

CRS Report for Congress

Reading First and Early Reading First: Background and Funding

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Summary

The Elementary and Secondary Education Act (ESEA), including the Reading First and Early Reading First programs, is being considered for reauthorization by the 110th Congress. Both reading programs were originally authorized by the No Child Left Behind Act (NCLBA) of 2001 (P.L.107-110). Reading First and Early Reading First were authorized at \$900 million and \$75 million, respectively, for FY2002 and such sums as may be needed for the succeeding five fiscal years.

In FY2008 Reading First funding was cut by over \$636 million in response to criticisms of the program's administration. FY2008 funding for the program is \$393.012 million. Early Reading First funding was also cut (but by a much smaller percentage). Its funding for FY2008 equals \$112.549 million. The Administration has requested FY2009 funding of \$1 billion and \$112.549 million, respectively, for the two programs.

Reading First and Early Reading First were created to broaden and expand existing reading programs to address concerns about student reading achievement and to reach children at younger ages. The Reading First program includes both formula grants and targeted assistance grants to states. For FY2002 and FY2003, 100% of funds, after national reservations, was allocated to states as formula grants. States are allocated funds in proportion to the number of children, aged 5 to 17, who reside within the state from families with incomes below the poverty line. All states receiving funds will receive at least one-fourth of 1% of the funds distributed to the states. Beginning with FY2004, 10% of funds in excess of the FY2003 appropriation or \$90 million, whichever is less, was to be reserved for targeted assistance state grants; however, the first targeted assistance award was delayed until FY2005 in order to allow more states to have sufficient data to meet the requirements for receipt of the award.

The Early Reading First Program is a competitive grant program with awards not to exceed six years. Local Educational Agencies (LEAs) eligible for Reading First grants, and community-based organizations (CBOs) serving preschool-age children, or combinations of one or more LEAs and or CBOs, may apply for these grants. This program, among other things, supports professional training, and provides preschool-age children with greater opportunities for exposure to high-quality language and literature-rich environments to build pre-reading skills.

This report will be updated in response to legislative developments.

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Reading First and Early Reading First: Background and Funding

Introduction

The Elementary and Secondary Education Act (ESEA), including the Reading First and Early Reading First programs, is being considered for reauthorization by the 110th Congress. Both reading programs were originally authorized in the last reauthorization of the Elementary and Secondary Education Act (ESEA), by the No Child Left Behind Act of 2001 (NCLBA). This report summarizes the major provisions of these two programs, and will be updated in response to legislative developments.

During consideration of the last ESEA reauthorization, President Bush proposed a major reading initiative titled “Reading First,” with funding for this new initiative at \$5 billion over five years. The major components of the President’s proposal were to

- conduct diagnostic testing of children (K-2) to determine those who need reading help;
- require reading curriculum funded under this initiative to use scientifically based reading instruction; in particular by drawing on the research on reading conducted by the National Reading Panel;
- fund training for teachers of grades K-2 in how to teach reading;
- provide extra help in reading to those children in grades K-2 who are not reading at grade level; and
- conduct ongoing reading assessments for students in grades 3-8 and link them to an accountability system for states.

The reauthorization of the ESEA in P.L. 107-110 incorporated much of the Administration’s reading proposal. The NCLBA authorized Reading First at \$900 million for FY2002, and such sums as may be necessary for the succeeding five fiscal years. Early Reading First was authorized at \$75 million for FY2002 and such sums as may be necessary for the succeeding five fiscal years. Other literacy programs consolidated into this new Part B include Even Start (formerly in Title I Part B of the ESEA),¹ and a new program to assist school libraries, titled “Improving Literacy Through School Libraries.”² In addition, in 2005, a new reading program for adolescents, Striving Readers, was authorized by the FY2005 Appropriations Act under ESEA Title I Part E, demonstration authority.

¹ CRS Report RL33071, *Even Start: Funding Controversy*, by Gail McCallion.

² CRS Report RS21284, *Improving Literacy Through School Libraries*, by Bonnie Mangan.

In contrast with its predecessor, the Reading Excellence Act (REA),³ which provided a one-time-only competitive grant to states, the Reading First program includes both formula grants (employing a poverty formula) and targeted grants for states. Additionally, Reading First and Early Reading First are authorized at higher levels than the REA, with a total first year authorization and appropriation for both programs of \$975 million. The REA was funded at \$286 million in its third and final year of federal funding, FY2001. In addition, unlike under the REA, all states will receive a share of Reading First funds.

Reading First and Early Reading First, as well as their predecessor, the REA, were created to broaden and expand existing reading programs to address concerns about student reading achievement and to try and reach children at younger ages.⁴ The most recent (2005) National Assessment of Education Progress (NAEP) data indicate that many 4th grade students are not proficient readers.⁵ These data indicate that only 31% of 4th graders were at or above the proficient level. For 4th graders eligible for free/reduced-price lunches, only 16% were at or above the proficient level.

Reading Research

Reading First and Early Reading First were drafted with the intent of incorporating the latest scientific understanding on what works in teaching reading.⁶ In this regard, two influential research reports on reading are frequently cited by practitioners and policy makers working on reading issues. In 1998, the National Research Council (NRC) published a report titled *Preventing Reading Difficulties in Young Children*. The NRC report examined skill and environmental factors that facilitate acquisition of reading skills; it did not explicitly investigate how those skills could be transferred to classroom settings. The NRC report concluded that (1) early exposure (in the home and in school) to language and books is critical; (2) effective reading instruction requires well trained preschool and elementary school teachers; and (3) elementary school teachers should include all of the following components in reading instruction: alphabets, reading sight words, techniques in sounding out letters and words, and achieving fluency and comprehension.

In 2000, the National Reading Panel (NRP) issued a report titled *Teaching Children to Read*. The NRP was convened by the National Institute of Child Health

³ CRS Report RL30663, *The Reading Excellence Act: Implementation Status and Issues*, by Gail McCallion.

⁴ For a discussion of Reading First implementation issues see CRS Report RL33246, *Reading First: Implementation Issues and Controversies*, by Gail McCallion.

⁵ “Students reaching this level (proficient) have demonstrated competency over challenging subject matter including subject-matter knowledge, application of such knowledge to real-world situations, and analytical skills appropriate to the subject matter.” The National Education Goals Panel, [<http://nces.ed.gov/nationsreportcard/>].

⁶ CRS Report RL32145, *Early Intervention in Reading: An Overview of Research and Policy Issues*, by Gail McCallion.

and Human Development (NICHD), with the consultation of the U.S. Department of Education (ED), in response to a congressional charge to review the literature on reading and use it to assess the effectiveness of different techniques for teaching reading, and whether these techniques were ready to be applied to classroom settings. The NRP research was intended to build on the earlier research conducted by the NRC.

The NRP conducted a literature review of studies that met “rigorous scientific standards in reaching conclusions.” The following instructional topics were examined by the NRP: phonemic awareness and phonics; fluency; comprehension; teacher education and reading instruction; and computer technology and reading instruction. The NRP limited its selection of topics because the volume of reading research was too extensive for examination of all potential topics. The selected topics were chosen based on the NRP’s assessment of issues central to reading instruction and achievement, and based on input received from public forums.

The NRP has been criticized by some for its omission of other topics. In a minority view attached to the NRP report, one panel member argued that the NRP early on in its decision making effectively excluded: “any inquiry into the field of language and literature”; and that the research examined by the NRP would be “of limited usefulness to teachers, administrators, and policymakers because they fail to address the key issues that have made elementary schools both a battleground for advocates of opposing philosophies and a prey for purveyors of ‘quick fixes.’”⁷

The NRP majority, however, stated that it does not view its research as exhausting all reading topics that need study; rather, it noted that it believes further research on reading instruction, including research that examines qualitative data, is needed: “[T]he Panel identified areas where significantly greater research effort is needed, and where the quality of the research efforts must improve in order to determine objectively the effectiveness of different types of reading instruction.”⁸

In summarizing the implications of its work for the teaching of reading, the NRP noted that not all the areas it investigated contained sufficient data to reach conclusions; however, it did find that the data supported the following conclusions:

- Systematic phonics instruction (the teaching of a planned sequence of phonics elements) is effective for children in grades K-6, and for children who are having difficulty learning to read. Systematic phonics instruction was found to be so successful that the NRP recommended it as appropriate for routine classroom instruction.
- Phonemic awareness (teaching children to associate phonemes with letters) is a crucial building block for phonics.⁹

⁷ *Report of the National Reading Panel: Reports of the Subgroups*, Minority View of Joanne Yatvin, 2000.

⁸ *Report of the National Reading Panel*, Executive Summary, p. 21.

⁹ Phonemes are the smallest units of spoken language (the word *go*, for example, consists
(continued...)

- As early as kindergarten, children benefit significantly from phonics instruction.
- Children with learning disabilities, low-achieving children, and those from low socioeconomic levels benefit from systematic phonics instruction in conjunction with synthetic phonics instruction (teaching students to convert letters into phonemes and then blend the phonemes to form words).
- Reading fluency, word recognition, and comprehension are enhanced by repeated, guided oral reading.

Reading First

The purposes of the Reading First program are the following:

- To provide assistance to state educational agencies (SEAs) and local educational agencies (LEAs) in establishing scientifically based reading programs for children in kindergarten through grade 3.
- To provide assistance to SEAs and LEAs in providing reading related professional training for teachers, including special education teachers.
- To provide assistance to SEAs and LEAs in selecting or administering screening, diagnostic, and classroom-based instructional reading assessments.
- To provide assistance to SEAs and LEAs in selecting or developing effective instructional materials, programs, learning systems, and strategies.
- To strengthen coordination among schools, early literacy programs, and family literacy programs, in order to improve reading achievement for all children.

Formula Grants to States

The Reading First program includes both formula grants and targeted grants to states. For the first two years of the program, 100% of funds, after national reservations, was allocated to states as formula grants. To receive formula grants, states must submit an application for a six-year period. States must establish a reading and literacy partnership (or have a preexisting partnership established under the REA), and must submit a progress report¹⁰ to the Secretary of the U.S. Department of Education (hereafter, the Secretary) after the first three years of

⁹ (...continued)
of two phonemes).

¹⁰ Because of the time involved in initial implementation of the program, ED is making some adjustments to the time line. Since many states have insufficient data at this point for a useful review, ED will be conducting mid-term reviews on a rolling basis. This would allow all states to have participated in three grant cycles, as envisioned by the statute, before they undergo a mid-term peer review. CRS Report RL33246, *Reading First: Implementation Issues and Controversies*, by Gail McCallion

funding to be reviewed by the peer review panel (discussed below). States are also required to provide annual reports on implementation of this program to the Secretary. States are allocated funds in proportion to the number of children aged 5-17 from families with incomes below the poverty line who reside within the state. All states receiving funds will receive at least one-fourth of 1% of the funds distributed to the states.¹¹ States are required to use at least 80% of the funds they receive on subgrants to eligible LEAs.

Beginning with FY2004, 10% of funds in excess of the FY2003 appropriation or \$90 million, whichever is less, was to be reserved for targeted assistance state grants; however, the first grant was delayed until FY2005 in order to allow more states to have sufficient data to meet the requirements for receipt of the award.

Other State Uses of Funds. States may use up to 20% of the formula grant funds they receive for state purposes. Of this 20%, states may use not more than:

- 65% for professional development, strengthening K-3 teacher training at all public institutions of higher education in the state, and making recommendations on how state licensure and certification standards in reading might be improved;
- not more than 25% for technical assistance for LEAs and schools and for providing expanded opportunities for K-3 students to receive reading assistance from alternative providers; and
- not more than 10% for planning, administration, and reporting.

National Reservations. One-half of 1% of total appropriations is reserved for outlying areas; the same amount is also reserved for the Bureau of Indian Affairs. The Secretary may reserve 2½% or \$25 million, whichever is less, for an external evaluation and national activities. Five million dollars is reserved, in total, for information dissemination for the Reading First and the Early Reading First programs.

Peer Review. A peer review panel reviews state applications for grants (both formula and targeted). The review panel is composed of experts in reading and professional development. At a minimum the panel shall include three members selected by each of the following: the Secretary, the National Institute for Literacy (NIL), the National Research Council of the National Academy of Sciences (NRC), and the National Institute of Child Health and Human Development (NICHD).

Subgrants to Local Educational Agencies (LEAs). Subgrants are awarded competitively. Eligible LEAs are among those in the state that have the highest numbers or percentages of K-3 aged children reading below grade level; AND have jurisdiction over an empowerment zone or enterprise community;¹² OR

¹¹ The percentage of funds allocated to Puerto Rico may not exceed the percentage it received under Subpart 2 of Part A of ESEA Title I for the preceding fiscal year.

¹² Empowerment zones are defined in Subchapter U of Chapter 1 of the Internal Revenue Code of 1986, while enterprise zones are defined in Section 701(a)(1) of the Housing and (continued...)

have jurisdiction over a significant number or percentage of schools identified for school improvement under Section 1116(b) (schools that fail to make adequate progress for two consecutive years by state measures); OR have the highest numbers or percentages of children counted under Section 1124(c) (a count of poor and other school-age children for purposes of Title I).

At a minimum, LEAs, receiving grants shall receive a share of total funds that is proportionate to the share of funds they received under Title I, Part A, in the preceding fiscal year. In making subgrants to LEAs, SEAs shall give priority to LEAs that have at least 15% of students *in each school* from families with incomes below the poverty line; or 6,500 children served by the LEA are from families with incomes below the poverty line. SEAs shall provide subgrants of sufficient size to enable LEAs to improve reading instruction; and shall provide funds in relation to the number or percentage of K-3 children reading below grade level.

Eligible Schools. Schools receiving funds must be among those in the LEA with the highest number or percentage of K-3 students reading below grade level; AND are identified for school improvement under Section 1116(b); OR have the highest percentages or numbers of children counted under Section 1124(c).

LEA's Uses of Funds. LEAs that receive Reading First grants *shall* use those funds for the following purposes:

1. Selecting and administering screening, diagnostic, and classroom-based instructional reading assessments.
2. Selecting and implementing a learning system or program of reading instruction based on scientifically based reading research that includes the essential components of reading instruction.
3. Procuring and implementing classroom instructional materials based on scientifically based reading research.
4. Providing professional development for teachers of grades K-3, and special education teachers of grades K-12.
5. Collecting and summarizing data to document the effectiveness of these programs; and to accelerate improvement of reading instruction by identifying successful schools.
6. Reporting student progress by detailed demographic characteristics.
7. Promoting reading and library programs that provide access to stimulating reading material.

LEAs *may* use Reading First funds for the Prime Time Family Reading Time program; for training parents and other volunteers as reading tutors; and for assisting parents to encourage and provide support for their child's reading development.

¹² (...continued)

Community Development Act of 1987. Both are local areas of high poverty that meet certain eligibility requirements to receive specified forms of aid or regulatory flexibility. For additional information, see CRS Report RS20381, *Empowerment Zones/Enterprise Communities Program: Overview of Rounds I, II & III*, by Bruce K. Mulock.

LEAs may use not more than 3.5% of formula grant funds for planning and administration.

Targeted Assistance Grants to States

Targeted assistance grants are intended to reward states that are achieving the goals of

- increasing the percentage of 3rd graders (broken down into subgroups by detailed demographic characteristics) who are proficient readers; and
- improving the reading skills of 1st and 2nd graders.

States must meet both of these criteria for two consecutive years to be eligible for targeted assistance grants. Beginning with FY2004 Reading First grants, \$90 million, or 10% of funds in excess of the FY2003 appropriation, whichever is less, was authorized to be awarded to states as targeted grants. However, in order to allow more states to meet the requirement of having one year of baseline data and two years of follow-up data showing improvement, the first targeted assistance award was delayed until FY2005. States that have been approved to receive formula grants are eligible to apply for these targeted grants.¹³

An SEA awarded a targeted assistance grant will continue to receive these awards for each succeeding year in which the SEA demonstrates that it is continuing to meet these criteria. SEAs must agree to award 100% of the targeted grant funds they receive to LEAs. LEAs eligible for formula grant awards will be eligible to apply for targeted assistance awards. LEAs receiving targeted assistance grants shall use these funds for the same purposes as for Reading First formula grants. SEAs receiving targeted assistance grants will receive a share of the total proportionate to the count of poor children under Section 1124(c)(1)(A).

Reading First Controversies¹⁴

The Reading First program has been criticized for perceived “overprescriptiveness” of the program as it has been administered, perceptions of insufficient transparency regarding ED’s requirements of states, and allegations of conflicts of interest between consultants to the program and commercial reading and assessment companies. Three groups representing different reading programs filed separate complaints with ED’s Office of Inspector General (OIG), asking that the program be investigated. ED’s OIG has issued several audit reports on selected aspects of the program. The OIG reports were highly critical of ED’s implementation of the Reading First program, and essentially validated many of the concerns raised in the complaints filed with the OIG. In addition, the House Committee on Education and Labor held two oversight hearings on Reading First; the Senate

¹³ For a list of grant recipients see CRS Report RL33246, *Reading First: Implementation Issues and Controversies*, by Gail McCallion.

¹⁴ These issues are discussed in detail in CRS Report RL33246.

Committee on Health, Education, Labor and Pensions issued a report indicating that four out of five Reading First Technical Assistance (TAC) directors had financial ties with publishers while serving as TAC directors.

Early Reading First

There are five stated purposes underlying the Early Reading First program:

1. To support local efforts to enhance the early language, literacy, and pre-reading development of preschool-age children, particularly those from low-income families.
2. To provide preschool-age children with cognitive learning opportunities in high-quality language and literature-rich environments.
3. To demonstrate language and literacy activities based on scientifically based reading research that supports (the) age-appropriate development of pre-reading skills.
4. To use screening assessments to effectively identify preschool children who may be at risk for reading failure.
5. To integrate such scientific reading research-based instructional materials and literacy activities with existing programs of preschools, child care agencies and programs, Head Start Centers, and family literacy services.

Competitive Grants to States

The Early Reading First Program is a competitive grant program with awards not to exceed six years. LEAs eligible for Reading First grants, as well as other public or private organizations serving preschool-age children,¹⁵ or combinations of one or more of the above, may apply for these grants. Grantees are required to submit an annual progress report to ED.

National Reservations. The Secretary of the U.S. Department of Education reserves not more than \$3 million for the period beginning October 1, 2002 and ending September 30, 2006, for an independent evaluation of the effectiveness of this program. The statute specifies that the Secretary submit an interim report to Congress by October 1, 2004 and a final report by September 30, 2006.¹⁶ Information dissemination for Early Reading First is included in the Reading First program.

¹⁵ In addition to LEAs, an eligible applicant means: “one or more public or private organizations or agencies, acting on behalf of 1 or more programs that serve preschool age children (such as a program at a Head Start center, a child care program, or a family literacy program), which organizations or agencies shall be located in a community served by a local educational agency described in subparagraph (A)....”

¹⁶ ED submitted a status report in January of 2005, and submitted the final report in May of 2007.

Peer Review. The same peer review panel convened for evaluating Reading First applications will review Early Reading First applications except the Early Reading First legislation specifies that “Such panel shall include, at a minimum, three individuals ... who are experts in early reading development and early childhood development.”

Local Uses of Funds. Recipients of Early Reading First grants *shall* use the funds received for the following activities:

- Providing preschool-age children with high-quality oral language and literature rich environments in which to acquire prereading skills.
- Providing professional training to early childhood staff that provides them with scientifically based knowledge of early reading development.
- Identifying and providing scientifically based language and literacy activities and instructional materials for preschool-age children.
- Acquiring, providing training for, and implementing scientifically based screening reading assessments.
- Integrating these instructional materials, activities, tools and measures into the grant recipients’ programs.

Funding

FY2002 was the first year of funding for Reading First and Early Reading First. FY2002 appropriations were passed in H.R. 3061, the FY2002 Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act. The Reading First and Early Reading First programs received \$900 million and \$75 million in funding, respectively, for FY2002. FY2003 funding was passed in the Consolidated Appropriations Resolution, 2003 (P.L. 108-7). FY2003 funding for Reading First and Early Reading First was \$993.5 million and \$74.5 million (including the FY2003 across-the-board reduction), respectively. FY2004 funding was passed in the Consolidated Appropriations Act, 2004 (P.L. 108-199). FY2004 funding for Reading First and Early Reading First was \$1.0239 billion and \$94.44 million, respectively. FY2005 funding was passed in the Consolidated Appropriations Act, 2005 (P.L. 108-447). FY2005 funding for Reading First and Early Reading First was \$1.0416 billion and \$104.16 million (including the FY2005 across-the-board reduction), respectively. FY2006 funding was passed in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act of 2006 (P.L. 109-149). FY2006 funding for Reading First and Early Reading First was \$1.0292 billion and \$103.118 million (including the FY2006 across-the-board reduction), respectively. FY2007 funding for Reading First and Early Reading First was \$1.0292 billion and \$117.666 million, respectively.

In FY2008 Reading First funding was cut by over \$636 million in response to criticisms of the program’s administration. FY2008 funding for the program is \$393.012 million. Early Reading First funding was also cut (but by a much smaller percentage). Its funding for FY2008 equals \$112.549 million. The Administration

has requested FY2009 funding of \$1 billion and \$112.549 million, respectively, for the two programs.

Relationship to Other Relevant Federal Programs

Some of the components of the Reading First and Early Reading First programs are also present in other federal programs. Many existing federal programs support, among other things, reading instruction for children in preschool through 3rd grade, and reading-related professional training for teachers of children in preschool through 3rd grade. However, these are the only programs (along with their predecessor the REA), solely devoted to this purpose.

Other federal education programs that include reading programs as part of the services provided are ESEA Title I-A; The Individuals with Disabilities Education Act; and ESEA Title III, Language Instruction for Limited English Proficient and Immigrant Students. The Even Start program (ESEA Title I-B, Subpart 3) provides family literacy to low-income families, and both Even Start and Head Start provide early learning experiences (including reading readiness) to preschoolers. The Literacy Through School Libraries program (ESEA Title I-B, Subpart 4) provides competitive grants to help LEAs provide up-to-date library services. A demonstration program, Striving Readers, provides funding for middle and high school reading programs. The Inexpensive Book Distribution Program's (reauthorized as Part D-5 of Title V) mission is to encourage children to read. Finally, ESEA Title II authorizes programs for teacher training, although the emphasis is on mathematics and science.