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Education Policy Research Unit

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**NCLB Funds Enrich For-Profit Companies, Study Says**

**CONTACT:** Gerald Bracey (703) 317-1716 (email) [gbracey1@verizon.net](mailto:gbracey1@verizon.net) or  
Alex Molnar (480) 965-1886 (email) [eps1@asu.edu](mailto:eps1@asu.edu)

TEMPE, Ariz. (Tuesday, June 21, 2005)—No Child Left Behind Act (NCLB) funds flow from the government, through the states, and into the hands of private, for-profit companies, according to “No Child Left Behind: Where Does the Money Go?” a policy brief released by the Education Policy Studies Laboratory at Arizona State University.

The brief’s author, Gerald Bracey, finds that the money schools and districts spend on implementing NCLB requirements and on sanctions for failing to meet NCLB achievement goals are funneled mostly to private companies in the testing, curriculum, and Supplemental Education Services (SES) industries. Some of these companies have close ties to President George W. Bush and his family. In addition, Bracey says testing companies and SES providers are rarely held to the same level of accountability that NCLB demands of public schools.

“It is clear that several billions of taxpayer dollars will be spent each year and it is equally clear that, at present, no real process of accountability is in place to monitor where the money is spent or how effectively it is spent,” Bracey wrote. “History shows that under such conditions money is wasted and fraudulent expenditures are likely.”

Through an analysis of the essential workings of NCLB, highlighting inherent costs of the law and costs that come with each successive year of failing to make Adequate Yearly Progress (AYP), this brief found the following:

- According to a Government Accounting Office study, NCLB funds cover only the cost of testing all Title I students on a multiple-choice format. If a district or state wants to test all schools (not just Title I schools) or include open-ended questions, costs would exceed revenue.
- Reading First, a \$1 billion a year federally funded primary reading program, requires states to apply for funds. The states’ proposed programs must pass a

panel of experts, many of many of whom have authored approved Reading First curriculum materials. States use a narrow range of criteria to approve their Reading First grants to districts, the criteria favoring programs authored by some of those who also wrote the criteria.

- President Bush's ties with Harold McGraw III of McGraw-Hill (a testing and textbook publishing company), lobbyist Sandy Kress, and researchers-turned-appointees have caused conflicts of interest and the appearance of an "interlocking directorate."
- After the second consecutive year of failing to make AYP, students are given the choice to transfer to a "successful" school, and the transportation costs are to be paid by the "failing" school. This school-choice option has not worked as envisioned, and few students have transferred.
- After the third consecutive year of failing to make AYP, schools are expected to offer Supplemental Education Services (SES). More than 1,800 companies have their name on various state SES approved-provider lists. Twenty-three of the 25 most listed SES providers are for-profit companies.
- Unlike public schools, SES providers are not required to hire "highly-qualified" teachers.
- SES providers are not held to the level of accountability expected of public schools because U.S. Department of Education officials have said they want "as little regulation [of SES providers] as possible so the market [for SES] can be as vibrant as possible." It is unknown if these services increase student achievement.

Bracey calls on the U.S. Department of Education to establish policies and procedures to account for the money and to hold private companies to the same standards of accountability which it demands of public schools.

Find this document on the web at:

[http://www.asu.edu/educ/epsl/EPRU/epru\\_2005\\_Research\\_Writing.htm](http://www.asu.edu/educ/epsl/EPRU/epru_2005_Research_Writing.htm)

**CONTACT:**

Gerald Bracey, Associate Professor  
George Mason University  
(703) 317-1716  
gbracey1@verizon.net

Alex Molnar, Professor and Director  
Education Policy Studies Laboratory  
(480) 965-1886  
epsl@asu.edu  
<http://edpolicylab.org>

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The Education Policy Studies Laboratory (EPSL) at Arizona State University offers high quality analyses of national education policy issues and provides an analytical resource for educators, journalists, and citizens. It includes the Arizona Education Policy Initiative (AEPI), the Commercialism in Education Research Unit (CERU), the Education Policy Research Unit (EPRU), and the Language Policy Research Unit (LPRU). The EPSL is directed by Professor Alex Molnar.

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