595 of the Code of Virginia to require that membership of community action statewide organization boards of directors conform to the membership requirements for community action agency boards.

Background:

Project Discovery began as a pilot program in 1979 by Total Action Against Poverty (TAP), the community action agency in Roanoke, Virginia, in partnership with Roanoke College and the Roanoke City Public Schools. Conceived by TAP Board President, Cabell Brand, as a way to attack poverty at its roots, the pilot program received funding for design, curriculum development and implementation from the Community Services Administration. Because the debilitating effects of low-income environment, combined with the lack of social support systems, present a formidable obstacle to opportunities in higher education, Project

Discovery developed a strategy to enhance motivation and access to postsecondary education for minority and low-income students.

Project Discovery's mission is to show minority and low-income students that both secondary and postsecondary education is within their grasp and to give them assistance to make it a reality. The program design elevates the expectations among minority and low-income students for their educational and career possibilities.

Students are identified and referred for participation in Project Discovery by high school guidance counselors, are directly recruited in classrooms, and are self-referred. Student participation is voluntary. To participate, students must meet one or more of the following criteria:

- Be in grades six through twelve;
- Be within 200% of federal poverty guidelines;
- Be potential first generation college students;
- Receive free or reduced lunch or books.

Ten percent of the participating students may, however, not be required to fall within one or more of these guidelines.

The involvement of community action agencies has been an important part of the success of Project Discovery. Their special concerns for and knowledge of minority and low-income populations, their ability to assess community resources and support, and their past involvement with both traditional and non-traditional educational programs make them effective in the delivery of Project Discovery. In addition, their ability to share resources and technical assistance through the statewide network, Project Discovery, Inc. assists in the rapid dissemination and replication of the project.

Community involvement is an integral part of the program. As a result of the involvement of parents, many members of the community have learned of Project Discovery and have assisted project staff in identifying interested students. Community representatives serve as members of Project Discovery Advisory Boards or Task Forces. This includes representatives of school systems, school boards, city officials, chambers of commerce, churches, colleges and universities local advocacy groups and sororities and fraternities. These individuals volunteer their time, services and resources to Project Discovery.

#### Current Administration

Project Discovery, Inc. currently is administered by a Board of Directors. The Board is comprised solely of community action agency representatives who have Project Discovery programs. Employed by the Board are an executive director, a senior program developer, a program developer/monitor, a resource developer, a fiscal officer and an administrative assistant.

The Project Discovery Board of Directors has determined all program and fiscal policy. This includes plans for expansion and allocation of funds. Since 1986, when the General Assembly first appropriated funding for Project Discovery, the Department of Education entered into a formal contract with Project Discovery, Inc. for the distribution of appropriated state funds. This contract requires submission of quarterly reports detailing program activities and expenditures, and on-site annual monitoring of every local program by Department of Education staff. In addition, each project with a community action agency, as well as the central administration office in Roanoke, is required to submit an annual financial audit to the Department of Education.

Recommendations of the Department of Education

The Department of Education has recommended that the current contractual arrangement between Project Discovery, Inc. and the Department of Education be continued. This includes the requirement for quarterly reports of program activities and expenditures, on-site monitoring by Department of Education staff and annual financial audits.

The Department has also agreed to a revised funding allocation method suggested by Project Discovery, Inc. for use in allocating state funding to localities and groups of localities that receive the benefits of Project Discovery.

The proposed funding allocation method is related to the characteristics of the student population in the applicable school divisions and distributes funds to those programs serving localities with (1) higher numbers of high school dropouts, (2) fewer high school graduates who continue their education, and (3) lower achievement scores. The Department has recommended that the proposed allocation method be effective in 1990-91.

The specific funding allocation formula recommended by the Department of Education is as follows:

<u>weight (%)</u>	<u>statistic</u>
40	A. 1) Dropout rate plus 2) The % of 9th graders not graduating four years later
35	B. The % of high school graduates not continuing education, and
25	C. 1) Chapter 1 students as a % of total enrollment, plus 2) The % of 11th graders in the bottom national quartile on achievement tests.

Column 5 of Table 1 (attachment) shows the result of applying the suggested formula to the current Project Discovery projects. As can be seen by comparing columns 5 and 6 in Table 1, a strict application of the formula proposed by Project Discovery, Inc. and the Department of Education results in significantly different allocations to localities than the actual 1989-90 allocations.

Dropout Prevention Grants

The 1989 General Assembly appropriated \$6.9 million for 1989-90 to further assist selected localities in their efforts to reduce the number of students who drop out of school. In this regard, it prescribed the following:

1. An application for localities which wish to participate in the program;
2. Priority consideration to those localities with the most acute need for such programs;
3. Target grants based on \$178 for each pupil in grades 6 through 10 who is judged on consistent and objective criteria to be at risk of dropping out of school. (For localities in Planning District 8, the per pupil grant shall be \$196 per pupil);
4. Provisions for a local resource commitment of 40 percent to match state grants of 60 percent; and
5. Local program plans which include systematic identification of potential dropouts, assessment of individual student needs, and provision of coordinated alternative programs to meet such needs.

The "target" dollar amount for each school division is based on the estimated proportion and number of potential dropouts or "at-risk" students in grades 6 through 10 in each school division. This estimate is derived from the 8th grade students who score in the bottom national quartile on achievement tests. Twenty four (24) percent of Virginia's 8th graders achieved below the 25th percentile in 1988.



The calculation of the "target" amount available to each school division is based on an enhancement of counseling services, but localities can use the additional resources for purposes other than counseling. They could, for example, demonstrate that the best local use of the additional state funding is to develop an "alternative" school or assessment service, or a "mentoring" program. The \$178/\$196 per pupil amounts are, however, based on reducing the counselor/pupil ratio from 1:350 (1:400 in middle school) to 1:125.

The calculation of the "target" amount is also based on a minimum commitment of 40 percent in local resources to complement the 60 percent state grant for the program. The local commitment may consist of existing resources; it does not have to be incremental to the total school budget.

The resulting state grant per "at-risk" student is \$178, except in Northern Virginia where the "cost of competing" adjustment increases it to \$196. This additional per student amount represents the 60 percent state share of resources to be directed at potential dropouts.

Columns 1, 2 and 3 of Table 1 present the Dropout Grant amounts for each of the Project Discovery localities. Thirty-four localities, and therefore thirty-four school divisions, receive the benefits of Project Discovery. Twenty of those localities also receive state Dropout Prevention Grants.

### Alternatives

The Joint Legislative Audit and Review Commission noted that various options exist for more equitable disbursement of state funds to local Project Discovery programs. As examples, the Commission noted that a formula could be based at least in part on the number of students eligible for the program in each service

area and the number of students with which each program conducts follow-up.

As previously indicated, and in response to the Commission's recommendation, Project Discovery, Inc. suggested an allocation formula which is acceptable to the Department of Education. The suggested formula is based on the dropout rate, number of graduates pursuing postsecondary education, number of Chapter 1 students and number of 11th graders in the bottom national quartile on achievement. A disadvantage of this approach is that these school division-wide parameters do not directly relate to the number of students enrolled in the respective Project Discovery program. Because of this the suggested formula allocations differ greatly from the current (1989-90) allocation.

Another alternative would be to allocate funds on the basis of a specified amount for each student enrolled in the respective Project Discovery program. Column 7 of Table 1 presents an example of the results of this approach. The average 1989-90 cost per enrolled student of \$462 is advanced by 5 percent for inflation. This results in a projected 1990-91 cost per student of \$485 which is then multiplied times the number of students serviced by the program. Project Discovery provides direct and intensive attention to each one of a select group of students. Therefore, this alternative formula relates program funding to the number of students served. Consideration might also be given to a minimum amount of state funding for each Project Discovery program. Project Discovery, Inc. has suggested a minimum or base amount of \$30,000.

#### Recommendations

1. The Department of Education should continue to contract with Project Discovery Incorporated for the administration of local Project Discovery programs.

2. The contractual agreement between the Department of Education and Project Discovery, Inc. should require that formal cooperative agreements exist between local Project Discovery programs and appropriate school divisions. The Department should establish criteria for cooperative agreements.
3. The contractual agreement between the Department of Education and Project Discovery, Inc. should incorporate program goals consistent with the state's overall program to reduce dropouts and encourage postsecondary education.
4. In those instances where local school divisions receive the benefit of both the state Dropout Grants and Project Discovery funds, the school division should be required to enter into a formal cooperative agreement with Project Discovery as a condition for receiving a Dropout Grant. The Department of Education should establish criteria for cooperative agreements.
5. The Board of Education, and not the Project Discovery, Inc. Board of Directors, should determine the Project Discovery funding distributions to each community action agency. The contract with Project Discovery, Inc. should specify the allocations to each local Project Discovery program. Allocations should be based on the number of students enrolled and a specified amount per student. Minimum base funding should be provided for each program. Columns 7, 8 and 9 of Table 1 illustrate the results of using this formulae to allocate state funds.
6. If the concept of a minimum base funding amount were accepted by the General Assembly, for example \$30,000, then a minimum enrollment should also be required. For example, \$30,000 divided by \$485 per student equals 62 students which could be the minimum enrollment for a Project Discovery program.
7. Column 9 provides a recommended funding distribution for 1990-91 based on the preceding recommendations 1 through 6.

TABLE 1

Community Action Agency Local School Division	Dropout Prevention Grant 1989-90			Project Discovery					
	(1) Eligible Amount	(2)	(3) Awarded	(4) Number of Students	(5) 1989-90 Grant	(6) Project Discovery Inc Formula Amt	(7) Students x \$485/ Student	(8) Minimum Base Funding	(9) 1990-91 Recommend Funding
1. Alexandria Office of Economic Opportunities (1) Alexandria	\$ 155,853		\$ 155,853	111	\$ 53,441	\$ 12,216	\$ 53,835	\$ 30,000	\$ 53,835
		\$ 155,853	\$ 155,853						
2. Central Piedmont Action Council									
(2) Amelia	25,753		-0-						
(3) Buckingham	45,049		45,049						
(4) Cumberland	38,720		38,720	80	39,586	81,885	38,800	30,000	38,800
(5) Prince Edward	54,348		54,348						
		163,870	138,117						
3. Clinch Valley Community Action Agency									
(6) Tazewell	155,924		-0-	85	39,586	14,437	41,225	30,000	41,225
		155,924	-0-						
4. Franklin County Community Action Agency									
(7) Franklin	90,857		90,857						
(8) Patrick	47,528		-0-	69	33,045	33,549	33,465	30,000	33,465
		138,385	90,857						

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5. Monticello Area Community Action Agency									
(9) Albemarle	\$ 80,489		\$ -0-						
(10) Charlottesville	73,551		73,551	180	\$ 63,337	\$ 47,693	\$ 87,300	\$ 30,000	\$ 87,300
(11) Nelson	41,720		-0-						
		\$ 195,760	\$ 73,551						
6. Newport News Office of Human Affairs									
(12) Hampton	318,017		316,370						
(13) Newport News	393,865		393,865	110	47,503	31,386	53,350	30,000	53,350
		711,882	710,235						
7. Pittsylvania County Community Action Agency									
(14) Danville	180,537		118,170						
(15) Pittsylvania	204,158		204,158	110	33,045	37,640	53,350	30,000	53,350
		384,695	322,328						
8. People, Inc.									
(16) Bristol	48,354		48,354						
(17) Russell	98,573		98,573	80	39,586	47,291	38,800	30,000	38,800
(18) Washington	131,006		-0-						
		277,933	146,927						

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<b>9. Powhatan-Goochland Community Action Agency</b>									
(19) Goochland	\$ 21,428		\$ -0-						
(20) Powhatan	31,337		31,337	40	\$ 30,000	\$ 37,114	\$ 19,400	\$ 30,000	\$ 30,000
		\$ 52,765	\$ 31,337						
<b>10. Richmond Community Action Program</b>									
(21) Petersburg	88,985		88,985						
(22) Richmond City	450,380		450,350	125	47,503	48,687	60,625	30,000	60,625
		539,365	539,335						
<b>11. Sussex-Surry-Greenville County Improvement Association</b>									
(23) Surry	20,045		-0-						
(24) Sussex	51,322		-0-	24	16,523	38,166	11,640	30,000	30,000
		71,367	-0-						
<b>12. Southeastern Tidewater Opportunity Project</b>									
(25) Chesapeake	460,584		-0-						
(26) Norfolk	547,789		547,788						
(27) Portsmouth	379,997		379,997	50	39,586	67,799	24,250	30,000	30,000
(28) Suffolk	165,656		165,656						
		1,554,026	1,093,441						

Community Action Agency Local School Division	Dropout Prevention Grant 1989-90			Project Discovery					
	(1) Eligible Amount	(2)	(3) Awarded	(4) Number of Students	(5) 1989-90 Grant	(6) Project Discovery Inc Formula Amt	(7) Students x \$485/ Student	(8) Minimum Base Funding	(9) 1990-91 Recommend Funding
13. Total Action Against Poverty									
(29) Alleghany-Highlands	\$ 58,456		\$ -0-						
(30) Botetourt	44,358		-0-						
(31) Covington	17,271		-0-						
(32) Roanoke	91,433		-0-	200	\$ 101,736	\$ 84,632	\$ 97,000	\$ 30,000	\$ 97,000
(33) Roanoke City	212,882		212,882						
(34) Salem	35,966		35,966						
		\$ 460,366	\$ 248,848						
		\$4,862,191	\$3,550,829	1,264	\$ 584,477	\$ 582,495	\$ 613,040	\$ 390,000	\$ 647,750

